M/s. Jeena Exports

Authority for Advance Ruling — Tamil Nadu

ORDER No. 15/AAR/2018 DATED: 27.09.2018 Dated **27.09.2018**

Q Questions Before the Authority

- What is the applicable GST rate for Coir Pith?

F Facts

The applicant, a Dindigul registrant trading in coir fibre, coir pith and curled coir, buys coconut husk and separates it into coir fibre and coir pith. The coir fibre is compressed into bales, and the coir pith is either sold loose or compressed into blocks or briquettes without any added chemicals or ingredients. The applicant sought to know the GST rate for coir pith because no specific rate applies to it in its natural form.

H Ruling

Applicable GST rate for coir pith in raw form (loose powder or compressed into blocks, without chemicals)	**2.5% CGST and 2.5% SGST**	Applies to raw coir pith only. Taxable under Sl No 215 of Schedule I of Notification No. 01/2017-C.T.(Rate) as amended, and Sl No 215 of Schedule I of G.O.(Ms) No. 62 dated 29.06.2017. Not coir pith compost, so the exemption under Notification 02/2017-C.T.(Rate) as amended does not apply.

Coir pith in its **raw form** , whether loose powder or compressed into blocks without any addition of chemicals, is taxable at **2.5% CGST and 2.5% SGST** . The rate is the one prescribed at Sl No 215 of Schedule I of the CGST rate notification and the corresponding TNGST notification. The authority also held that this raw coir pith is not coir pith compost and so does not fall within the exemption entry.

R Reasoning

The authority first classified the goods, relying on explanations (iii) and (iv) to Notification No. 1/2017-C.T.(Rate), which direct that the Customs Tariff headings and the Section and Chapter Notes be used for classification. It found that raw coir pith falls under Customs Tariff heading 53050040 rather than 53050010, because it is not coir fibre and is not shown to be processed into the value-added forms named in that heading. It then held that the exemption for coir fibre under Notification 02/2017 (Sl No 132) covered only coconut coir fibre, and that the later entry 132A, inserted by Notification 19/2018, covers only coir pith compost put up other than in unit containers with a brand name. Since the applicant's pith is not composted, the entry does not apply, and the residual 2.5% entry for Chapters 5305 to 5308 governs.

P Provisions Relied On

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Section 98 of the CGST Act, 2017 (advance ruling)

Section 100(1) of the CGST Act, 2017 (appeal to the Appellate Authority, 30 days)

Rule 104(1) of the CGST Rules, 2017 and the corresponding SGST Rules (application fee)

Notification No. 01/2017-C.T.(Rate) dated 28.06.2017, Sl No 215 of Schedule I, and its explanations (iii) and (iv)

Notification No. 02/2017-C.T.(Rate) dated 28.06.2017 as amended, Sl No 132 (coconut, coir fibre)

Notification No. 18/2018 dated 26 July 2018 (inserted coir pith compost brand-name proviso in Sl No 215)

Notification No. 19/2018 dated 26 July 2018 (inserted Sl No 132A, coir pith compost other than unit containers with a brand)

Customs Tariff Act, 1975, Chapter 5305, headings 53050010 and 53050040

G.O.(Ms) No. 62 dated 29.06.2017, No. II(2)/CTR/532(d-4)/2017 (TNGST rate entry)

! For the Practitioner

A practitioner dealing with raw coir pith, whether loose or in unbranded blocks, can rely on this ruling for the 2.5% rate under both CGST and SGST. The ruling depends on the goods being raw, with no composting and no chemicals added. It does not decide the rate for composted or branded coir pith, coir pith put up in unit containers, or value-added products under heading 53050040. As an advance ruling it binds only the applicant and the concerned officers.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> tn-15-aar-2018_jeena_exports_1.pdf

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