M/s. PAPAKA HERBS & SPICES PRIVATE Ltd.

Authority for Advance Ruling — Tamil Nadu

ORDER No. 54/ARA/2019 Dated: 23.12.2019 (ARA No. 32/2019 dated 19.0… Dated **23.12.2019**

Q Questions Before the Authority

- Whether the Rice Husk Board manufactured by the applicant, comprising natural fibre (rice husk powder), calcium carbonate, recycling waste and other processing aids, with PVC resin acting only as a bonding agent, would remain classified as wood and articles of wood under Chapter 44.
- Whether such Rice Husk Board would attract 12% GST, that is, the rate applicable under Notification No. 01/2017-Central Tax (Rate) as amended, Schedule II, Sl. No. 92.

F Facts

The applicant manufactures a Natural Fibre Composite board, sold as 'Indowud NFC Board', from rice husk powder (30%), calcium carbonate (14%), recycling waste (18%), PVC resin (26%), processing aids (8%) and lubricant (4%). The mix is extruded through a screw-barrel and mould, calibrated and cut into sheets of 2440 mm x 1220 mm in thicknesses of 6 mm to 25 mm. The applicant argued that the board falls under heading 44.10 on the strength of the HSN notes and a CESTAT decision, and that the Sl. No. 92 rate of 6% applies to Rice Husk Board irrespective of classification.

H Ruling

Classification of Rice Husk (NFC) Board	**Chapter 44, fibreboard under heading 4411, CTH 441193 ('Others') as printed in the order**	Not heading 4410 as argued by the applicant. The order says further classification will depend on the individual properties of the product. The CTH is printed as '441193' and is read here as 4411.93, which is legible but should be checked against the original.
Rate of GST on Rice Husk Board	**6% CGST and 6% SGST, not 12%**	Under Sl. No. 92 of Schedule II to Notification 01/2017-CT(Rate) and G.O. (Ms) No. 62 dated 29.06.2017. The order states the entry applies irrespective of the chapter of classification.

The Authority held that the product is a fibreboard and not a particle board, so it falls under heading 4411 (fibreboard of wood or other ligneous materials) rather than 4410, as the applicant had contended. It held that the product attracts **6% CGST and 6% SGST** under Sl. No. 92 of Schedule II, because the entry covers Rice Husk Board irrespective of its chapter. The applicant's proposed 12% rate was therefore not accepted.

R Reasoning

The Authority applied Section 97(2) CGST Act and the Explanatory Notes of the First Schedule to the Customs Tariff Act, as incorporated by the explanations to Notification 01/2017-CT(Rate). It held that the HSN note to heading 44.10 covers particle boards made from wood residues or other ligneous materials, but that the

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applicant's process first extracts the fibre and then bonds it with a binder, which is the fibreboard process described under heading 4411. It noted that the CESTAT decision in Padmavathy Panel Boards relied on by the applicant concerned a different classification question and did not displace this analysis. Finally, it held that Sl. No. 92 of Schedule II applies to Rice Husk Board whatever its heading, which fixed the rate at 6%.

P Provisions Relied On

- Section 97(2) of the CGST Act, 2017
- Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, explanations (iii) and (iv), and Schedule II, Sl. No. 92
- Notification No. II(2)/CTR/532(d-4)/2017, G.O. (Ms) No. 62 dated 29.06.2017 (Tamil Nadu SGST)
- First Schedule to the Customs Tariff Act, 1975, headings 44.10 and 44.11, with the HSN Explanatory Notes and the General…
- Padmavathy Panel Boards v. Commissioner of Central Excise, 2001 (132) ELT 36 (Tri. Bang.), relied on by the applicant

! For the Practitioner

The ruling is useful to manufacturers of rice husk and other agro-residue composite boards in Tamil Nadu because it confirms that Sl. No. 92 gives a 6% CGST and SGST rate to Rice Husk Board regardless of chapter. It also shows that a board made by extracting fibre and binding it with resin is treated as fibreboard under heading 4411, not as particle board under 4410. It does not settle the classification of other agro-residue boards, does not decide the rate for products with a different composition, and is an advance ruling binding only on the applicant.

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_54_aar_2019_papaka_herbs.pdf

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