M/s Mahalaxmi Polypack Pvt. Ltd., Plot No. 3A,B,C,D, Sector-9, IIE, SIDCUL, Pant Nagar, U.S. Nagar, Uttarakhand - 263153

Authority for Advance Ruling — Uttarakhand

Ruling No. 14/2018-19 dated 7th January 2019 (Application No. 13) Dated **07.01.2019**

Q Questions Before the Authority

- Identification of correct classification of Poly Propylene Leno Bags among heading no. 63063300 and 39232990.
- Identification of rate of duty applicable as per respective HSN of Poly Propylene Leno Bags.

F Facts

The applicant supplies Poly Propylene (PP) Leno Bags in the State of Uttarakhand and sought an advance ruling on their GST classification and rate. The order does not describe the business arrangement in detail. At the personal hearing, the applicant's consultant said a ruling could be given on PP Leno Bags without the authority testing the sample.

H Ruling

Classification of PP Leno Bags between heading 63063300 and 39232990	**HSN 3923 (GST Tariff). Sub-heading 39232990 is concurred with, following the Odisha ruling.**	The order concurs with the Odisha ruling that PP Leno Bags fall under 39232990, but its final ruling states HSN 3923 generally. The sample was taken as PP Leno Bags without testing.
Rate of duty as per the respective HSN for PP Leno Bags	**18% GST (CGST 9% + SGST 9%). IGST 18%. Compensation Cess nil.**	Rate is taken from the Chapter 39 rate table for tariff item 3923 in the GST Tariff. Applies to supply in Uttarakhand.

The authority held that PP Leno Bags fall under **HSN 3923** of the GST Tariff. Supply of these bags is chargeable to GST at **18%** (CGST 9% and SGST 9%). The authority proceeded on the footing that the sample supplied is PP Leno Bags, because the applicant had not questioned that point.

R Reasoning

The authority applied the Introduction to the GST Tariff, which adopts the Customs Tariff for classification of goods not classified in the GST Tariff, together with the Section Notes, Chapter Notes and Rules of Interpretation. Under the Customs Tariff, the goods were placed under HS 3923 (articles for conveyance or packing of goods, of plastics). The authority relied on the Odisha Authority for Advance Ruling order and the West Bengal Appellate Authority order in the Mega Flex Plastics case, and on the CBEC Revised Duty Drawback schedule (w.e.f.

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

01.10.2017), which places woven polypropylene bags under tariff item 392302. The ruling rests on the sample being PP Leno Bags, which the authority accepted because the applicant did not dispute it.

P Provisions Relied On

- Section 97(1) and Section 97(2)(a) and (e) of the CGST/SGST Act, 2017
- Section 100(1) of the CGST/SGST Act, 2017 (appeal to the Appellate Authority for Advance Ruling)
- Introduction to the GST Tariff (adoption of the Customs Tariff for classification)
- Customs Tariff, HS 3923
- GST Tariff, Chapter 39, HSN 3923 (rate 9% CGST, 9% SGST, 18% IGST, Compensation Cess nil)
- CBEC Revised Duty Drawback schedule w.e.f. 01.10.2017, tariff item 392302
- Odisha AAR order No. 05/ODISHA-AAR/2018-19 dated 16.11.2018
- West Bengal Appellate Authority order No. 09/WBAAR/2018-19 dated 06.07.2018 (Mega Flex Plastics Ltd.)

! For the Practitioner

A PP Leno Bag manufacturer or supplier in Uttarakhand can cite this ruling for the position that **PP Leno Bags fall under HSN 3923 at 18% GST** . The ruling is a useful precedent because it aligns with the Odisha and West Bengal rulings. It does not decide whether the product tested is in fact a PP Leno Bag, since the authority expressly declined to test the sample. Because it is an advance ruling, its binding effect extends only to the applicant. Its reach to other products or other applicants should be checked against the statute.

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 -> uttrakhand 14-2018-19 mahalaxmi pppl.pdf

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