SHRADHA POLYMATS

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-74/2018-19/B-169, Mumbai Dated **27.12.2018**

Q Questions Before the Authority

- Whether 4601 as the HSN classification of Polypropylene Mats is correct?
- If the answer to the above question is affirmative, whether entry No. 198A (inserted vide Notification No. 27/2017) is to be applied or Entry No. 103 should be considered, i.e., whether the CGST/SGST rate is 2.5% or 6%?

F Facts

The applicant manufactures floor mats, known as Polypropylene (PP) Mats or 'Plastic Satranji', by extruding coloured PP granules (virgin or recycled) into straws or tubes and weaving them into sheets. The applicant sought a ruling on the HSN classification of the mats because it said the First Schedule to the Customs Tariff Act, 1975 did not show a clear entry for them. The department's officer said the same ambiguity existed and that the applicant's product was not clearly covered by any single heading.

H Ruling

Whether 4601 is the correct HSN classification of Polypropylene Mats	**Yes. Answered in the affirmative: heading 4601 (sub-heading 4601 99).**	The Authority noted an inadvertent omission of the second single-dash '- Other:' entry in heading 4601 of the First Schedule, but held that four-digit heading 4601 suffices for the ruling.
Whether entry 198A (2.5%) or entry 103 (6%) applies to the rate	**Not answered. The question was withdrawn by the applicant.**	Withdrawal was made in view of Notification No. 6/2018-Central Tax (Rate) dated 25/01/2018, which substituted the entry 198A description with 'Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork'.

The Authority held that **heading 4601** is the correct HSN classification for Polypropylene Mats, and that the sub-heading is 4601 99. The second question, on whether the 2.5% entry 198A or the 6% entry 103 applies, was not answered because the applicant withdrew it after Notification No. 6/2018-Central Tax (Rate) substituted the description in entry 198A.

R Reasoning

The Authority read Chapter 46 Note 1, which defines 'plaiting materials' to include monofilament, strip and the like of plastics of Chapter 39, and Note 3, which defines the expression used in heading 4601 for mats made by binding or weaving parallel strands. It accepted that PP tubes of about 1.5 mm diameter, woven into sheets and finished as mats, fall within heading 4601. It also relied on the HSN explanatory notes to heading 46.01, which cover mats and matting made by weaving plaiting materials, and on the note to heading 4602, which excludes

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finished mats from that heading. The Authority further relied on the CESTAT decision in Supreme Industries Ltd. (2004) and on Customs Circular No. 4/2018 on duty drawback, which aligns the drawback schedule with heading 4601.

P Provisions Relied On

Sections 97 and 98 of the CGST Act, 2017 and the MGST Act, 2017

Chapter 46 of the First Schedule to the Customs Tariff Act, 1975, Notes 1 and 3, and General Note (3)

HSN Explanatory Notes to heading 46.01 and heading 46.02

Notification No. 6/2018-Central Tax (Rate) dated 25/01/2018 (substitution of entry 198A)

Customs Circular No. 4/2018 dated 24/01/2018 (duty drawback rates, File No. 609/12/2018-DBK)

Supreme Industries Ltd. v. Commissioner of Central Excise, 2004 (170) ELT 432 (CESTAT Delhi)

! For the Practitioner

The ruling settles that PP mats woven from extruded plastic tubes or straws fall under heading 4601, which helps manufacturers and buyers who need a consistent HSN code for these goods. It does not decide the GST rate, because the applicant withdrew that question after the 2018 amendment to entry 198A. The nodal officer's opinion mentions a later notification (No. 21/2018-Central Tax (Rate) dated 26/07/2018) that is said to set 2.5% for headings 4601 and 4602. That point is not decided in the order itself and should be checked against the notification directly.

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 -> ara_order_74_2018_maharashtra_shradha_polymats.pdf

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