



HARYANA AUTHORITY FOR ADVANCE RULING,
GOODS AND SERVICES TAX,
HARYANA VANIJYA BHAWAN, PLOT NO 1-3, SECTOR 5,
PANCHKULA-134151 (HARYANA)



ADVANCE RULING NO.HAR/HAAR/R/2018-19/44
(In Application No.: 44/2018-19, dated 17.12.2018)

Name & Address of the Applicant	:	M/s Stinzo Automotives Pvt. Ltd., Plot No.358, Phase-V, Sector-56, HSIIDC, Kundli, Sonapat.
GSTIN of the Applicant	:	06AAUCS9217J1ZO
Date of Application	:	17.12.2018
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the question(s) raised.	:	Clause(e)- determination of liability to pay tax on any goods of services or both
Date of Personal Hearing	:	08.03.2019
Present for the Applicant	:	Sh. Manish Chopra (Director) and Sh. Vinod Aggarwal (Advocate)

Memo No.: 804

Dated: 09-09-2019

1. Submission of the Applicant:

1.1 The application has been filed u/s 97 of the Haryana Goods & Service Tax Act, 2017 seeking an Advance Ruling in respect of the following question:

"Whether the detachable foot mats used for motor vehicles, manufactured from PVC including TPU/Foam and sold in detachable condition as stand-alone products are taxable at 12% or 18%?"

1.2 The floor foot mats used for the cars are manufactured from PVC as the raw material and thus are also known as PVC carpet mats in the industry. The manufactured product is of running length generally which is cut into size as per requirement of the customers.

1.3 Notification No. 1/2017 Central Tax (Rate) dated 28.06.2017 and Notification No. 1/2017 State Tax (Rate) specify the rate of CGST/SGST to be levied on different products along with their corresponding Chapter/Heading/ Sub- Heading / Tariff item.

1.4 Entry No. 146 of Schedule II of the above Notifications cover the Chapter Heading 5705 and the same is quoted below:

146.	5705	Other carpets and other textile floor coverings, whether or not made up; such as Mats and mattings including Bath Mats, where cotton predominates by weight, of Handlooms, Cotton Rugs of handloom
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- 1.5 In the view of the trade and the experts, an opinion prevails that Chapter Heading 5705 of the Customs Tariff Act, the heading of which reads as *"Other Carpets & Other Textile Floor coverings, whether or not made-up"*, should be the relevant entry. Whether one reads explanatory notes for Chapter 5705 and the fact that for manufacturing PVC car foot mats, the PVC fibres are bonded to each other by way of liquid PVC coating, which functions as an adhesive with this case, in the view of the trade and experts, the product under reference should fall under the explanation given in the HSN explanatory notes for Chapter 5705 and, therefore, the same should be covered under this chapter.
- 1.6 The applicant has been advised that the PVC is produced by polymerization of vinyl chloride monomer (VCM) (which is an organic monomer and thus is known as *"synthetic fibre"* and for the purpose of HSN PVC are covered under the terms *"textile fibres"* and thus any product manufactured from such fibres will be textile material. As can be seen from the facts given above, the car floor mats, the product under reference, is made from PVC yarn which is impregnated with liquid PVC.
- 1.7 The applicant has been legally advised by his advocate that the HSN notes to Chapter 39 (General Notes) clearly say that PVC is a polymer. The HSN-General Notes to Chapter 39 say that *"in general, this chapter covers substances called polymers and semi-manufactures and article thereof provided they are not excluded by Note 2 to the Chapter Note 2 to Chapter 39"* says as follow:



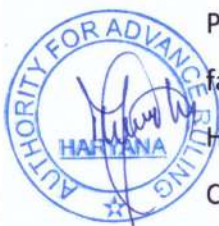
2. The Chapter does not cover:

(p) Goods of section (Textile and Textile Articles)

- 1.8 The applicant is therefore confused- the trade feels that the Customs Tariff Heading 5705 should be applicable to the impugned product. As is mentioned hereinabove, Chapter 57 falls in Section 11 of the Scheme of Customs Tariff Section is about *"Textile & Textile Articles"* and Chapter 57 is about Carpets & Other textile floor coverings". It is clear that the impugned product is composed only of PVC yarn and liquid PVC. The samples of the impugned product shall be produced at the time of hearing for king consideration of this Hon'ble Court.

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Soyadi

- 1.9 There are many trade associates who that the present product being made from PVC only and hence there should be no doubt that the same would fall in Chapter 39 **which covers PVC, a polymer and articles thereof**. It also leaves no doubt that the PVC car foot mats are manmade textiles. In the Notification No. 1/2017 in both the Central and the State Tax quoted hereinabove, the Entry 104A (Chapter 3918), Entry 109 (Chapter 3924) and Entry 111 (Chapter 3926) deals with such products for various purposes and the GST rate is 18% (9% CGST and 9% HGST).
- 1.10 People in the industry are also relying on HSN 5705- though in the opinion of the applicant entries Heading 5705 very clearly covers household articles. The impugned product is a carpet mat which can be used at all locations including the cars-not only in households. In respect of Heading 39.26, HSN General Notes say clearly that it is a residual heading which covers articles, not else specified or included, to plastic or by other materials of Heading 39.01 to 39.14.
- 1.11 In the view of the applicant, there is another Heading 39.18 that deals with *"floor coverings of plastic, whether or not self-adhesive in rolls, or in the form of tiles; wall or ceiling coverings of plastic, as defined in Note 9 to 6 Chapter"*.
- 1.12 In the view of the applicant the impugned product should squarely falls under the Heading 39.18 that floor coverings of plastic, whether or not self-adhesive in rolls or in the form of tiles. The impugned product is known as a PVC car mats/ carpet, and, therefore, in the view of the applicant it should fall under Entry No. 104A of Schedule II and tax accordingly.
- However, few people in the industry are also covering this item under Chapter 5705 and, accordingly, they are classifying the same under that chapter.
- 1.13 It has been advised to the applicant that in the pre-GST era, the impugned product i.e. PVC floor mats used to be classified under the Chapter 5705. The applicant is fully aware that the classification under Chapter Heading 3924 and Chapter Heading 5705 are mutually exclusive.
- 1.14 The applicant is submitting samples of impugned product and bill of entries showing HSN Code under which the goods are cleared at Customs for information of this Hon'ble Court(**Annexure-I**).



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2. Prayer:

- 2.1 In view of the above, it is prayed that an Advance Ruling be given for the classification of the impugned product under Chapter 39 or under Chapter 57 and, accordingly, the tax rate as per Notification No. 1/2017 under CGST & HGST and further whether the product under reference will attract 9% (CGST) and 9% (SGST) or 6% (CGST) and 6% (SGST) tax or any other rate as may be applicable as per law.

3. Discussion:

- 3.1 The applicant is a manufacturer and supplier of Poly vinyl Chloride (PVC) foot mats for cars. Chapter 57 of the GST Tariff of goods deals with carpets and other textile floor coverings. Heading 5705 includes *other carpets and other textile floor coverings, whether or not made up [such as Mats and mattings including Bath Mats, where cotton predominates by weight, of Handloom, Cotton Rugs of handloom]*.

- 3.2 The general Heading 5705 talks about carpets and textile floor covering where cotton predominates by weight or made of handlooms or cotton rugs of handloom. No sub- heading of Chapter 57 covers carpets made of PVC yarn. A sample of the product i.e. the detachable foot mats was also produced before this Authority at the time of hearing and the Authority is convinced that neither any use of cotton is made in manufacturing of these foot mats and nor are they hand made.

So, it is amply clear that the product of the applicant is not covered under Chapter 57 or more specifically Sub-Heading 5705.

- 3.3 Now, arises the question as to under which Heading/ Sub-Heading does the product PVC foot mats fall. Chapter 39 of the GST Tariff – goods covers **plastics and articles thereof**. Heading 3904 of this chapter covers **Polymers of Vinyl Chloride or of other Halogenated Olefins, in primary forms**. As per the manufacturing process explained by the applicant, at the time of personal hearing as well as written submission, the car foot mats are made of PVC fibres, which are bounded to each other by way of liquid PVC coating. In this manner, the foot mats are made entirely of PVC and is clearly covered under the Sub-Heading 4904 10 which covers **Poly Vinyl Chloride, not mixed with any other substances, taxable at 18%**.



S. Arjeet Singh

- 3.4 But as per Clause (p) of Note 2 of Chapter 39, goods of Section XI (Textiles and textile articles) are excluded from this chapter. Section XI deals with textiles and textile articles and Chapter 57 (carpets and other textile floor covering) form part of this section. The article manufactured and supplied by the applicant is neither covered under Chapter 57 nor any other chapter of Section XI. As such, the exclusion provided in Clause (p) of Note 2 of Chapter 39 is not applicable in case of the product of the applicant.

4. Finding:

- 4.1 The PVC foot mats manufactured and supplied by the applicant fall under Chapter 39, Sub-Heading 4904 10, taxable at 18% (CGST 9%, HGST 9%).

Ordered accordingly.
To be communicated.

14.03.2019
Panchkula.


(Sangeeta Karmakar)
Member CGST


(Madhubala)
Member SGST

Regd. AD/Speed Post

M/s Stinzo Automotives Pvt. Ltd.,
Plot No.358, Phase-V, Sector-56,
HSIIDC, Kundli, Sonapat.



Copy to:

1. The Commissioner, Central Goods & Service Tax, ^{Rohatak}
Commissionerate, ^{2nd Floor Pacific City Centre near Sat Bhawan, Rohatak-124001} (Haryana).
2. GST Division Sonapat, Star Complex, Opposite Civil Hospital, Delhi Road,
Sonapat-131001.
3. Deputy Excise and Taxation Commissioner (ST), Sonapat.