

**AUTHORITY FOR ADVANCE RULING  
TAMILNADU ADVANCE RULING AUTHORITY  
PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-6**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF  
THE GOODS AND SERVICES TAX ACT, 2017.**

**Members present are:**

1. Ms. Manasa Gangotri Kata, IRS Joint Commissioner/Member,  
Office of the Principal Chief Commissioner of GST & Central Excise,  
Chennai-34
2. Thiru S. Vijayakumar, M.Sc., Joint Commissioner (CT)/Member(FAC),  
Enforcement / Inter-State Investigation Cell, Chennai-6.

**ORDER No. 12 /AAR/2018 DATED 27 .09.2018**

GSTIN Number, if any / User id		33AQWPS0012N1ZI
Legal Name of Applicant		Kanniwadi Nagarajan Sharmila (Prop: M/s. Sharmila Screen Printers)
Registered Address/Address provided while obtaining user id		Plot No.2072, 90 <sup>th</sup> Cross Road, Villapuram HB, Madurai – 625 011.
Details of Application		GST-ARA-01 Application Sl.No.18 dated 27.04.2018
Concerned Officer		State: The Assistant Commissioner(ST),Thiruparamkundram Assessment Circle, Commercial Taxes Building, Dr. SVKS Thangaraj Salai, Madurai-625020  Centre: Madurai- Division- Madurai I
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Manufacturing – Sacks and Bags of Nonwoven Fabrics.
B	Description (in Brief)	Manufacturer of Sacks and Bags of Nonwoven Fabrics falls under HSN Code

		6305 and liable to be tax at 5%, if the sale value fall below Rs.1000/- for the value more than Rs.1000/- liable to be taxed at 12%.
Issue/s on which advance ruling required		The applicable HSN Code and the Rate of Tax for sacks and bags of Nonwoven Fabrics.
Question(s) on which advance ruling is required		The category of product sacks and bags of Nonwoven Fabrics falls under the classification of 6305 and applicability of rate of tax 5%/12%.

**Note : Any appeal against the advance ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated**

**At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.**

M/s. Sharmila Screen Printers( Legal Name Kanniwadi Nagarajan Sharmila) doing business at Plot No.2072, 90<sup>th</sup> Cross Road, Villapuram HB, Madurai – 625 011. (Hereinafter called the Applicant) is a registered person under the GST Act, 2017 with GSTIN 33AQWPS0012N1ZI. The Applicant has submitted a copy of Challan evidencing payment of application fees of Rs.5, 000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017. They have filed an Application seeking Advance Ruling on the following:

**“Clarification on Rate of tax and HSN code for Nonwoven Rice Bags”**

2.1 The Applicant manufactures sacks and bags of Nonwoven fabrics. They purchase nonwoven fabric rolls and convert the same into sheets by cutting and printing and then stitch into Bags. Such Nonwoven fabric bags are mainly used for packing Rice and food products. They have stated that on 23.06.2017, the GST council meeting had made some announcement that these bags fall under HSN Code 6305 are liable to be taxed at 5% if the sale value falls below Rs.1000/- . For the value of more than Rs.1000, it is liable to be taxed at 12%, but the GST Act schedule does not speak about that and the HSN Code 6305 is missing while introducing the GST Act.

2.2 The Applicant have further stated that their association approached the GST & Central Excise department at Madurai and requested to clarify the rate of tax on the Nonwoven Bags. The department vide letter No. IV/16/84/2017 – Tech (GST) Vol-1 dated 01.01.2018 addressed to their association had clarified that Nonwoven Bags & Rice Bags falls under HSN Code “63059000- Other made up textile articles, sets, worn cloths and woven textile articles” and liable to be taxed at 5% GST if the sale Value does not Exceed Rs. 1000/- Vide Sl.No.224 of schedule 1 of Notification 1/2017 C Tax (Rate) dated 28.06.2017.

3.1 The Applicant was heard in person. They submitted Photos of raw material, printing and final product. They stated that they buy Nonwoven fabrics made of 100% polypropylene fiber which are classified under HSN 5603. They submitted input invoices, invoice for outward supply under the GST regime, write-up of manufacturing process. They also produced photo copies of Nonwoven bags manufactured by them and the raw material such as Nonwoven fabric roll for perusal. They stated that they sell their products to rice mills and the same is used for packaging only and not sold as Shopping bags or Carry bags. They stated that the goods are of 25 Kg, 5 Kg, 10 Kg capacity and all are sold at below Rs 1000/-.

3.2 All documents submitted were examined. It is seen from sample invoices provided that that the goods are being sold as “Packing

Bags(Nonwoven) of varying weights 25Kgs, 10 Kgs and 5Kgs applicant is selling at prices below Rs 1000/- each. The applicant is purchasing non woven fabrics made of 100% polypropylene fiber in the form of rolls usually in white colour , cutting into desired sizes and printing on it based on various designs, logos required by their clients. They are then stitched into bags and sold to their clients.

4.1 The issue for decision before us is the appropriate Rate of Tax and HSN code for Nonwoven Rice Bags manufactured by the applicant. From the various submissions of the applicant, it is evident that the applicant purchases non-woven fabric roll, convert into sheets by cutting and on printing, stitch into bags which are used mainly for packing rice and food products. They have further stated that their product non woven fabric bags of various sizes falls below Rs.1000 each.

4.2 In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, sub-heading, heading and chapter shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods. Applying this Rule, the Description of **Chapter Heading 6305** is as follows:

*Sacks and bags, of a kind used for the packing of goods*

and more specifically, **6305 33 00**, states as follows:

*Of man-made textile materials: Other, of polyethylene or polypropylene strip or the like*

Further, Explanatory Notes to the Heading 6305, is as follows:

**63.05 - Sacks and bags, of a kind used for the packing of goods (+).**

6305.10 - Of jute or of other textile bast fibres of heading 53.03

6305.20 - Of cotton

- Of man-made textile materials :

6305.32 -- Flexible intermediate bulk containers

6305.33 -- Other, of polyethylene or polypropylene strip or the like

6305.39 -- Other

6305.90 - Of other textile materials

This heading covers textile sacks and bags of a kind normally used for the packing of goods for transport, storage or sale.

The applicant manufactures non-woven fabric bags which is used mainly for packing rice and food products and the product made of 100% polypropylene fiber is classifiable under 63053300.

4.3 Having decided the classification, the next issue to be decided is the applicable rate. The description of the goods is mentioned at S.No. 224 of Schedule I of Notification No. 1/2017-C.T.(Rate) dated 28.06.2017, which are reproduced below:

Sl. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate
224 of Schedule I	63	Other made up textile articles, sets, worn clothing and worn textile articles and rags, of sale value not exceeding Rs. 1000 per piece	5

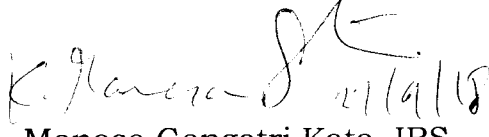
The applicant has stated that their product nonwoven fabric bag falls below Rs. 1000/-. Therefore, the applicable rate is 2.5% CGST as per

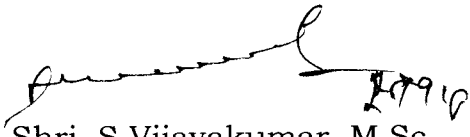
S.No. 224 of Schedule I of Notification No. 1/2017-C.T.(Rate) dated 28.06.2017 and 2.5% SGST as per S.No. 224 of Schedule I of G.O. (Ms) No. 62 dated 29.06.2017 No. II(2)/CTR/532(d-4)/2017.

5. In view of the foregoing, we rule as under:

**RULING**

The Non-woven fabric bags called as Rice Bags manufactured by the applicant falls under HSN 63053300 and the applicable rate for the bags of value not exceeding Rs. 1000 per piece is 2.5% CGST as per S.No. 224 of Schedule I of Notification No. 1/2017-C.T. (Rate) dated 28.06.2017 and 2.5% SGST as per S.No. 224 of Schedule I of G.O. (Ms) No. 62 dated 29.06.2017 No. II(2)/CTR/532(d-4)/2017.

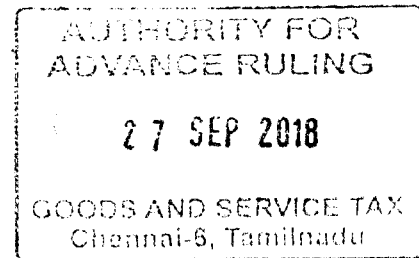
  
Ms. Manasa Gangotri Kata, IRS  
Member

  
Shri. S.Vijayakumar, M.Sc.,  
Member (FAC)

To

M/s. Kanniwadi Nagarajan Sharmila  
Plot No.2072, 90<sup>th</sup> Cross Road,  
Villapuram HB,  
Madurai – 625 011.

/By SPAD/



Copy Submitted to:

1. Additional Chief Secretary/Commissioner of Commercial Taxes, II Floor, Ezhilagam, Chepauk, Chennai-5.
2. The Principal Chief Commissioner of GST & Central Excise, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.

Copy to:

3.The Assistant Commissioner(ST),  
Thiruparamkundram Assessment Circle,Commercial Taxes Building,  
Dr. SVKS Thangaraj Salai,  
Madurai-625020

4. The Commissioner of GST &C.Ex.,  
Madurai Commissionerate, Central Revenue Building,  
Bibikulam,  
Madurai-625002

5. Master File/ Spare-2

