

**AUTHORITY FOR ADVANCE RULING, TAMILNADU**  
**INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX, DOOR NO.32,**  
**5<sup>TH</sup> FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,**  
**CHENNAI – 600 003.**

**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, I.R.S., Additional Commissioner/Member,  
Office of the Commissioner of GST & Central Excise, Chennai -34
  
2. Thiru Kurinji Selvaan V.S., M.Sc., (Agri.), M.B.A.,  
Joint Commissioner (ST) / Member,  
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-3.

**ORDER No. 04 /ARA/2020 Dated :31.01.2020**

GSTIN Number, if any / User id		33BYOPP4690L1Z0
Legal Name of Applicant		PONRAJ
Trade Name of the Applicant		PPP Associates.
Registered Address / Address provided while obtaining user id		4/576, Kongalapuram, Sithurajapuram Sivakasi Virudhunagar. 626 189.
Details of Application		Form GST ARA – 001 Application SI.No.25/2019 Dated 02.07.2019
Concerned Officer		State: The Assistant Commissioner(ST), Sivakasi-II Assessment Circle. NGO Colony, Satchiyapuram, Sivakasi Theyst 626 124. Centre:Madurai Commissionarate.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Manufacturer
B	Description (in brief)	Manufacturer of Sacks and Bags of Non-woven fabric meant to be used as Rice bags and food products
Issue/s on which advance ruling required		Classification of any Goods or services or both.

Question(s) on which Advance Ruling is required	Whether the category of product “Non-woven PP Rice Bags / Sacs” falls under the classification of HSN 63053300 and its applicable of rate of tax is at 5%?
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**Note: Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Rulings, Chennai as under Sub-Section (1) of CGST Act / TNGST Act 2017, within 30 days from the date on the ruling sought to be appealed is communicated.**

**At the outset, They 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 same provisions under the Tamil Nadu Goods and Service Tax Act.**

Thiru V. Ponraj, Proprietor, M/s PPP Associates, 4/576, Kongalapuram, Sithurajapuram, Sivakasi, Virudhunagar 626 189. (hereinafter called the Applicant) is registered under the GST Act with GSTIN 33BYOPP4690L1Z0. The applicant has sought Advance Ruling on the following question:

Whether the category of product “Non-woven PP Rice Bags / Sacs” falls under the classification of HSN 63053300 and its applicable of rate of tax is at 5%?

The Applicant has submitted the copy of application in Form GST ARA – 01 and also 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.

2.1 They are manufactures of sacks and bags of Non-woven Rice Bag. They purchase non-woven fabric rolls made of 100% polypropylene fiber which are classified under HSN Code 5603 and convert the same into sheets by cutting, printing and then manmade stitched in to bag. Such Nonwoven Rice Bags are mainly used for packing rice and food products of 5 Kg, 10Kg, 20Kg and 25Kg. They have stated that this product falls under head HSN Code 6305 3300 and liable to be taxed a 5% if the sale value falls below Rs.1000/- and if the value is more than Rs.1000/- it is liable to be taxed at 12% under GST Act.

3.1 The applicant was heard in person on 28.08.2019. They submitted photographs of the manufacturing process and produced samples of the raw material used. The raw material is PP Non-woven fabric which is bought in rolls in white colour (HSN 5603 of 100-150 GSM) and then printing the designs given by their customers who are rice millers are done. It is stitched into bags with top open of 5/10/15/20 Kg Size with fixed dimension. The customer will fill the bag with rice and close the top with stitching. The applicant undertook to submit a sale invoice for each size. They further stated that all the bags are below Rs. 1,000/- per piece and should be taxed at CGST 2.5% and SGST 2.5% as per S.No. 224 of Schedule I of Notification 1/2017. They also submitted a report of a textile research association stating that the raw material is non-woven fabric and not plastics.

3.2 The applicant furnished sample Tax Invoice for purchase of 'Nonwoven Fabric Roll' and sample sale invoice for sale of 'Nonwoven Rice Bag' of 5Kg, 10 Kg, 25 Kg.

4.1 The Jurisdiction Central Tax Officer submitted the written comments. In the written comments, the following are stated:

The applicant are purchasing their raw material Viz., Non-Woven Fabric Rolls[ HSN:5603] made of 100% Polypropylene Fibre usually in white colour, at the GST rate of CGST@6% and SGST @6% for manufacture of Non-woven Fabric Bags. They are cutting the fabric rolls in to pieces of desired sizes, printing on it based on various designs. Logos required by their customers and stitching into Bags. They are selling the non-woven Fabric Bags [HSN:6305] mainly to the rice suppliers. The bags of 5 Kg, 10 Kg, 20 Kg and 25 Kg capacity are sold at the sale value not exceeding Rs. 1,000/- per piece and GST is paid at the rate of CGST:2.5% and SGST:2.5%. In a similar case, Tamilnadu Advance Ruling Authority has passed AR Order No. 12/AAR/2018 dated 27.09.2018, holding non-woven fabric bags called as 'Rice Bag' falls under HSN 63053300 and the applicable rate for the bag of value not exceeding Rs.1000 per piece is 2.5% CGST as per Sl.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. In view of the above, it appeared that the description of the goods manufactured by the applicant viz., Non-woven

Fabric Bags is covered under Sl.No. 224 of Schedule-I of Notification No. 1/2017-C.T.(Rate) dated 28.06.2017 and the applicable rate of CGST is 2.5% for the sale value not exceeding Rs. 1000/- per piece.

5.1 We have carefully considered the various submissions made by the applicant and the comments of the jurisdictional central Tax Officer. The applicant are manufacturers of polypropylene Non-woven Fabric Rice Bags meant for use as 'Rice Bags'. They purchase their raw material viz., Non-Woven Fabric Rolls [HSN : 5603] made of 100% Polypropylene Fibre usually in white colour, which are cut into pieces of desired sizes after printing various designs, logos required by their customers and are stitched into Bags. They are selling the non-woven Fabric Bags classifying under HSN : 6305 mainly to the rice suppliers and the bags of 5Kg,10Kg, 20Kg and 25Kg capacity are sold at the sale value not exceeding Rs,1,000/- per piece and GST is paid. The issue for decision before us is the appropriate Rate of Tax and HSN code for Nonwoven Rice Bags manufactured by the applicant.

5.2 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.

5.3 In the case at hand, we find that the applicant purchases Non woven Fabric rolls made of 100% Polypropylene which are then printed with desired designs and cut into shape before being stiched into bags. Such bags are used to package to bulk items , here specifically Rice. Non woven Fabric are covered CTH 5603 as seen in the HSN Exlanatory Notes

**56.03 - Nonwovens, whether or not impregnated, coated, covered or laminated.**

- Of man-made filaments :

- 5603.11 -- Weighing not more than 25 g/m<sup>2</sup>
- 5603.12 -- Weighing more than 25 g/m<sup>2</sup> but not more than 70 g/m<sup>2</sup>
- 5603.13 -- Weighing more than 70 g/m<sup>2</sup> but not more than 150 g/m<sup>2</sup>
- 5603.14 -- Weighing more than 150 g/m<sup>2</sup>

- Other :

- 5603.91 -- Weighing not more than 25 g/m<sup>2</sup>
- 5603.92 -- Weighing more than 25 g/m<sup>2</sup> but not more than 70 g/m<sup>2</sup>
- 5603.93 -- Weighing more than 70 g/m<sup>2</sup> but not more than 150 g/m<sup>2</sup>
- 5603.94 -- Weighing more than 150 g/m<sup>2</sup>

A **nonwoven** is a sheet or web of predominantly textile fibres oriented directionally or randomly and bonded. These fibres may be of natural or man-made origin. They may be staple fibres (natural or man-made) or man-made filaments or be formed in situ.

The applicant claims that the product is classifiable under CTH 6305. The relevant chapter Note, headings, HSN Explanatory Notes are examined as under:

*6305 SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS*

*6305 10 - Of jute or of other textile bast fibres of heading 5303 :*

.....  
*6305 20 00 - Of cotton*

*- Of man-made textile materials :*

- 6305 32 00 -- Flexible intermediate bulk containers*
- 6305 33 00 -- Other, of polyethylene or polypropylene strip or the like*
- 6305 39 00 -- Other*
- 6305 90 00 - Of other textile materials*

Further, explanations to the Heading 63059000, in HSN 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.

These articles, which vary in size and shape, include in particular flexible intermediate bulk containers, coal, grain, flour, potato, coffee or similar sacks, mail bags, and small bags of the kind used for sending samples of merchandise by post. The heading also includes such articles as tea sachets.

Packing cloths which, after use as bale wrappings, are roughly or loosely stitched together at the edges, but which do not constitute finished or unfinished sacks or bags, are **excluded (heading 63.07)**.

5.4 We find that CBIC vide its Circular No. 80/54/2018-GST dt. 31.12.2018, under para 7, has clarified that the goods viz. polypropylene woven and non-woven

bags are classifiable under HS code 3923 and attracts GST @ 18%, the relevant portion is extracted as below:

***“Applicability of GST on supply of Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP:***

***7.1*** Representations have been received seeking the classification and GST rates on Polypropylene Woven and Non-Woven Bags and Polypropylene Woven and Non-Woven Bags laminated with BOPP

***7.2*** As per the explanatory notes to the HSN to HS code 39.23, the heading covers all articles of plastics commonly used for the packing or conveyance of all kinds of products and includes boxes, crates, cases, sacks and bags.

***7.3*** Further as per the Chapter note to Chapter 39, the expression “plastics” means those materials of headings 39.01 to 39.14 which are or have been capable, either at the moment of polymerization or at some subsequent stage, of being formed under external influence (usually heat and pressure, if necessary with a solvent or plasticizer) by moulding, casting, extruding, rolling or other process into shapes which are retained on the removal of the external influence.

***7.4*** Thus it is clarified that Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP would be classified as plastic bags under HS code 3923 and would attract 18% GST.

***7.5*** Non-laminated woven bags would be classified as per their constituting materials”.

5.5 We find the competing heading for the product is CTH 3923. For ease of reference, the relevant chapter notes, the tariff entry and the HSN Explanatory note is given below:

**CHAPTER 39**

***Plastics and articles thereof***

**NOTES :**

1. Throughout this Schedule, the expression “plastics” means those materials of headings 3901 to 3914 which are or have been capable, either at the moment of polymerisation or at some subsequent stage, of being formed under external influence (usually heat and pressure, if necessary with a solvent or plasticiser) by moulding, casting, extruding, rolling or other process into shapes which are retained on the removal of the external influence.  
Throughout this Schedule any reference to “plastics” also includes vulcanised fibre. The expression, however, does not apply to materials regarded as textile materials of Section XI.
2. This Chapter does not cover:
  - (a) lubricating preparations of heading 2710 or 3403;
  - (b) waxes of heading 2712 or 3404;

.....;  
(p) goods of Section XI (textiles and textile articles);

3923 ARTICLES FOR THE CONVEYANCE OR PACKING OF GOODS, OF PLASTICS;  
STOPPERS, LIDS, CAPS AND OTHER CLOSURES, OF PLASTICS

3923 10 - Boxes, cases, crates and similar articles:

.....  
- Sacks and bags (including cones):  
3923 21 00 -- Of polymers of ethylene  
3923 29 -- Of other plastics:  
3923 29 10 --- Of poly (vinyl chloride)  
3923 29 90 --- Other

**39.23 - Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.**

3923.10 - Boxes, cases, crates and similar articles

- Sacks and bags (including cones) :

3923.21 -- Of polymers of ethylene

3923.29 -- Of other plastics

3923.30 - Carboys, bottles, flasks and similar articles

3923.40 - Spools, cops, bobbins and similar supports

3923.50 - Stoppers, lids, caps and other closures

3923.90 - Other

This heading covers all articles of plastics commonly used for the packing or conveyance of all kinds of products. The articles covered include :

- (a) Containers such as boxes, cases, crates, sacks and bags (including cones and refuse sacks), casks, cans, carboys, bottles and flasks.

The heading also covers :

- (i) Cups without handles having the character of containers used for the packing or conveyance of certain foodstuffs, whether or not they have a secondary use as tableware or toilet articles;
- (ii) Bottle preforms of plastics being intermediate products having tubular shape, with one closed end and one open end threaded to secure a screw type closure, the portion below the threaded end being intended to be expanded to a desired size and shape.
- (b) Spools, cops, bobbins and similar supports, including video or audio cassettes without magnetic tape.
- (c) Stoppers, lids, caps and other closures.

The heading **excludes**, *inter alia*, household articles such as dustbins, and cups which are used as tableware or toilet articles and do not have the character of containers for the packing or conveyance of goods, whether or not sometimes used for such purposes (**heading 39.24**), containers of **heading 42.02** and flexible intermediate bulk containers of **heading 63.05**.

5.6 It is clear from Chapter Note 1 to Chapter 39 that *'The expression, however, does not apply to materials regarded as textile materials of Section XI.* Therefore, plastics under Chapter 39 does not cover Non woven textile materials of CTH 5603 of which the articles in hand are made of. Further, as per para 7.5

of the CBIC clarification above, Non-laminated woven bags are to be classified as per the constituting material. There is no dispute that the raw material used by the applicant is a textile material classified under CTH 5603 as seen from the Purchase Invoice furnished by the applicant. The applicant manufactures non-woven fabric bags from the fabric roles classified under '5603' and is used mainly for packing rice and food products for storage and sale. Thus applying the Explanation of HSN to Heading 6305, given above, the product is classifiable under Chapter Heading 6305 3300.

6.1 Having decided the classification, the next issue to be decided is the applicable rate. The applicant has stated that their product nonwoven fabric bag falls below Rs. 1000/- per piece. The description of the goods stood mentioned at S.No. 224 of Schedule I of Notification No. 1/2017-C.T.(Rate) dated 28.06.2017 upto 30.09.2019 and therefore, the applicable rate of CGST is 2.5% and SGST is 2.5% upto 30.09.2019. Notification No. 14/2019-C.T.(Rate) dated 30.09.2019, amended the Notification No. 01/2017-C.T.Rate dated 28.06.2017 wherein the entry at S.No. 224 of Schedule I was amended to the effect that the said entry do not cover the goods of 6305 32 00, 6305 33 00, 6309 and further a new entry 80AA inserted in the Schedule-II of the Notification No. 01/2017-C.T.(Rate) dated 28.06.2017, which is as below:

"80AA	3923 or	Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated,
	6305	of a kind used for packing of goods";

Therefore, the rate of product in hand is 6% CGST and 6% SGST effective from 30.09.2019. Further, Notification no. 27/2019-C.T.(Rate) dated 30.12.2019 amended the Notification no. 01/2017-C.T.(Rate) dated 28.06.2017 wherein the entry at 80AA in the Schedule-II of the Notification was omitted and a new entry 163B inserted in Schedule III of the Notification, which is as below:



in Schedule III - 9%, after serial number 163A and the entries relating thereto, the following serial numbers and entries shall be inserted, namely: -

163B	3923 or 6305	Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods;
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Therefore effective from 01.01.2020, the rate of the product in hand is 9% CGST and 9% SGST.

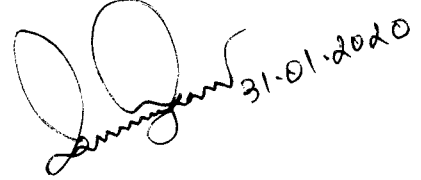
7. In the light of the above, we rule as under:

### Ruling

1. The Non-woven fabric bags called as 'Rice Bag' falls under HSN 63053300.
2. The applicable rate for the bag of value not exceeding Rs.1000 per piece is 2.5% CGST as per Sl.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 upto 30.09.2019 and thereupon upto 31.12.2019, the applicable rate is 6% CGST as per Sl.No. 80AA of Schedule II of Notification no. 01/2017-C.T(Rate) dated 28.06.2017 as amended and 6% SGST as per S.No. 80AA of Schedule-II of G.O. (Ms.) No. 62 dated 29.06.2017 as amended and effective 01.01.2020, the applicable rate is 9% CGST as per Sl.No. 163B of Schedule III of Notification no. 01/2017-C.T.(Rate) date 28.06.2017 as amended by Notification no.27/2019-C.T.(Rate) dated 30.12.2019 and 9% SGST as per S.No. 163B of Schedule-III of G.O. (M.S.) No. 62 dated 29.06.2017 as amended.



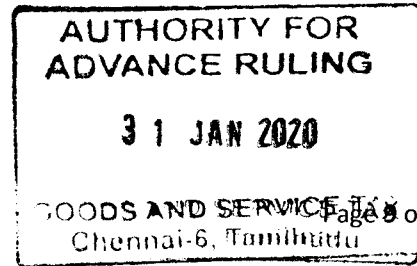
Ms. Manasa Gangotri Kata,  
Member, CGST



Shri KurinjiSelvaan.V.S,  
Member, TNGST

To  
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//By SPAD//



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