

**GOVERNMENT OF TAMIL NADU
COMMERCIAL TAXES DEPARTMENT
OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES
EZHILAGAM, CHENNAI- 600 005**

PRESENT: Dr. D.JAGANNATHAN I.A.S,

COMMISSIONER OF STATE TAX

**Circular No.17/2024
(PP6/GST- 82/2023)**

Dated: 16.07.2024

- Sub: Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52nd meeting held on 7th October, 2023-Regarding.
- Ref: Circular No. 205/17/2023-GST, dated 31.10.2023, issued by Government of India, Ministry of Finance, Department of Revenue (Tax Research Unit)

In the reference cited, the Government of India, Ministry of Finance, Department of Revenue (Tax Research Unit), New Delhi, has issued Circular No 205/17/2023-GST, dated 31.10.2023 based on the recommendations of the GST Council. Hence, following *pari-materia* circular is issued.

2) The GST Council in its 50th meeting had recommended reduction of GST rate to 5% on imitation zari thread or yarn known by any name in trade parlance, following which Sl.No. 218AA had been inserted in Schedule I of notification issued vide G.O. (Ms) No.63, Commercial Taxes & Registration (B1) Department dated 29.06.2017 published in Tamilnadu Government Extra ordinary Notification No.II(2)/CTR/532(d-4)/2017 dated 29.06.2017 [Issue No. 202].

3) Doubts have been raised whether metal coated plastic film converted to metallised yarn and twisted with nylon, cotton, polyester or any other yarn to make imitation zari thread is covered under Sl No. 218AA of Schedule I covering imitation zari thread or yarn, and attracting 5% GST, or under Sl No. 137 of Schedule III covering other metallised yarn attracting 12% GST. As per HS Explanatory Notes, the heading 5605 covers – (1) yarn consisting of any textile material (including monofilament, strip and the like and paper yarn) combined with metal thread or strip, whether obtained by a process of twisting, cabling or by gimping, whatever the proportion of the metal present (2) yarn of any textile material (including monofilament, strip and the like and paper yarn) covered with metal by any other process including yarn covered with metal by electro-deposition. The