

**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 52<sup>nd</sup> meeting held on 7<sup>th</sup> 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)

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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



heading also covers products consisting of a core of metal foil (generally of aluminium) or of a core of plastic film coated with metal dust, sandwiched by means of an adhesive between two layers of plastic film.

4)In light of the above, the GST Council has recommended to clarify that imitation zari thread or yarn made from metallised polyester film/ plastic film falling under HS 5605 are covered by SI No. 218AA of Schedule I attracting 5% GST. The GST Council has also recommended that no refund will be permitted on polyester film (metallised)/plastic film on account of inversion of tax rate. Requisite changes have been made to the Notification issued in G.O. (Ms) No. 66, Commercial Taxes & Registration (B1) dated 29.06.2017, published in Tamilnadu Extra ordinary Gazette Notification No. II(2)/CTR/532(d-8)/2017, dated 29.06.2017 [ Issue No 202] vide G.O. (Ms) No. 128, Commercial Taxes & Registration (B1) Department dated 15.11.2023 in Tamilnadu Notification No. II(2)/CTR/ 971(a-9)/2023, dated 15.11.2023 [Issue no. 386].

**Sd/- D. Jagannathan**  
**Commissioner of State Tax**

To  
The Additional Commissioner (LTU).  
All the Joint Commissioners (Territorial).  
All the Head of Assessment Circles in the State.

Copy to

1. All the Additional Commissioners, in the Office of the CCT, Chennai-5
2. All the Joint Commissioners (Intelligence)
3. Director/ Additional Commissioner, Commercial Taxes Staff Training Institute, Chennai -35.
4. Appellate Joint Commissioner (GST) Chennai.
5. All the Deputy Commissioners (Territorial and Intelligence)
6. All the Appellate Deputy Commissioner (GST) in the State.
7. The Joint Commissioner (CS), Chennai 35, to upload the same in the internet website.
8. Stock file / Spare.

//Forwarded by order//

*[Signature]*  
13/7/24  
Deputy Commissioner (P&P)

*[Signature]*  
13/7/24