	KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM
---	--

BEFORE THE AUTHORITY OF: *Shri. S. Anilkumar, IRS &*

: Shri. B.S. Thyagarajababu B.Sc, LL.M

Legal Name of the applicant	M/s.Cocofibre Industries Private Limited
GSTIN	32AAGCC2925D1Z7
Address	Building No.IV/428-A, Mararikulam South Grama Panchayath - Pollathai - P.O., Alleppey 688567
Advance Ruling sought for	The tax rate applicable for PVC Tufted Coir Mats and Matting.
Date of Personal Hearing	01.03.2019
Authorized Representative	Sri. D. Sethumadhavan, Advocate

ADVANCE RULING No. KER/31/2019 Dt.01.03.2019

The applicant is manufacturer of PVC tufted coir mats and mattings. The manufacturing activity is fully mechanized operation and setting up of factory involves considerable investment. Coir yarn and PVC mix is fed into the machine at one end and the finished products PVC tufted coir mats and mattings automatically gets rolled at the other end.

Therefore the applicant seeks advance rulings on the following issues:

- i) Whether or not PVC Tufted Coir Mats and Matting can be fitted into low band of tax rate of 5% as Coir Mats and Matting corresponding to entry in Schedule I, Serial Number 219-5702, 5703, 5705-Coir Mats, Matting, floor covering and handloom durries with eligibility for refund of inverted tax rate structure on account of PVC Resin and Plasticizer /

DOP attracting GST @ 18% (PVC Resin is manufactured mostly from ethylene, which is a product of Oil and Gas Industry and one of the main source of supply is import).

ii) Whether or not PVC Tufted Coir Mats and Matting can be fitted into standard band of tax rate of 12% as Carpets and other textile floor coverings, tufted, whether or not made up corresponding to entry in Schedule II, Serial Number 144 - 5703 - Carpets and other textile floor coverings, tufted, whether or not made up.

iii) Whether PVC Tufted coir Mats and Matting is classifiable under Chapter Heading 5703 Carpets and other textile floor coverings, tufted, whether or not made up), sub heading 570390 - of other textile materials - as Tariff item 57039020 Carpets and floor coverings of coir or as Tariff item 57039090 Other.

The authorized representative was heard. It is pointed out that the raw materials such as PVC resin, DOP, dolomite filler, pigment, coir yarn etc. are used for the manufacture of tufted coir mats. Coir yarn from creel stand passes through the pre-heater and through the feeding roll into the cutting head. The coir yarn is cut into pile heights varying from 10 mm to 30 mm according to the pile height requirement of the product. The PVC compound in uniform and required thickness is fed into the conveyor belt. The coir yarn cut into Pile is thickly and uniformly embedded into the PVC compound. The conveyor passes through the heating and cooling zones where the product is cured. After curing the product is conveyed to the shearing machine where shearing takes place and passed through the slitting machine where the product is cut lengthwise. With the help of a take up device, the product is fed into the cross cutting station where the product is cut standard size. In case of

matting, after shearing the matting are rolled up using roller device. The whole process is fully automated. The coir as well as PVC chemicals used for the manufacture of tufted coir mats have equal importance. However, PVC and chemicals influences cost, quality on inputs more than coir.

Coir mats, mattings and floor coverings covered under HSN 5702, 5703 and 5705 are taxable @ 5% GST vide Notification No.1/2017-CT-Rate Dtd.28-06-2017 as amended by Notification No.34/2017-CT-Rate dtd.13-10-2017. This classification covers only the commodities which are manufactured exclusively using coir fiber. If any, PVC or rubber or any other materials are stuffed on the textile of coir, which is used as floor mats or mattings, it will come under Customs Tariff Head 5703 90 90 and it will be taxed @ 12% GST.

In view of the observations stated above, the following rulings are issued:

i) Whether or not PVC Tufted Coir Mats and Matting can be fitted into low band of tax rate of 5% as Coir Mats and Matting corresponding to entry in Schedule I, Serial Number 219 - 5702, 5703, 5705-Coir Mats, Matting, floor covering and handloom durries with eligibility for refund of inverted tax rate structure on account of PVC Resin and Plasticizer / DOP attracting GST @ 18% (PVC Resin is manufactured mostly from ethylene, which is a product of Oil and Gas Industry and one of the main source of supply is import).

PVC Tufted Coir Mats and Matting cannot be fitted into low band tax rate of 5%. If any, PVC or rubber or any other materials are stuffed on the textile of coir, which is used as floor mats or mattings, will be come under the Customs Tariff Head 5703 90 90 and it will be taxed @ 12% GST as per Entry at Sl No.

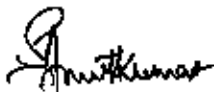
144 of Schedule II of Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017.

ii) Whether or not PVC Tufted Coir Mats and Matting can be fitted into standard band of tax rate of 12% as Carpets and other textile floor coverings, tufted, whether or not made up corresponding to entry in Schedule II, Serial Number 144 - 5703 - Carpets and other textile floor coverings, tufted, whether or not made up.

Yes.

iii) Whether PVC Tufted coir Mats and Matting is classifiable under Chapter Heading 5703 Carpets and other textile floor coverings, tufted, whether or not made up), sub heading 570390 - of other textile materials - as Tariff item 57039020 Carpets and floor coverings of coir or as Tariff item 5703 90 90 Other.

PVC Tufted Coir Mats and Matting are classifiable under Customs Tariff Head 5703 90 90.



S. Anilkumar, IRS
Additional Commissioner of Central
Tax
MEMBER



B.S. Thyagarajababu, B.Sc, LL.M
Joint Commissioner of State Tax
MEMBER

To

M/s. Cocofibre Industries Private Ltd.
Building No.IV/428-A, Mararikulam South Grama Panchayath
Pollathai - P.O, Alleppey - 688567