	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	Abubacker Kaleel Rahman, M/s. Sameer Mat Industries
GSTIN	321800000114AR8
Address	18-100, Pazhathottam, Main Road, Kanyakumari - 629702, Tamil Nadu.
Advance Ruling sought for	Classification and tax rate applicable for polypropylene / plastic mat.
Date of Personal Hearing	01.03.2019
Authorized Representative	Adv. Abdul Kalam Azad

ADVANCE RULING No. KER/28/2019 Dt.01.03.2019

The applicant is doing business on polypropylene mat commonly known as Plastic Mat. Plastic mats are manufactured by plaiting together the mono-filament and strips. According to him, the commodity is coming under the classification of HSN code 4601 01. However, being a plastic product, certain doubts are raised by tax officials regarding the classification of the commodity under HSN 3902 10. Therefore the applicant seeks advance rulings on the following issues:

1. The Circular in F.No.93/24/87-CX. 3 dated 16-06-1987 issued by the Department of Revenue, Ministry of Finance, Circular No.4/2018-Customs dated 24.01.2018 issued by the CBIC in F.No.609/12/2018-DBK dated 24-01-2018 and Judgment of the Principal Bench of the CESTAT, New Delhi in "Supreme Industries Vs. CCE" stated that the HSN code for polypropylene mats is 4601 under Chapter 46 of the Schedule 1 of the Tariff. But the tax officials are not accepting this. What is the correct HSN code for Polypropylene Mats?
2. The tax officials are stating that HSN code 3902 is applicable for Polypropylene Mats. But as per the GST HSN chapter 39, the tariff item 3902 is for POLYMERS OF PROPYLENE OR OF

OTHER OLEFINS, IN PRIMARY FORMS,. 'Primary forms' means 'in liquid form / crude form' and how will it be applicable for polypropylene mats which are manufactured by plaiting together (placed side by side and bound together in parallel strands) the polypropylene mono-filament or tubes or straw?

3. What is the tax rate for polypropylene mats under heading 4601?

The authorized representative was heard. According to him, polypropylene mats come under the classification 4601 "*Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, mattings, screens).*" The expression "plaiting materials" means materials in a state or form suitable for plaiting, inter-lacing or similar processes; it includes straw, osier or willow, bamboos, rattans, rushes, reeds, strips of wood, strips of other vegetable material (for example, strips of bark, narrow leaves and raffia or other strips obtained from broad leaves), unspun natural textile fibres, mono-filament and strip and the like of plastics and strips of paper, but not strips of leather or composition leather or of felt or non-wovens, human hair, horsehair, textile rovings or yarns or mono-filament and strip and the like of Chapter 54. The polypropylene mat commonly called 'Satranji' is manufactured by using mono-filament and strip and the like of plastics. The item classified under Chapter 39 of Central Excise and Customs Tariff is for polymers of propylene or of other olefins, in primary forms. Primary forms means 'in liquid form / crude form' and it is not applicable for polypropylene mats which are plaited using polypropylene straw.

The matter was examined meticulously. In *Supreme Industries Ltd. Vs Commissioner Of Central Excise [2004 (170) ELT 432 Tri Del]*, it is specifically stated that the classification of the product "plastic satranji" come under Chapter 46 and not Chapter 39. Moreover, the Central Board of Excise and Customs has examined the whether plastic mat / mattings manufactured using polypropylene falling under Chapter Sub Heading 3902.10 of the Central Excise Tariff should be classifiable as an article of plastic under Chapter 39, or as manufacture of "plaiting

materials" falling under Chapter 46 of the Central Excise Tariff. Accordingly, the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India vide F. No. 93/24/87-CX.3 Dated 16-6-1987 clarified that plastic mat/matting (Satranji) would be appropriately classified under Heading 46.01 of the Schedule to the Central Excise Tariff Act as it is a product of manufacture of plaiting materials.

The process of manufacture of plastic mat/matting (Satranji) is by converting polypropylene into tube form by application of heat and air on an extruder machine with the length of plastic tube of diameter 1.5 mm. Then cut it into the size of the mat to be manufactured. These cut tubes are further used on weaving loom machines to produce Satranji with the help of polyester or cotton yarn as weft materials. Therefore the woven plastic materials like plastic mat or mattings will not come under the classification in Chapter 39. The plastic tubes of diameter of 1.5 mm used for the manufacture of plastic mat / mattings (Satranj) would be covered within the term "mono-filament and strips and the like of plastics" as described in Chapter 46. Therefore mats / mattings made by weaving or binding parallel strands of plaiting materials, twine, cord etc. will be covered under Chapter 46.

As per the Circular No.4/2018-Customs dated 24.01.2018 under F.No.609/12/2018-DBK issued by the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, certain amendments were brought to all Industry Rates of duty Drawback w.e.f. 25-01-2018. As per this circular, the Polypropylene mats are classified under tariff item 4601 01. The relevant portion of the circular is as extracted hereunder:

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(c) tariff item 391802 viz. Polypropylene mats and the entries related thereto have been deleted from the Drawback schedule. Polypropylene mats will continue to be classifiable under tariff item 460101, which is in alignment with the entry under the Customs Tariff Act, 1975, with the existing rate / cap."

Hence there is no doubt that plastic mat/mattings (Satranj) comes under Chapter 46. Marathi-English Dictionary define 'Satranji' as a kind of carpet of colored cotton threads. More over the English synonyms of Satranji" means "colourful handwoven floor mat or rug traditional of India and made of cotton or wool and jute, shatranji, sitringee". It means that 'Satranji' is a biodegradable product made up of cotton.

Under GST, the goods coming under Chapter 46 of Central Excise and Customs Tariff Act, 1975 are classified under Schedule II vide Entry 103& 104 of S.R.O.No.360/2017 dtd.30-06-2017 and Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017. Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats, mattings, screens) of vegetable materials such as of bamboo, of rattan, of other vegetable materials covered under HSN 4601 and Basketwork, wickerwork, and other articles, made directly to shape from plaiting materials or made up from goods of heading 4601; articles of loofah covered under HSN 4602 and were taxable @ 6% SGST till 25-01-2018.

The Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017 was amended by Notification No. 27/2017 Central Tax (Rate) dated 22.09.2017 inserting a new Entry under 1st Schedule vide Sl No. 198A which read as "grass, leaf or reed or fibre products, including mats, pouches, wallets" covered under HSN No.4601 or 4602. Accordingly these specified items became taxable @ 2.5% SGST from 22-09-2017. The items falling under HSN Nos. 4601 and 4602 as specifically mentioned in the Entry at Sl No. 198A of Schedule I; such as goods made from grass, leaf or reed or fibre products, including mats, pouches, wallets was taxable @ 5% from 22.09.2017. It meant that all raw materials used for the manufacture of these products are vegetable materials and biodegradable. By applying the principles of *ejusdem generis*, where a law lists specific classes of things and then refers to them in general, the general statement only apply to the same kind of things specifically listed. Hence 5% taxable items such as grass, leaf or reed or fibre products, including mats, pouches, wallets covered under HSN 4601 are products made of vegetable materials. Products manufactured out of polypropylene are not vegetable and biodegradable materials. Hence, the items manufactured out of polypropylene were excluded

from the purview of Entry at Sl No. 198A of 1st Schedule of GST Tariff and were covered under 2nd Schedule of the GST Tariff till 25-01-2018; when the entries at Sl Nos. 103 & 104 of IInd Schedule was omitted and the entry at Sl No. 198A of Schedule I of GST Tariff Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017 was substituted as "Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork" by Notification No.6/2018-Central Tax (Rate) dated 25.01.2018 and S.R.O.No.555/2018 dated 10-08-2018 of SGST w.e.f. 25-01-2018.

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

1. Chapter 46 of the Schedule 1 of the Tariff, the Circular in F.No.93/24/87-CX. 3 dtd.16-06-1987 issued by the Ministry of finance, Circular issued by the CBIC in No.4/2018-Customs, F.No.609/12/2018-DBK dated 24-01-2018 and Judgment in "Supreme Industries Vs. CCE" stated that the HSN code for polypropylene mats is 4601. But the tax officials are not accepting this. What is the correct HSN code for Polypropylene Mats?


Plastic mats manufactured by using mono-filament strips and the like of plastics come under the Chapter 46 of Customs Tariff Act, 1975.

2. The tax officials are stating that HSN code 3902 is applicable for Polypropylene Mats. But as per the GST HSN chapter 39, the tariff item 3902 is for POLYMERS OF PROPYLENE OR OF OTHER OLEFINS, IN PRIMARY FORMS,. 'Primary forms' means 'in liquid form / crude form' and how will it be applicable for polypropylene mats which are manufactured by plaiting together (placed side by side and bound together in parallel strands) the polypropylene mono-filament or tubes or straw?

Polypropylene mats manufactured by plaiting together the polypropylene mono-filament or tube or straw come under the Chapter 46 of Customs Tariff Act, 1975.

3. What is the tax rate for polypropylene mats under heading 4601?

As per Entry 103 of Schedule II of Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017 and S.R.O.No.360/2017 dtd.30-06-2017 polypropylene mats were taxable @ 12% GST till 25-01-2018 and thereafter at 5% GST as per Entry 198A of the 1st Schedule of Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017 and S.R.O.No.360/2017 dtd.30-06-2017.



S. Anilkumar, IRS
Additional Commissioner of Central Tax
MEMBER



B.S. Thyagarajababu, B.Sc, LL.M
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To

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