

**23. DEPARTMENT OF COMMERCIAL TAXES, KERALA**  
**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION**  
**U/S.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.**

Members present are:

1. V. Murukesh Kumar, Dy. Commissioner (General), O/o.CCT, Tvpm.
2. R. Rajasekharan Nair, Dy. Commissioner (A & I), O/o.CCT, Tvpm.
3. K.M. Althaf, Dy. Commissioner (Int.), O/o.DC (Int.), Tvpm.

Sub:- KVAT Act, 2003 – Clarification u/s.94 – Rate of tax on Poly Propylene Non-Woven Fabrics and Packing Materials made of the same – Clarification – Orders issued – Reg.

Read:- Application from M/s. Malabar Treads, Manjeri dtd.18-04-2009.

**ORDER No.C3/17556/09/CT DATED 29/9/2009**

(1) M/s. Malabar Treads, Manjeri has filed an application under Sec.94 of the KVAT Act, 2003, seeking clarification on the rate of tax of Poly Propylene Non-woven Fabrics and packing materials made of the same.

(2) The applicant have KVAT (TIN) and CST registrations and is planning to deal with Non-woven Fabrics made out of Poly Propylene (PP). The HSN code as per the Central Excise Tariff is reportedly 5603. It is also claimed that the material is called 'spun-bound non-woven'. The applicant argues that the commodity is an industrial input as it is used for making textile bags, carry bags, computer cover, sheets, masks and other items; hence, the commodity should be classified under Industrial inputs in the Third Schedule.

(3) The applicant also intends to manufacture printed packing bags, textile bags, sheets and carry bags out of the non-woven material for use by industrial units, big retail outlets, footwear manufacturers and textile shops for packing their commodities. The applicant contends that this item falls in the Entry 174 (7)(1) of the List A of the Third Schedule to the KVAT Act 2003 with HSN code 6305.33.00, as the non-woven is made out of Poly-propylene.

(4) The applicant was heard and the contentions raised were examined.

(5) Non-woven fabrics made of Poly-propylene would fall under the general heading of 5603 of Customs Tariff Act. The above HSN code does not find a place in any of the Schedules to the KVAT Act, 2003. Also no other entries in the Schedules are eligible for inclusion of this commodity. Hence, it would attract a tax rate of 12.5% under Entry 103 of SRO.No.82/2006.

(6) The KVAT Act Entry 174 (7) (1) of the List A, Third Schedule reads:

*174 Packing materials of all kinds, articles for conveyance or packing of goods of plastics, wood, paper, glass, jute, cartons, boxes and their waste, sacks and bags.*

*(7) Sacks and bags of a kind used for packing of goods*

*(1) Other, of polyethylene or poly-propylene strip or the like. 6305.33.00*

(7) The Customs Tariff Act entry for HSN code 6305.33.00 reads:

6305            *Sacks and bags of a kind used for the packing of goods*

xxx xxx    xxx    xxx    xxx    xxx

*Of man-made textile materials:*

6305.33.00 *Other, of polyethylene or poly-propylene strip or the like.*

(8) Packing bags, textile bags and carry bags made out of non-woven fabrics of polypropylene is covered by the HSN code 6305.33.00 of the Customs Tariff Act and the above HSN code appears under Entry 174(7)(1) of List A of the Third Schedule to the KVAT Act 2003. Hence taxable at 4%.

The issues raised above are clarified accordingly.

Dy. Commissioner (General)  
O/o.CCT, Tvpm.

Dy. Commissioner (A & I)  
O/o.CCT, Tvpm.

Dy. Commissioner (Int.)  
O/o.DC(Int), Tvpm.