

**8. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,  
THIRUVANANTHAPURAM**

PRESENT : P. MARA PANDIYAN, I.A.S.

Sub:- KVAT Act 03- Clarification U/s. 94- Rate of tax- Agro shade Net-  
HDPE knitted fabrics, HDPE woven fabrics- orders issued – Reg:

Read:- Application dt. 30.08.07, S.R.T. Distributors, Pvt. Ltd.

**ORDER No.C3.36694/07/CT DT.03.02.2009**

- (1) M/s. S.R.T. Distributors Pvt Ltd, has preferred an application U/s. 94 of KVAT Act seeking clarification on the rate of tax of “Agro Shade Net and HDPE woven fabrics” used for making shade net house for protecting crops and plants and for packing of goods for covering.
- (2) The applicant was heard in person and contentions raised were examined. The applicant has also produced copies of Excise invoice from their vendors showing the HSN Code of the product as 3926.90.99. A sample piece of the product has also been attached.
- (3) The main point to be clarified is whether the item under question would fall within the four digit HSN 3920 or 3926.
- (4) HSN 3920 occurs as entry no. 60 to list A “industrial inputs and packing materials’ appended to the third schedule of the KVAT Act. The entry read as “flexible plain films, plates, sheets , foil and strips of plastics, non cellular and not reinforced, laminated, supported arsimilarly combined with other materials”, similarly head notes to HSN 3926 read as “other articles of plastics and articles of other materials of heading 3901 to 3914”.
- (5) On examination of the item in question the process of manufacture is as detailed below:

“HDPE granules and HDPE master batches are mixed in the desired proportion and fed into a blow film plant. Then the polythene film gets generated and it is rolled, using winding machines. These film rolls are then placed on stretching and cutting machines which are then placed across stitching machines. The film gets cut and are stretched so that orientation takes place. This results in the manufacture of HDPE Tapes, which are then directly jointed with knitting elements of knitting machines. Here the tapes are then converted to knitted fabrics which are known as agro shade nets.
- (6) Going through the process of manufacture it, can be seen that HDPE tape get converted to “Nets” using further process of knitting. HSN 3920 and products included therein are intermediary products and the shade net is the product resulting from further working of these HDPE tapes. Hence considering the nature of products included in HSN 3920 these shade nets could not be classified in the above HSN.

The reasoning is fortified by the fact that the vendors of this product has classified the item under HSN 3926.90.99.

The HSN 3926.90.99 is not included in any other entries in the schedule to the KVAT Act. No other entries in the schedules are also fit for the product in question.

Hence the products Agro shade net and HDPE woven fabrics would fall under entry 103 of SRO 82/06 taxable @ 12.5%.

The point sought for clarified accordingly.

Commissioner