
	<b>KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM</b>	
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**BEFORE THE AUTHORITY OF:** Shri. Sivaprasad .S, IRS &  
: Shri. Senil A.K. Rajan.

Legal Name of the applicant	M/s. UNITED RUBBER INDUSTRIES
GSTIN	32AAAFU4144R1ZX
Address	Kurichy P.O., Kurichy, Kottayam – 686532.
Advance Ruling sought for	Whether “Mats, Mattings and Floor Covering of Coir”, if backed by PVC, Rubber, Latex etc would fall under Tariff Headings 5702, 5703 & 5705 at Sl. No.219 of Schedule – I of Notification No.1/2017-CGST (Rate) dated 28.06.2017, within the 5% tax net, depending upon the respective manufacturing process of its exposed surface?
Date of Personal Hearing	22.12.2020
Authorized Representative	Adv. Balagopal .M

**ADVANCE RULING No.KER/109/2021 Dated 26-05-2021**

The applicant is engaged in manufacture and trading of Coir mats / mattings / floor / covering backed by PVC, Rubber etc and having coir as its exposed surface, when in use.

2. At the outset, the provisions of the Central Goods and Services Tax Act, 2017 (**hereinafter referred to as CGST Act**) and the Kerala State Goods and Services Tax Act, 2017 (**hereinafter referred to as KGST Act**) are same except for certain provisions. Accordingly, a reference hereinafter to the provisions of the CGST Act, Rules and the notifications issued there under shall include a reference to the corresponding provisions of the KGST Act, Rules and the notifications issued there under.

**BRIEF FACTS OF THE CASE:**

3. The applicant manufactures mats, mattings and floor coverings of coir by various processes like weaving, tufting etc and are classified under headings 5702, 5703 and 5705 based on the method of manufacture. During such manufacturing process products may or may not be impregnated / embedded with Rubber, Latex, PVC etc for providing the backing for the surface textile, according to the customer specification. In all the cases products will have coir as its exposed surface. Such products irrespective of the backing are identified / known as coir products in the market / trade parlance. As there is a general confusion among the trade as to whether coir products if backed by Rubber / PVC / Latex etc would come under the terminology "Coir mats, mattings and floor covering" and the rate of GST applicable on such backed product, the application is filed for the clarification on the following query;

"Whether "Mats, Mattings and Floor Covering of Coir", if backed by PVC, Rubber, Latex etc would fall under Tariff Headings 5702, 5703 and 5705 at Sl. No.219 of Schedule – I of Notification No.1/2017-CGST (Rate) dated 28.06.2017, within the 5% tax net, depending upon the respective manufacturing process of its exposed surface?"

4. The applicant submitted that the entries in the GST schedule notified under Notification No.01/2017-Central Tax (Rate) dated 28.06.2017, is aligned with Customs Tariff / HSN. For the sake of reference, Explanation (iii) & (iv) of the above Notification as amended is reproduced below;

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

4.1. As per Rule 1 of the General Rules of Interpretation of the 1<sup>st</sup> Schedule – Import Tariff of the Customs Tariff Act, 1975, “for legal purposes, classification shall be determined according to the terms of the headings and any relative section or Chapter Notes”. As per Chapter Note 1 to Chapter 57 “Carpets and other textile floor coverings’ means floor coverings in which textile materials serve as the exposed surface of the article when in use and includes articles having the characteristic of textile floor covering but intended for use for other purposes”.

4.2. The Heading in the GST schedule are aligned with Customs Tariff / HSN. Hence for the interpretation of the GST Schedule, one must necessarily follow Harmonized System of Nomenclature and its Explanatory Notes. As per the General Explanatory Notes on the Chapter Notes of Chapter 57, this Chapter will also include Floor coverings impregnated or backed with Latex, Rubber or Plastics. On a perusal of the arrangements of Headings (Four digit) & Sub-Heading (Six digit) in Chapter 57 it can be seen that the headings of the said chapter is arranged on the basis of the process of manufacture and sub-headings on the basis of the nature of Textile material used. For example, heading 5701 “knotting”, 5702 “weaving”, 5703 “Tufting”, 5704 “Felting” and 5705 “residual heading for process other than those mentioned at headings 5701 to 5704”. Further, in heading 5701, sub heading 5701 10 is for “of wool or fine animal hair”, 5701 90 is for “of other textile material” and likewise in other headings also. From the above Notes it is amply clear that the basis of identification and classification of goods falling under Chapter 57 is the process of manufacture of the textile materials which serve as the exposed surface of that article when put to use.

4.3. The textile materials which serve as the exposed surface of backed products is nothing but coir and hence such article needs to be classified as coir mats / mattings product only. The product is identified in the market as coir mats / mattings / floor covering and not as PVC / Rubber / latex mat / matting. The essential characteristics of the product is that of coir and the same is marketed / sold and known as coir mats / mattings/ floor covering only. The goods falling under Chapter 57 need to be classified only on the basis of the nature of textile material used as surface when put in use and on the process of manufacturing. The material used as backing of the surface textile material has no relevance in the classification of the goods.

4.4. The above matter of classification was examined by the CBIC and by letter dated 20.05.2011 has clarified that "the carpets and floor coverings whether or not backed by vinyl / latex / rubber are classifiable under respective headings of Chapter 57 depending upon the process of manufacture and the type of textile materials used. It was also clarified that in case of coir mats the essential characteristic is of coir and such goods are sold as coir mats only irrespective of the backing. An identical view has been taken by the Kerala AIT and ST Appellate Tribunal in its order dated 31.01.2002 in Appeal No.TA478/1996 wherein it was found that the crystals of coir fixed at the bottom of a sheet of PVC compound and which appears like coir mat being used as floor mat made up of coir fibre has to be treated as a coir product for the purpose of exemption from sales tax available for coir products.

4.5. The Coir Board in its clarification dated 12.04.2016 had clarified that the PVC backing of the coir products does not, in anyway alter the basic characteristics of coir products and hence PVC backed tufted coir mats /PVC backed coir mats etc has to be considered and classified as coir products only. Since all the above tests for classification such as essential character test, market / trade parlance test etc and more so the definition in chapter Note 1 of Chapter 57,

would suggest that the products are to be classified as coir mats / mattings / floor covering which would fall under Tariff Headings of 5702, 5703 and 5705 at Sl.No.219 of 1<sup>st</sup> Schedule of Notification No.01/2017 Central Tax (Rate) dated 28.06.2017, within the 5% tax net.

**5. CONTENTIONS OF THE JURISDICTIONAL OFFICER:**

5.1. The jurisdictional officer in her comment stated that the applicant is a manufacturer and exporter of rubber mat and the manufacturing activity is fully mechanized. From the information gathered from the applicant it is understood that they have not yet started but propose to engage in the manufacture and trading of Coir mats / matting / floor covering backed by PVC, Rubber etc and having coir as its exposed surface, when in use. It is informed by the applicant that the manufacturing of PVC, latex or rubber tufted coir mats and matting will be done using technologically advanced machines and the raw materials used for its manufacture are coir yarn, PVC resin, latex or compounded rubber etc. The coir as well as PVC, chemicals, compounded rubber etc has equal importance. Hence coir mats and matting backed by PVC, rubber, latex etc cannot be considered as purely coir mats, matting and floor coverings covered under HSN 5702, 5703 or 5705 taxable at the rate of 5%.

5.2. Coir mats, matting and floor coverings covered under HSN 5702, 5703 or 5705 are taxable at the rate of 5% as per Notification No.01/2017 CT (Rate) dated 28.06.2017 as amended by Notification No.34/2017 CT (Rate) dated 13.10.2017. The classification covers only the commodities which are manufactured exclusively using coir fiber. If PVC or rubber or any other materials are stiffed on the textile of coir, which is used as floor mats or matting the same may be classifiable under Customs Tariff head 5703 90 90 and taxable at the rate of 12% as per Entry at Sl.No.144 of Schedule II of Notification No.01/2017 Central Tax (Rate) dated 28.06.2017. Hence, coir mats and matting backed by PVC, rubber, latex etc cannot

be considered as textile of coir and floor coverings covered under HSN 5702, 5703 or 5705 and taxable at the rate of 5%.

#### **6. PERSONAL HEARING:**

The applicant was granted opportunity for personal hearing on 22.12.2020. Shri. M.Balagopal, Advocate represented the applicant in the personal hearing. He reiterated the contentions made in the application and also produced the sample of the product before the authority and requested to issue the ruling on the basis of the submissions made by them.

#### **7. DISCUSSION AND CONCLUSION:**

7.1. The matter was examined in detail. The issue to be decided is the classification and rate of goods and services tax of Mats, Mattings and Floor Covering of Coir backed by PVC, Rubber, Latex etc manufactured by the applicant.

7.2. Carpets and other textile floor coverings fall under Chapter 57 of the Customs Tariff Act. Note 1 to Chapter 57 reads as follows;

“For the purposes of this Chapter, the term “carpets and other textile floor coverings” means floor coverings in which textile materials serve as the exposed surface of the article when in use and includes articles having the characteristics of textile floor coverings but intended for use for other purposes.”

7.3. It is an undisputed fact that the exposed surface when in use of the Mats, Mattings and Floor coverings of coir backed by PVC, Rubber, Latex etc manufactured by the applicant is coir a textile material. Therefore, the product is appropriately classifiable under Chapter 57 of the Customs Tariff Act. Having concluded that the product merits classification under Chapter 57 of the Customs Tariff Act we proceed further to determine the heading and the sub-heading of Chapter 57 under which the product falls. From the submissions of the applicant and the sample of the product produced at the time of hearing it is seen that the

product is backed by PVC/Rubber etc. The applicant also submitted that though the products have coir as the exposed surface it may or may not be impregnated / embedded with PVC, Rubber, Latex etc during manufacturing process for providing the backing for the surface textile, according to the customer specification. The raw materials used for its manufacture are Coir yarn, PVC resin or rubber etc and the coir as well as PVC, Rubber etc have equal importance.

7.4. The Heading 5702 covers carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up including "Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs and the sub-heading 5702 20 covers floor coverings of coconut fibres (coir) which includes coir mats, carpets and other rugs. However, the product manufactured by the applicant cannot be classified under 5702 20 as it does not include coir matting / carpets with PVC or rubber backing. The Heading 5703 covers carpet and other textile floor coverings, tufted whether or not made up and sub-heading 5703 90 covers carpets and floor coverings of other textile material; tariff item 5703 90 20 covers carpets and other floor covering of coir and tariff item 5703 90 90 covers other carpets and floor coverings. The Heading 5705 covers other carpets and other textile floor coverings whether or not made up and hence the product of the applicant does not fall under 5705. On the basis of the descriptions of the headings and the relevant chapter notes the product of the applicant is appropriately classifiable under Tariff Sub-Heading 5703 90 90 of the Customs Tariff Act.

7.5. Having come to the conclusion that the product of the applicant is rightly classifiable under Customs Tariff Sub – Heading 5703 90 90 the question that is to be answered is whether the product will attract GST at the rate of 5 % as per Sl No. 219 of Schedule I or GST at the rate of 12 % as per Sl No. 144 of Schedule II of Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017.

Sl No: 219 of Schedule I of Notification No: 01/2017 CT (Rate) dated 28.06.2017 reads as follows;

219 – 5702, 5703, 5705 – Coir mats, matting, floor covering and handloom durries.

Sl No. 144 of Schedule II of Notification No. 01/2017 CT (Rate) dated 28.06.2017 reads as follows;

144 – 5703 – Carpets and other textile floor coverings, tufted, whether or not made up.

On a combined reading of both the entries it is evident that the entry at Sl No. 219 of Schedule I of the notification refers to the coir mats, mattings, floor coverings etc that are exclusively made up of coir fibres. In the instant case though the exposed surface of the mats / mattings / floor coverings manufactured and supplied by the applicant are of coir it is backed by PVC / Rubber etc and the manufacturing process involves use of technologically advanced machines for providing the backing using PVC, Rubber Compound, Chemicals etc and the PVC / Rubber Compound and chemicals have equal importance as that of coir. Hence the products cannot be considered to fall, under the description of Coir mats, matting, floor covering mentioned in Sl No. 219 of Schedule 1 but appropriately falls within the description of Carpets and other textile floor coverings, tufted, whether or not made up mentioned in Sl No. 144 of Schedule II of the Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017.

On the basis of the discussion above, the following ruling is issued;

#### **RULING**

“Whether “Mats, Mattings and Floor Covering of Coir”, if backed by PVC, Rubber, Latex etc. would fall under Tariff Headings 5702, 5703 & 5705 at Sl. No.219 of Schedule – I of Notification No.01/2017-CGST (Rate) dated 28.06.2017, within the 5% tax net, depending upon the respective manufacturing process of its exposed surface?”



Mats, Matting and Floor Covering of Coir backed by PVC, Rubber, Latex etc are appropriately classifiable under Tariff Sub- Heading 5703 90 90 of First Schedule of the Customs Tariff Act, 1975 and attracts GST at the rate of 12% [6% CGST + 6% SGST] as per entry at SI No. 144 of Schedule II of Notification No. 01/2017 Central Tax (Rate) dated 28.06.2017.



Sivaprasad.S

Joint Commissioner of Central Tax  
Member



Senil A.K. Rajan

Additional Commissioner of State Tax  
Member

To

M/s. UNITED RUBBER INDUSTRIES  
Kurichy – P.O., Kurichy  
Kottayam, Kerala – 686532.

Copy to;

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2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
3. The State Tax Officer, 2<sup>nd</sup> Circle, Kottayam. [E-mail ID: [cto2ktm@yahoo.co.in](mailto:cto2ktm@yahoo.co.in)]