

**THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 41 / 2021

Date : 30-07- 2021

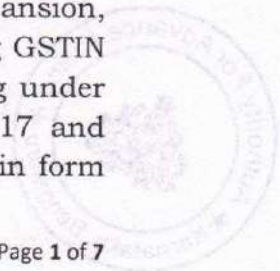
Present:

1. Dr. M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes Member (State)
2. Sri. Mashhood Ur Rehman Farooqui,
Joint Commissioner of Customs & Indirect TaxesMember (Central)

1.	Name and address of the applicant	M/s Premier Tissues India Limited, No.41, 1 st Floor, Leelavathi Mansion, 6 th Cross, Margosa Main Road, Malleswaram, Bengaluru-560 003.
2.	GSTIN or User ID	29AABCP6390A1ZH
3.	Date of filing of Form GST ARA-01	14-12-2020
4.	Represented by	Sri. Chethan Kumar, C.B Chartered Accountant
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Bengaluru North GST Commissionerate, Bengaluru (RANGE-CND4)
6.	Jurisdictional Authority - State	ACCT, LGSTO-130, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act& Rs.5,000-00 under SGST Act vide CIN PUNB20122900137571 dated 14-12-2020.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Premier Tissues India Limited, No.41, 1st Floor, Leelavathi Mansion, 6th Cross, Margosa Main Road, Malleswaram, Bengaluru-560 003, having GSTIN number 29AABCP6390A1ZH, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form



GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The Applicant is engaged in the manufacture of tissue paper in various categories like facial tissues, kitchen towel, toilet roll & napkins. The applicant has sought advance ruling in respect of the following question:

Whether the supply of tissue papers by the applicant is covered under Serial No.112 of Schedule II of the Rate Notification No.01/2017 Central Tax (R) and therefore, is leviable to GST at the rate of 12%?

3. **Admissibility of the application:** The question is about classification of their product falling under “classification of any goods or services or both;” and hence is admissible under Section 97(2)(a) of the CGST Act 2017.

4. The applicant furnishes the following facts relevant to the issue:

4.1 The Applicant states that they are engaged in the manufacture of tissue paper in various categories like facial tissues, kitchen towel, toilet roll & napkins. These tissue papers are manufactured from waste paper, cup stock, tissue brokes and soft wood pulp. The Applicant is a pioneer in quality tissue paper primarily for the domestic market. Being one of the leading manufacturers and exporters of tissues in the country, the Company offers a wide range of tissue hygiene products, non-tissue hygiene products and jumbo rolls for hygiene product converters.

4.2 The applicant manufactures the following range of products:

- i. Facial Tissues: The fibre content is more than 10% where the softwood consumption (virgin fibre) is more than 10%.
- ii. Kitchen towel: The average consumption of recycled paper is 94% and fibre contents in the product is 6%.
- iii. Toilet rolls: The average consumption of recycled paper is 93% and fibre contents in the product is 7%.
- iv. Napkin: The average consumption of recycled paper is 95% and fibre contents in the product is 5%.

4.3 The applicant submitted the write-up on the raw material procured and consumed for manufacture of the final products:

- i. Wood Pulp: Wood is the main resource of fibre materials for paper and pulp making. Wood provides about 93% of fibres of pulp making.
- ii. Depending on the types of tree, wood can be divided into two types: softwood and hardwood. Wood fibre is made up of 35% softwood and 65% hardwood. Both softwood and hardwood can be applied to paper and pulp making. Wood pulp can be classified into softwood pulp and hardwood pulp.



iii. The applicant uses raw materials like soft wood pulp, silica pulp, waste paper, cup stock waste, silicon coated paper and chemicals for manufacture of tissue papers.

4.4. The applicant stated that during the pre-GST period, they were discharging central excise duty on the goods falling under the Central Excise Tariff Sub Heading (CETSH) 4818 by availing benefit of concessional rate of duty vide Sl.No.163 of Notification No.12/2012 CE dated 17-03-2012 and Sl.No.36 of Notification No.18/2012 CE dated 17-03-2012 which read as under:

Notification No.12/2012 CE dated 17-03-2012

Sl. No.	Chapter or heading or sub-heading or tariff item of the First Schedule	Description of excisable goods	Rate	Condition No.12
163	48	Paper and paperboard or articles made there from manufactured, starting from the stage of pulp, in a factory and such pulp, contains not less than 75% by weight of pulp made from materials other than bamboo, hard woods, soft woods, reeds (other than sarkanda) or rags	6%	12

Condition No.12

- (1) The exemption shall not be applicable if the factory in which the said goods are manufactured has a plant attached thereto for making bamboo or wood pulp.
- (2) The exemption shall not be applicable to a manufacturer of the said goods who avails of the exemption under the notification of the Government of India in the erstwhile Ministry of Finance and Company Affairs (Department of Revenue) No.8/2003-Central Excise, dated the 1st March, 2003.

Notification No.18/2012 CE dated 17-03-2012

Sl. No.	Chapter or heading of sub-heading or tariff item of the First Schedule	Rate
36.	4803, 4806 (except 4806 20 00 and 4806 40 10) 4809, 4811, 4812 00 00, 4813, 4814, 4816, 4818, 4819 (except 4819 20 10) 4820, 4821, 4822, 4823 (except 4823 90 11)	12%



4.5 The applicant stated that with the introduction of GST with effect from 1st July, 2017, they are discharging output tax by classifying their products (goods) under HSN 4803 as per entry number 145 of schedule III to the Notification No.1/2017-Central Tax (Rate) date 28-06-2017 whose description reads as under:

HSN 4803: Sl.No.145 Schedule No: III

Description: Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets.

Accordingly, the applicant has been discharging GST @ 18% [CGST-9% and SGST-9%] on their products.

5 Applicant's Interpretation of Law:

5.1 The applicant contends that the Notification No.1/2017-Central Tax (Rate) date 28-06-2017, under entry number 112 of Schedule II, covers the following goods under HSN 4802 whose description reads as under:

"Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch-cards and punch tape paper, in rolls or rectangular (including square) sheets, of any size, other than paper of heading 4801 or 4803; hand-made paper and paperboard"

5.2 The Applicant further contends that 'tissue paper not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres' is classifiable under HSN 4802 attracting output tax of 12%.

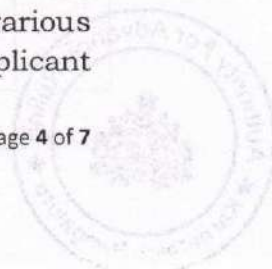
PERSONAL HEARING: / PROCEEDINGS HELD ON 30-06-2021

6. Sri. Chethan Kumar, Chartered Accountant & Authorised Representative of the applicant appeared for personal hearing proceedings held on 30-06-2021 and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

7. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts. At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.

8. The Applicant is engaged in the manufacture of tissue paper in various categories like facial tissues, kitchen towel, toilet roll & napkins. The applicant



sought advance ruling as to whether the supply of tissue papers by them is covered under Serial No.112 of Schedule II of the Rate Notification No.01/2017 Central Tax (R) and therefore, is leviable to GST at the rate of 12% or not.

9. Notification No.01/2017-Central Tax (Rate) dated 28.06.2017 notifies the rate of central tax in terms of schedules appended to the notification, that shall be levied on intra-state supplies of goods, the description of which is specified in the corresponding entry in column (3) of the said schedules, falling under the tariff item, sub-heading, heading or Chapter as the case may be, as specified in the corresponding entry in column (2) of the said notification. Thus the goods covered under the description of particular entry number of a particular schedule, that fall under the corresponding chapter heading/sub-heading only attract the rate specified under the respective schedule.

The entry number 112 of Schedule II of the notification supra covers the goods, falling under HSN 4802, that attract GST @ 12%, whose description given at column 3 of the said notification, which is as under:

“Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch-cards and punch tape paper, in rolls or rectangular (including square) sheets, of any size, other than paper of heading 4801 or 4803; hand-made paper and paperboard”

In view of the above, the goods must be falling under HSN 4802 and must tally with the description specified therein to attract the central tax of 6% specified in the respective schedule II. Thus we need to examine whether the impugned goods tally with the description at column (3) of the notification relevant to entry number 112 of Schedule II of the said notification and then whether they classify under HSN 4802 or not.

10. We proceed to examine whether the applicant's products are covered under the description supra. It is an admitted fact that the impugned products are not covered under the description. The applicant contends that their product being **“tissue paper not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres”** is covered under HSN 48025450 i.e. 4802 and hence the GST rate @ 12% is applicable. We note that as per explanatory notes of Customs Tariff Heading issued by WCO in 2017, the scope of the chapter is defined as under:

This Chapter covers :

(I) Paper, paperboard, cellulose wadding and webs of cellulose fibres, of all kinds, in rolls or sheets :

(A) Headings 48.01, 48.02, 48.04 and 48.05 relate to machine-made uncoated papers subjected, if required, to sizing and simple finishing processes (e.g.,



calendering, glazing). Heading 48.02 also covers uncoated hand-made papers, which may be subjected to those same processes. Heading 48.03 relates to uncoated papers of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, which may be subjected to processes mentioned in the heading. Note 3 to this Chapter specifies the processes permitted for paper, paperboard, cellulose wadding and webs of cellulose fibres, of headings 48.01 to 48.05. We also observe that Chapter Note 7 of Chapter 48 states:

Except where the terms of the headings otherwise require, paper, paperboard, cellulose wadding and webs of cellulose fibres answering to a description in two or more of the headings 48.01 to 48.11 are to be classified under that one of such headings which occurs last in numerical order in the Nomenclature.


Therefore, we find that the said products do not get covered under the required description of entry No.112 of Schedule II to the Notification No.01 /2017-Central Tax (Rate) dated 28.06.2017, i.e. heading 4802. Therefore the GST rate of 12% is not applicable to the instant case.

11. It is clearly evident from the description supra that GST rate of 12% is applicable only to *Uncoated paper and paperboard used for writing, printing or other graphic purposes; non perforated punch-cards and punch tape paper, in rolls or rectangular/square sheets, of any size; hand-made paper and paperboard. Further the paper of heading 4801 and 4803 are excluded from the heading 4802.* The impugned products being the tissue papers fall under **other paper and paperboard** not containing fibres obtained by a mechanical or chemi-mechanical process and hence do not get covered under uncoated paper and paperboard. Therefore the impugned products of the applicant are not covered under the entry No.112 of Schedule II to Notification supra and hence the GST rate of 12% is not applicable to them.

12. In view of the foregoing, we pass the following


RULING

The supply of tissue papers by the applicant is not covered under the entry number 112 of Schedule II to the Notification No.01/2017 Central Tax (Rate) and therefore, GST rate of 12% is not applicable to the supply of the applicant.


(Dr. Ravi Prasad M.P.)
Member

Karnataka Advance Ruling Authority
Place: Bengaluru, 560 009

Date : 30-07-2021


(Mashhood Ur Rehman Farooqui)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore North Commissionarate, Bengaluru
4. The Assistant Commissioner of Commercial Taxes, LGSTO-130, Bengaluru.
5. Office Folder.