

ADVANCE RULING(APPEAL) NO. GUJ/GAAAR/APPEAL/2021/02  
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2020/AR/07)

Date :28.01..2021

Name and address of the appellant	:	The Roll Company (Prop. Shri Bhavin Ramesh Shah) Shed No. A-1/310, Road No. – 3, GIDC Sarigam, Valsad, Gujarat – 396155.
GSTIN of the appellant	:	24AAEPS5243H1ZQ
Advance Ruling No. and Date	:	GUJ/GAAR/R/39/2020 dated 03.07.2020
Date of appeal	:	11.08.2020
Date of Personal Hearing	:	15.12.2020
Present for the appellant	:	Shri Sameer. I. Siddhpuria, Avocate

The Appellant ‘The Roll Company’ (Proprietor Shri Bhavin Ramesh Shah) is engaged in the manufacture and supply of Slide Fasteners and its Parts, falling under Chapter Heading 9607 of the First Schedule to the Customs Tariff Act, 1975 (herein after referred to as the ‘CTA, 1975’).

2.1 As per Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 and corresponding Notification No. 1/2017-State Tax (Rate) dated 30.06.2017 [herein after referred to as the said ‘Notifications’ and any reference to Central Tax (Rate) Notification includes reference to corresponding State Tax (Rate) Notification) issued respectively under the Central Goods and Services Tax Act, 2017 and the Gujarat Goods and Services Tax Act, 2017 (herein after referred to as the ‘CGST Act, 2017 and the ‘GGST Act, 2017’ respectively), ‘Slide Fasteners and parts thereof’ falling under Chapter Heading 9607 of the CTA, 1975 were covered under Sl. No. 446 of Schedule – III of the said Notifications and were attracting GST of 18% (9% CGST + 9% SGST). However, in terms of Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018, Notification No. 1/2017-Central Tax (Rate) was amended whereby ‘Slide Fasteners’ falling under Chapter Heading 9607 of the CTA, 1975 were covered under Sl. No. 231B of Schedule – II of the said Notifications attracting the GST of 12% (6% CGST + 6% SGST) whereas Sl. No. 446 of Schedule – III of the said Notifications covered ‘Parts of slide fasteners’ falling under Tariff Item 9607 20 00 attracting GST of 18% (9% CGST + 9% SGST).

2.2 The appellant filed an application for Advance Ruling before the Gujarat Authority for Advance Ruling (herein after referred to as the 'GAAR'), wherein details of products manufactured and supplied by the appellant, classification of those products as well as rate of GST applicable on those product, in the understanding of the appellant, were described as follows :-

(i) **Zip Rolls**

This product is supplied in continuous length as per customer order or of normal length as per industrial specification. In terms of the definition in HSN, the said products shall be classified as "Slide Fastener" under heading 9607 and rate of tax applicable is 12% in terms of Sl. No. 231B of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018.

(ii) **Finished Zipper**

This product is supplied in cut length with sliders attached. In terms of definition in HSN, the said products shall be classified as "Slide Fastener" under Tariff Heading 9607 and rate of tax applicable is 12% in terms of Sl. No. 231B of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018.

(iii) **Sliders**

The said product shall be classified as "Parts of Slide Fastener" under Tariff Item 9607 20 00 and rate of tax applicable is 18% in terms of Sl. No. 446 of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018.

2.3 The appellant has raised the following question for advance ruling before the GAAR –

*Question : What is the classification as per HSN and rate of tax in terms of the Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended by the Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018 in respect of their products, (i) The Zip Roll (i.e. Slide Fasteners); (ii) Finished Zippers; and (iii) Sliders ?*

2.4 The GAAR vide Advance Ruling No. GUJ/GAAR/R/39/2020 dated 03.07.2020, has ruled as follows –

*Answer :* The product 'Finished Zipper' shall be classified as "Slide Fasteners" under Chapter heading 9607.11 and other products viz. 'Zip Roll' and 'Slider' merit classification as 'Parts of slide fasteners' under Chapter Heading No. 9607.20. Accordingly, the product 'Finished Zipper' is liable to GST @ 18% till 26.07.2018, @ 12% from 27.07.2018 to 30.09.2018 (sic 30.09.2019) and @ 12% from 01.10.2019 onwards. Whereas, the other products, viz. 'Zip Roll' and 'Slider' are liable to GST @ 18% till 30.09.2018 (sic 30.09.2019) and @ 12% from 01.10.2019 onwards.

3. Aggrieved by the aforesaid ruling, the appellant has filed the present appeal.

4.1 The appellant has submitted that the manufacturing process of 'Zip Roll' (Zipper Roll) is as follows –

- (i) Polyester tape is manufactured on power looms from polyester yarn.
- (ii) A strip of polyester cord along with teeth (scoop) is manufactured on the cording machine from polyester monofilament yarn.
- (iii) The polyester tape and polyester cord with teeth are stitched together on the stitching machine with one inner edge of each being fitted with scoops of plastics.
- (iv) The two narrow strips of textile materials with one inner edge fitted with scoops of plastics are interlocked on the machine to form the 'zipper rolls'. Such 'zipper rolls' can be made to interlocked or opened by means of a slider.
- (v) The 'zipper rolls' are subjected to a process of calendaring and dyeing.
- (vi) The 'zipper rolls' are cleared in continuous length.

4.2 The appellant has submitted that in the garment industry, since the size of the zipper is fixed, the zippers are generally purchased by buyers in cut length along with slider. However, in case of bag manufacturers, since the size of the zipper is not fixed, they purchase 'Zipper Rolls' which are cut by them in required lengths and then slider is affixed by them. Both the ends of the 'Zipper Rolls' are fixed in the baggage, the slider is inserted in the 'Zipper Roll' of the baggage, which functions to interlock or open and the 'Zipper Rolls' works as a slide fastener. The appellant has submitted that the definition of Slide Fastener in HSN clarifies that the two narrow composite strips can be made to interlock by a slider or runner; that it does not specify that the 'Zipper Rolls' should be cleared with the slider or runner, but it should work as slide fastener. The appellant has further submitted that the only difference between 'Zippers' and 'Zipper Rolls' is that while the 'Zipper' is supplied in cut length along with Slider, 'Zipper Rolls' are supplied in continuous length which can be cut in varying lengths by the buyer and it can be operated by a slider.

4.3 It has been submitted by the appellant that the GAAR has held 'Zippers' to be classifiable under Entry 231B as "Slide Fasteners", whereas 'Zipper Rolls' and

‘Sliders’ are held to be “Parts of Slide Fastener” under Entry 446 of the Schedules of the rate notification, thereby attracting 18% tax for the period from 27.07.2018 to 30.09.2019. The appellant has submitted that the only reason given by the GAAR for rejecting classification of ‘Zipper Rolls’ under the entry for Slide Fasteners is that they are sold in continuous length and without slider.

4.4 The appellant has submitted that the GST rate notifications are based on Harmonized System of Nomenclature (HSN) and relied upon the judgement of the Hon’ble Supreme Court in the case of Collector of Central Excise Vs. Wood Craft Products Ltd. [1995 (77) ELT 23 (SC) in support of the argument that where a tariff or Schedule is based on HSN, then the classification has to be made in accordance with the HSN and explanatory notes thereto.

4.5 The appellant has further submitted that the GAAR has also not taken into consideration the classification of ‘Zipper Rolls’ as ‘Slide Fasteners’ under Chapter Heading 9607.1190 in the Central Excise Invoices and Monthly Returns for the period prior to 01.07.2017. The appellant has narrated the relevant entries under Central Excise Tariff and has submitted that clearances of ‘Zipper Rolls’ as ‘Slide Fasteners’ under 9607 1990 in CET (Central Excise Tariff) also support appellant’s classification. It has been submitted that the classification of ‘Zipper Rolls’ in GST regime shall merit under Chapter Heading 9607 and not as parts under 9607 2000. The appellant has relied upon the judgement of the Hon’ble Supreme Court in the case of Reckitt Benckiser (India) Ltd. Vs. Commissioner, Commercial Taxes [(2015) 7 SCC 126].

4.6 The appellant has referred to the Explanatory Notes to HSN Heading 9607 and has submitted that ‘Slide Fastener’ is described to consist of two narrow strips of textile material fitted with chain scoops on each edge and which can be made to interlocked by a slider. It has further been submitted that the slider is required only to operate the slide fastener and it is not as if there is no slide fastener without slider. In so far as the ‘Zipper Rolls’ of the appellant are concerned, they are not only consisting of two strips of textile material with one edge of each strip being fitted with scoops, they are further also interlocked by a machine. The appellant has submitted that the only reason why they are not cut into ‘Zippers’ and fitted with sliders is that they are meant for buyers who do not use ‘Zippers’ of fixed lengths and therefore the ‘Zipper Rolls’ can be cut by them into required lengths and then fitted with sliders.

4.6 The appellant has submitted that despite the fact that the ‘Zipper Rolls’ are supplied in continuous length without a slider, they completely fit into the description of “Slide Fasteners” as narrated in the Explanatory Note to the HSN and therefore the GAAR has erred in rejecting such classification. They relied upon the judgement of the Hon’ble High Court of Madras in the case of Commissioner of Customs Vs. Hides [2009 (238) E.L.T. 398 (Mad.)].

4.7 As an alternative submission, the appellant has submitted that the ‘Zipper Rolls’ are ready for use as ‘Zippers’ in all respect and they are sold in Roll form only because the buyers, mainly the bag manufacturers, do not have fixed

measurement of 'Zipper' that would be required. The appellant has further submitted that all that the buyer is required to do is to cut the 'Zipper Roll' in required length and the same can be operated by attaching the Slider. Thus, the 'Zipper Rolls' have the essential character of the 'Zipper' and hence even by applying Rule 2(a) of the General Rules of Interpretation, the 'Zipper Rolls' would be classifiable under the entry for 'Slide Fasteners'. In support of this contention, the appellant has relied upon the decisions in the cases of RMKV Fabrics Pvt. Ltd. [2019 (29) GSTL 120 (App. AAR – GST)], Ankit Asthana Vs. Commissioner of Customs [2015 (327) ELT 162 (Tri. – Mum.)] and Bharat Heavy Electricals Ltd. Vs. Collector of Customs [1987 (28) ELT 545 (Tri.)].

4.8 The appellant has further relied upon the decisions in the cases of Commissioner of Central Excise – 1, New Delhi Vs. S.R. Tissues Pvt. Ltd. and Another [JT 2005 (7) SC 475], Commissioner of Central Excise Vs. Tarpaulin International [24 VST 97 (SC)], TEGA India Ltd. Vs. Commissioner of Central Excise [135 STC 219 (SC)] and Bharat Forge and Press Industries (Private) Limited Vs. Collector of Central Excise, Baroda [84 STC 414 (SC)], wherein it has been held that simple processes which do not change the identity of the product do not tantamount to manufacture. The appellant has submitted that applying the said principle, 'Zipper Rolls' and 'Zippers' are as such the same commodity and therefore warrant the same classification under the entry of 'Slide Fasteners'.

4.9 The appellant has also submitted that if two views are possible in taxing statutes then the view in favour of the assessee should be adopted. The appellant has referred to the judgements in the cases of Mauri Yeast India Pvt. Ltd. Vs. State of Uttar Pradesh and Another [(2008) 5 SCC 680] and Commissioner of Income Tax Vs. Kullu Valley Transport Co. Pvt. Ltd. [AIR 1970 SC 1734].

4.10. The appellant has requested to hold that 'Zipper Rolls' are classifiable under Entry 231B pertaining to 'Slide Fasteners' for the period from 27.07.2018 to 30.09.2019 and therefore taxable at the rate of 6% CGST + 6% SGST.

5. The appellant has submitted copy of first page of ER-1 Return for June, 2017 wherein Central Excise Tariff Sub-Heading 9607 11 10 has been shown for the product 'Zipper Roll'.

#### **FINDINGS :-**

6. We have considered the submissions made by the appellant in the appeal filed and at the time of personal hearing as well as evidences available on record. We have also gone through the Ruling given by the GAAR.

7. The Advance Ruling was sought for by the appellant for appropriate classification and applicable rate of Goods and Services Tax for the products (i) 'Zip Rolls'; (ii) 'Finished Zipper'; and (iii) 'Sliders'. The appellant has not challenged the Advance Ruling given in respect of the products 'Finished Zipper' and 'Sliders'.

8. Therefore, the issue involved in this case is limited to the proper classification of the product 'Zip Roll' and the applicable rate of Goods and Services Tax on the said product.

### **Classification of Zip Roll**

9.1 As per explanation (iii) and (iv) of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the CTA, 1975. Further, it has been provided that 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. As submitted by the appellant, the Hon'ble Supreme Court has held in the case of Wood Craft Products Ltd. [1995 (77) ELT 23 (SC)] that any dispute relating to tariff classification must, as far as possible, be resolved with reference to the nomenclature indicated by the HSN unless there be an express different intention indicated by the Central Excise Tariff Act, 1985 itself.

9.2 Therefore, in order to examine the classification of the product 'Zip Roll', it will be useful to refer to Chapter Heading 9607 of the CTA, 1975 and Explanatory Notes of HSN for Tariff Heading 9607.

9.3 The Chapter Heading 9607 in the CTA, 1975 is reproduced herein below :-

<b>Chapter/ Heading/ Sub- heading/ Tariff Item</b>	<b>Description of goods</b>	<b>Unit</b>
(1)	(2)	(3)
<b>9607</b>	<b>Slide Fasteners</b>	
	- <i>Slide fasteners :</i>	
9607 11	-- <i>Fitted with chain scoops of base metal :</i>	
9607 11 10	--- Zip Fasteners	kg.
9607 11 90	--- Other	kg.
9607 19	-- <i>Other :</i>	
9607 19 10	--- Zip Fasteners	kg.
9607 19 90	--- Other	kg.
9607 20 00	- Parts	kg.

9.4 The Explanatory Notes of HSN for Chapter Heading 9607 are reproduced below :-

**“96.07 SLIDE FASTENERS AND PARTS THEREOF.**

- Slide fasteners :
- 9607.11 - - Fitted with chain scoops of base metal
- 9607.19 -- Other
- 9607.20 - Parts

This heading covers :

(1) **Slide fasteners** of any size and for any purpose (for clothing, footwear, travel goods, etc.).

Most slide fasteners consist of two narrow strips of textile material one edge of each strip being fitted with scoops (of metal, plastics, etc.), which can be made to interlock by means of a slider or runner. Another type of slide fastener consists of two strips of plastics, each with a specially shaped edge designed to interlock one with the other under the action of a slider.

(2) **Parts of slide fasteners**, e.g., chain scoops, sliders or runners, end pieces, and narrow strips of any length mounted with chain scoops.

9.5 It is apparent that Chapter Heading 9607 at sub-heading level (at 6 digit level) is same in the CTA, 1975 and in Harmonised System of Nomenclature, though the sub-headings have further been divided in the CTA, 1975. Therefore, the Explanatory Notes can be relied to determine proper classification of the product under Chapter Heading 9607. Hon’ble Supreme Court in the case of L.M.L. Ltd. Vs. Commissioner of Customs [Civil Appeal No. 3764 of 2003, decided on 21.09.2010 reported at 2010 (258) ELT 321 (S.C.)] has held that there can be no doubt that the HSN Explanatory Notes are a dependable guide while interpreting the Customs Tariff.

10.1 The appellant has described the manufacturing process of the ‘Zip Roll’, which has been reproduced at Para 4.1 above.

10.2 In the Explanatory Notes, ‘Slide Fasteners’ have been described. It has been mentioned that most slide fasteners consist of two narrow strips of textile material one edge of each strip being fitted with scoops (of metal, plastics, etc.), **which can be made to interlock by means of a slider or runner**. It has also been mentioned that another type of slide fastener consists of two strips of plastics, each with a specially shaped edge **designed to interlock one with the other under the action of a slider**. Thus, as described in the Explanatory Notes, it can be said that ‘Slide Fasteners’ may be of different types, but these are made to interlock by means of ‘Slider’ or ‘Runner’. In case such ‘Slide Fasteners’ are ‘fitted with chain scoops of base metal’, the same are classifiable under sub heading 9607.11 and other Slide Fasteners (Slide Fasteners fitted with chain scoops other than base metal) are classifiable under sub heading 9607.19. In the CTA, 1975, both these sub headings have been further divided to separately classify ‘Zip Fasteners’ and ‘Other’.

10.3 In respect of the product 'Zip Rolls' being supplied by the appellant, it has been described by the appellant that this product is supplied in continuous length as per customer's order or of normal length as per industrial specification. Apparently, 'Slider' or 'Runner' are not attached in such 'Zip Rolls' being supplied by the appellant. As such, the said product viz. 'Zip Rolls' do not merit classification as 'Slide Fasteners' under sub-heading 9607.11 or 9607.19 in view of the Explanatory Notes of HSN.

11.1 In the Explanatory Notes, examples of 'Parts of slide fasteners' have been given as chain scoops, sliders or runners, end pieces, and **narrow strips of any length mounted with chain scoops.**

11.2 As per the manufacturing process of 'Zip Rolls' described by the appellant, the polyester tape and polyester cord with teeth are stitched together on the stitching machine with one inner edge of each being fitted with scoops of plastics; that the two narrow strips of textile materials with one inner edge fitted with scoops of plastics are interlocked on the machine to form the 'Zipper Rolls'.

11.3 It is evident from the manufacturing process and the description of the product 'Zip Rolls' given by the appellant that 'Zip Rolls' being supplied by the appellant conforms to the description 'narrow strips of any length mounted with chain scoops'. Therefore, in our considered view, the said product 'Zip Rolls' merit classification under Tariff Item 9607 20 00 of the CTA, 1975 as 'Parts' of Slide Fasteners.

12.1 The appellant has relied upon the judgement of the Hon'ble High Court of Madras in case of Commissioner of Customs Vs. Hides [2009 (238) E.L.T. 398 (Mad.)] in support of the contention that 'Zip Rolls' supplied in continuous length without a slider completely fit into the description of 'Slide Fasteners'.

12.2 We have gone through the aforesaid judgement of the Hon'ble High Court of Madras. In the said judgement, the Hon'ble High Court of Madras has held as follows -

*"7. Sl. No. 294 of the Notification after referring the tariff Heading 56.01, 96.06 or 96.07, describe the goods which are exempted from payment of customs duty as "Fasteners and poly wadding materials". Thus, as could be seen from the Notification, any fastener and poly wadding materials, which comes under the tariff Headings 56.01, 96.06, 96.07, are totally exempted from payment of customs duty. The Notification does not require the fastener should have a slider or scoop either metal or plastic as contended by the learned counsel for the department. If the intention of the department is that the exemption has to be granted only for fasteners with scoops or fasteners with the slider, in the exemption notification itself it would have been clearly stated slider fastener or fastener with scoop or fastener with runner, either made by plastic or metal only exempted. In the absence of any prescription or qualification to the effect in the notification, we are of the view that the*



*interpretation made by the Tribunal is correct, which requires no interference from this Court. Hence, the Civil Miscellaneous Appeal is dismissed. No costs.*

*[underlining supplied]*

12.3 It is apparent that the issue before the Hon'ble High Court of Madras was relating to admissibility of exemption under Notification issued under the Customs Act, 1962 and not relating to classification of 'Zip Rolls' under the Customs Tariff. Therefore, the said judgement cannot be applied for the purpose of classification of the 'Zip Rolls' under the Customs Act, 1962.

12.4 It is further pertinent to note that in the relevant entry of exemption Notification issued under the Customs Act, 1962, which was the subject matter before the Hon'ble High Court, the description of the goods was "Fasteners and poly wadding materials". In this context, the Hon'ble High Court has observed that the Notification does not require the fastener should have a slider or scoop. It has further been observed by the Hon'ble High Court that if the intention of the department is that the exemption has to be granted only for fasteners with scoops or fasteners with the slider, in the exemption notification itself it would have been clearly stated slider fastener or fastener with scoop or fastener with runner.

12.5 In fact, Sr. No. 231B of Schedule – II of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended, and corresponding Notification issued under the GGST Act, 2017, contained the description of goods as "Slide fasteners" during the period from 26.07.2018 to 30.09.2019. As the description of the goods specifically covered "Slide fasteners", the product 'Zip Rolls' were not covered under the said Sr. No. 231B of Schedule – II of the Notifications in view of the decision of the Hon'ble High Court of Madras in the case of Commissioner of Customs Vs. Hides (*supra*).

13.1 The appellant has submitted that the GAAR has not taken into consideration the classification of 'Zipper Rolls' as 'Slide Fasteners' under Chapter Heading 9607.1190 in the Central Excise Invoices and Monthly Returns for the period prior to 01.07.2017.

13.2 We have perused the copy of first page of ER-1 Return for the month of June, 2017 submitted by the appellant wherein Central Excise Tariff Sub-Heading 9607 11 10 has been shown by the appellant for the product 'Zipper Roll'. However, we note that the assessee under Central Excise regime were required to determine the classification of the product and pay Central Excise Duty on self assessment basis. Such self determination of classification of any product and declaration by the assessee of such classification in Central Excise Invoices and Monthly Returns cannot be the basis for determination of correct classification of the product in the present proceedings before this authority.

14.1 The appellant has submitted that the 'Zip Rolls' have the essential character of the 'Zipper' and hence even by applying Rule 2(a) of the General Rules of

Interpretation, the ‘Zip Rolls’ would be classifiable under the entry for ‘Slide Fasteners’.

14.2 As per Rule 2(a) of the General Rules for the Interpretation of the CTA, 1975, “any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. ....”.

14.3 In this regard, we observe that ‘Zip Rolls’ are not unfinished goods, though it may be intermediate goods. Therefore, Rule 2(a) of the General Rules of Interpretation would not be applicable in this case.

14.4 Further, we have already discussed that the product “Zip Roll” is classifiable under Tariff Item 9607 20 00 of the CTA, 1975 as ‘Parts’ of Slide Fasteners in terms of the heading / sub – headings. As per Rule 1 of the General Rules of Interpretation of the CTA, 1975, classification is required to be determined according to the terms of the headings and any relative Section or Chapter Notes. The Hon’ble Supreme Court has held in the case of Commissioner of Central Excise, Nagpur Vs. Simplex Mills Co. Ltd. [2005 (181) ELT 345 (SC)] as follows:-

*“11. The rules for the interpretation of the Schedule to the Central Excise Tariff Act, 1985 have been framed pursuant to the powers under Section 2 of that Act. According to Rule 1 titles of Sections and Chapters in the Schedule are provided for ease of reference only. But for legal purposes, classification “shall be determined according to the terms of the headings and any relevant section or Chapter Notes”. If neither the heading nor the notes suffice to clarify the scope of a heading, then it must be construed according to the other following provisions contained in the Rules. Rule-I gives primacy to the Section and Chapter Notes along with terms of the headings. They should be first applied. If no clear picture emerges then only can one resort to the subsequent rules. ....”-*

14.5 Therefore, we hold that Rule 2(a) of the General Rules of Interpretation is not applicable for classification of ‘Zip Rolls’ in the present case. For the same reasons, decisions in the cases of RMKV Fabrics Pvt. Ltd. [2019 (29) GSTL 120 (App. AAR – GST)], Ankit Asthana Vs. Commissioner of Customs [2015 (327) ELT 162 (Tri. – Mum.)] and Bharat Heavy Electricals Ltd. Vs. Collector of Customs [1987 (28) ELT 545 (Tri.)], relied upon by the appellant, are not applicable in the present case.

15.1 The appellant has relied upon several judgements wherein it has been held that simple processes which do not change the identity of the product do not tantamount to manufacture, and has argued that applying the said principle, ‘Zip

Rolls' and 'Zippers' are as such the same commodity and therefore warrant the same classification under the entry of 'Slide Fasteners'.

15.2 We have gone through the judgements relied upon by the appellant. In the case of S.R. Tissues Pvt. Ltd. [2005 (186) E.L.T. 385 (S.C.)], Hon'ble Supreme Court held that the process of slitting / cutting of jumbo roll of plain tissue paper / aluminium foil into smaller size will not amount to "manufacture" under Section 2(f) of the Central Excise Act, 1944. "Whether is there any manufacture when Tarpaulin sheets are stitched and eyelets are made?" was the issue involved in the case of Tarpaulin International [2010 (256) E.L.T. 481 (S.C.)]. Again, the issue involved in the case of Tega India Ltd. [2004 (164) E.L.T. 390 (S.C.)] was whether fixing rubber linings on pipes, tanks and other such articles amounting to manufacturing dutiable goods ? Thus, all these judgements were pertaining to the issue whether some particular process amounted to manufacture in the context of section 2(f) of the Central Excise Act, 1944 and hence liable to Central Excise Duty. The issue of classification of product, and particularly, classification of 'Zip Rolls', was not the subject matter of any of these judgements. Therefore, neither those judgements, nor the principle enunciated therein, are found applicable in the present case.

16. Therefore, we hold that 'Zip Rolls' being supplied by the appellant are appropriately classifiable under Tariff Item 9607 20 00 as 'Parts' of Slide Fasteners.

#### **Rate of Goods and Services Tax on 'Zip Rolls'**

17.1 In the Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Sr. No. 446 of Schedule – III was as follows :-

Schedule III – 9%

Sr. No.	Chapter/ Heading/ Sub- heading/ item	Sub- Tariff	Description of Goods
446	9607		Slide fasteners and parts thereof

17.2 The said Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 was amended vide Notification No. 18/2018-Central Tax (Rate) dated 26.07.2018 whereby entry Sr. No. 231B was inserted in Schedule – II and entry at Sr. No. 446 of Schedule – III of the said Notifications were substituted, as follows :-

Schedule II – 6%

Sr. No.	Chapter/ Heading/ Sub- heading/ item	Sub- Tariff	Description of Goods
231B	9607		Slide fasteners

## Schedule III – 9%

Sr. No.	Chapter/ Heading/ Sub- heading/ item	Sub- Tariff	Description of Goods
446	9607 20 00		Parts of slide fasteners

17.3 The said Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 was again amended with effect from 01.10.2019 vide Notification No. 14/2019-Central Tax (Rate) dated 30.09.2019, whereby against Sr. No. 231B of Schedule-II, in column (3), after the words “Slide fasteners”, the words “and parts thereof” were inserted and entry at S. No. 446 of Schedule – III was omitted. Thus, with effect from 01.10.2019, Sr. No. 231B of Schedule – II of the said Notifications read as follows :-

## Schedule II – 6%

Sr. No.	Chapter/ Heading/ Sub- heading/ item	Sub- Tariff	Description of Goods
231B	9607		Slide fasteners and parts thereof

18. Thus, ‘Zip Rolls’ being supplied by the appellant were covered under entry 446 of Schedule – III of the Notifications from 01.07.2017 to 30.09.2019, attracting Goods and Services Tax of 18% (CGST 9% + SGST 9%). However, with effect from 01.10.2019, the said product ‘Zip Rolls’ being supplied by the appellant is covered under entry 231B of Schedule – II of the Notifications and is attracting Goods and Services Tax of 12% (CGST 6% + SGST 6%).

19. We have already discussed that the description of goods at S. No. 231B of Schedule – II of Notifications during 26.07.2018 to 30.09.2019 was “slide fasteners”, unlike the description of goods “Fasteners and poly wadding materials” in the Notification issued under the Customs Act, 1962. Therefore, the judgement of Hon’ble High Court of Madras in the case of Commissioner of Customs Vs. Hides (*supra*) is not applicable in this case. On the contrary, the observations of the Hon’ble High Court of Madras in the case of Commissioner of Customs Vs. Hides (*supra*) supports the view that ‘Zip Rolls’ would not be covered under Sr. No. 231B of Schedule – II of the Notifications during 26.07.2018 to 30.09.2019 as the ‘description of goods’ mentioned against the said entry was ‘Slide fasteners’.

20.1 The appellant has submitted that if two views are possible in taxing statutes then the view in favour of the assessee should be adopted and has cited judgements in support of this contention.

20.2 However, as discussed in foregoing paras, the classification of the product ‘Zip Rolls’ and applicable rate of Goods and Services Tax for the said product is quite clear. Therefore, we do not propose to delve further on this aspect.

21.1 In view of foregoing, we confirm the Advance Ruling No. GUJ/GAAR/R/39/2020 dated 03.07.2020 to the extent it has been appealed before us and hold that –

- (i) ‘Zip Rolls’ is classifiable under Tariff Item 9607 20 00; and
- (ii) ‘Zip Rolls’ was liable to Goods and Services Tax @ 18% (CGST 9% + SGST 9%) during 01.07.2017 to 30.09.2019 under Sr. No. 446 of Schedule – III of Notification No. 1/2017-Central Tax (Rate) and Notification No. 1/2017-State Tax (Rate), and @ 12% (CGST 6% + SGST 6%) from 01.10.2019 onwards under Sr. No. 231B of Schedule – II of Notification No. 1/2017-Central Tax (Rate) and Notification No. 1/2017-State Tax (Rate),

21.2 The appeal filed by The Roll Company (Prop. Shri Bhavin Ramesh Shah) is rejected.

**(J. P. Gupta)**  
Member

**(Seema Arora)**  
Member

Place : Ahmedabad  
Date :28.01.2021.