

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICE TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009  
Advance Ruling No. KAR ADRG 82/2019  
Dated: 25<sup>th</sup> September, 2019**

Present:

1. Sri. Harish Dharnia,  
Additional Commissioner of Central Tax . . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.  
Joint Commissioner of  
Commercial Taxes . . . . Member (State Tax)

1.	Name and address of the applicant	M/s CONSERVIA ECOCRAFTS INDIA PRIVATE LIMITED 13, A.L.Complex, 6 <sup>th</sup> Main, WOC Road, Shivanahalli, Rajajinagar, Bengaluru 560010
2.	GSTIN or User ID	29AAHCC1630Q1ZA
3.	Date of filing of Form GST ARA-01	18.06.2019
4.	Represented by	Sri Vinay Manjeshwara, Director
5.	Jurisdictional Authority - Centre	Pr. Commissioner of Central tax, Bangalore-West, Range -AWD 2
6.	Jurisdictional Authority - State	LGSTO-140, Rajajinagar
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CIN UTIB19062900053882 dated 10.06.2019 2. Rs.5,000-00 under KGST Act vide CIN UTIB19062900053882 dated 10.06.2019

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICE TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s Conservia Ecocrafts India Private Limited, (called as the 'Applicant' hereinafter), having GSTIN number 29AAHCC1630Q1ZA, has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 and Section 97 of the KGST Act, 2017 in GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.



2. The Applicant is a Private Limited Company and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

*What is the rate of tax applicable under GST on Areca Palm Leaf Plates?*

3. The applicant furnishes some facts relevant to the stated activity:
- a. The applicant states that he is in the business of manufacturing and sale of Areca Palm Leaf Plates (machine pressed).
  - b. The applicant states that Arecanut palm is one of the important commercial crops of Malenadu. Though the betelnut is used widely in various forms yet the sheath attached to the leaf of arecanut tree (botanically named Pericarnium) is not used for any productive purposes at present. It is a hard material and has good tensile strength and is available in abundance in most parts of Karnataka. Arecanut sheaths (it is not a leaf nor is it a bark, but the lower end of the leaf also referred to as Pericarnium) can be utilised for manufacturing disposable plates and bowls. Such plates are being produced in South India since last 20 years and sold commonly in the market. This product is an excellent ecofriendly substitute for thermocol and plastic plates which has huge demand in the market. There is also a large unsatisfied demand for biodegradable disposables in the food industry. The manufacturing of this plates and bowl from the sheath is basically carried out by marginal to very poor farmers and has become an additional source of income for the farming community.
4. Regarding the question before the authority, the applicant states that as per his opinion "Areca Palm Leaf Plates" are classifiable under heading HSN code 0604 and attracts Nil rate of GST. In the erstwhile Karnataka Sales Tax Act, 1957 and the Karnataka Value Added Tax Act, 2003, Areca Leaf Plates were classified as Exempted goods and attracted nil rate of tax under both the Acts.

5. FINDINGS & DISCUSSION:

We have considered the submissions made by the applicant in their application for advance ruling as well as the additional submissions made by Sri. Vinay Manjeshwar, Director, during the personal hearing. 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.

5.1 The commodity in question is examined and found that the Areca Palm Leaf plates are manufactured out of the pericarnium of the Areca leaves (sheaths). The Areca Leaves has the leaflets jutting out of the midrib and the areca leaf is attached to the areca tree by a wide pericarnium, which is like a sheath of fibrous material.

5.2 These pericarnium of the Areca leaves are cut and the same is heat pressed with moulds to form the areca leaf plates in various shapes and sizes. Similarly they may be heat pressed to form cups and donnas.

5.3 The description of HSN Code 0604 reads as under:

*“Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared.”*

The entry is verified and this covers parts of the plants being goods of a kind suitable for bouquets or for ornamental purposes. The commodity in question is neither suitable for bouquets nor for ornamental purposes. Hence the commodity in question is not covered under this entry.

5.4 The other entry which can be considered is entry no.114B of Notification No.2/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No.19/2018-Central Tax (Rate) dated 26.07.2018 which reads as under

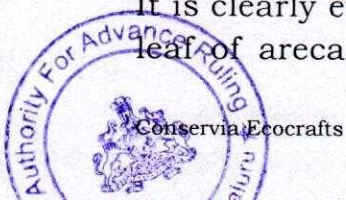
114B	46	Khali Dona; Goods made of sal leaves, siali leaves, sisal leaves, sabia grass, including sabia grass rope
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On verification of the above, it is evident that areca leaf plates are not covered under the above entry and hence not considered.

5.5 The entry no. 198A of Notification No.01/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 27/2017 – Central Tax (Rate) dated 22.09.2017 is verified and the same reads as under  
Schedule I – 2.5% CGST

198A	4601, 4602	Grass, leaf or reed or fibre products, including mats, pouches, wallets
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It is clearly evident that the areca leaf plates are made out of a part of the leaf of areca plant and hence would be a leaf product and hence gets



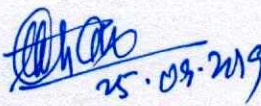
covered under this entry and hence liable to tax at 2.5% under the CGST Act and also at 2.5% under the Karnataka GST Act, 2017.

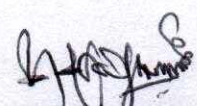
6. In view of the foregoing, we rule as follows

### **RULING**

The Areca Leaf plates made out of pericarpium of areca leaves are liable to tax at 2.5% from 22.09.2017 under the CGST Act as per entry no. 198A of Schedule I of Notification No. 11/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No.27/2017 – Central Tax (Rate) dated 22.09.2017. Similarly, it also attracts a tax of 2.5% under the Karnataka Goods and Services Tax Act, 2017.



  
25.09.2019  
**(Harish Dharnia)**  
**Member**

  
**(Dr. Ravi Prasad.M.P.)**  
**Member**

Place: Bengaluru,  
Date: 25.09.2019

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 Pr. Commissioner of Central Tax, Bangalore-West, Banshankari BMT Building, Bengaluru.
4. The Asst. Commissioner, LVO-140, Rajajinagar, Bengaluru.
5. Office Folder.