

C.No. Advance Ruling/Sec-97/06/2019-20

**BEFORE THE AUTHORITY FOR ADVANCE
RULINGS FOR THE STATE OF UTTARAKHAND
(Goods and Services Tax)**

समक्ष अग्रिम विनिर्णय प्राधिकारी उत्तराखण्ड (माल और सेवा कर)

Present:

Shri Vipin Chandra (Member)

श्री विपिन चन्द्र (सदस्य)

Shri Amit Gupta (Member)

श्री अमित गुप्ता (सदस्य)

The 12Th day of March, 2020

Ruling No- 11 /2019-20

अग्रिम विनिर्णय संख्या.

In

Application No: 06/2019-20

आवेदन संख्या— 06 /2019—20

1	Applicant आवेदक	M/s The Ruby Mills Ltd, Ruby House, JK Sawant Marg. Dadar (West), Mumbai-400028
2	Jurisdictional Officer अधिकारिता अधिकारी	-----
3	Present for the Applicant आवेदक की ओर से उपस्थित	Shri Udayan Choksi, Advocate and Shri K N Sharma, Advocate
4	Concerned Officer	Shri Manish Mishra, DC-SGST, Uttarakhand
5	Present for the Jurisdictional Officer अधिकारिता अधिकारी की ओर से उपस्थित	None
6	Date of receipt of application आवेदन प्राप्ति की तिथि	04-11-2019
7	Date of Personal Hearing सुनवाई की तिथि	21-01-2020

Note : Under Section. 100(1) of the Uttarakhand Goods and Services Tax Act, 2017, an appeal against this ruling lies before the appellate authority for advance ruling constituted under section- 99 of the Uttarakhand Goods and Services Tax Act, 2017, within a period of 30 days from the date of service of this order.

नोट : इस अग्रिम विनिर्णय की प्राप्ति के 30 दिन के अन्दर उत्तराखण्ड माल और सेवा कर अधिनियम 2017 की धारा- 99 के अन्तर्गत गठित अग्रिम विनिर्णय अपील प्राधिकारी के समक्ष धारा- 100(1) के अन्तर्गत अपील दायर की जा सकती है।

**AUTHORITY FOR ADVANCE RULINGS FOR THE
STATE OF UTTARAKHAND
(Goods and Services Tax)**

1. This is an application under Sub-Section (1) of Section 97 of the CGST /SGST Act, 2017 (herein after to be referred as "Act") and the rules made thereunder filed by M/s The Ruby Mills Ltd., Ruby House, J K Sawant Marg, Dadar (West), Mumbai- 400028 registered in Uttarakhand bearing GSTIN 051900000208ARU seeking an advance ruling on the question :

"Whether Fusible Interlining Fabrics of Cotton (in short FIFC) is classified under HSN Code 5903 or under chapter 52 (heading depending upon the weightage of cotton in the fabrics)."

2. Advance Ruling under GST means a decision provided by the authority or the appellate authority to an applicant on matters or on questions specified in sub section (2) of section 97 or sub section (1) of section 100 in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant.
3. As per the said subsection (2) of Section 97 of the Act ibid advance ruling can be sought by an applicant in respect of :
 - (a) Classification of any goods or services or both
 - (b) Applicability of a notification issued under the provisions of this Act,
 - (c) Determination of time and value of supply of goods or services or both,
 - (d) Admissibility of input tax credit of tax paid or deemed to have been paid
 - (e) Determination of the liability to pay tax on any goods or services or both
 - (f) Whether the applicant is required to be registered
 - (g) Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both within the meaning of that term

In the present case, applicant has sought advance ruling in respect of classification under GST law on *"Whether Fusible Interlining Fabrics of Cotton (in short FIFC) is classified under HSN Code 5903 or under chapter 52 (heading depending upon the weightage of cotton in the fabrics)."* Therefore, with the instant application seeking *classification of goods*, in terms of Section 97(2)(a) of Act, the present application is hereby admitted.

4. In the instant case personal hearing was held on 21.01.2020. Shri Udayan Choksi, Advocate and Shri K N Sharma, Advocate appeared on behalf of the applicant. During hearing proceedings, it was decided to draw the samples from applicant's advocate office and send it to Govt. Lab/Govt. authorized Lab. After receiving the report, the copy will be given to the concerned officer and the applicant for any submission to be given by them. Shri Manish Mishra, Deputy Commissioner, SGST-Uttarakhand appointed as concerned officer by the competent authority of State GST was also present during the hearing proceedings.

5. In the present application, applicant has requested for advance ruling on

“ Whether Fusible Interlining Fabrics of Cotton (in short FIFC) is classified under HSN Code 5903 or under chapter 52 (heading depending upon the weightage of cotton in the fabrics).”

6. In this context, the submissions made by the applicant are summarized as under:

- a. They are engaged in the business of manufacturing fabrics including micro-dot fusible interlining;
- b. They are classifying the said product under HSN 5903 and applying GST @ 12% on supplies made from the state of Maharashtra;
- c. There is an alternative and equally valid position available in the law in view of which the customers of the applicant are demanding that the applicant classify the said product under Chapter 52 (under Headings 5208 to 5212, based on cotton content and grammage of fabric) and apply GST @ 5%;
- d. The alternative legal position arises due to a 2018 order of CESTAT in the context of central excise duty where it was held that 'fusible interlining cloth' would not be classified under CETSH 5903;
- e. Further Authority of Advance Ruling of Uttarakhand has ruled that the said product is classifiable under Chapter 50 to 55, 58 or 60 of the GST Tariff, depending upon the primary content of the fabric;
- f. Description about the said product: Interlining is a layer of fabric inserted between the shell fabric and the lining of a garment to give a suitable appearance and stability. The said product is 100% cotton which is subject to '**powder dot coating process**'. Under this process the cotton fabric passes over two pre-heated rollers having a surface temperature of above 225 degree Celsius, one of which is an engraved printing roller having fine dots engraved on it in which high density polyethylene (HDPE) powder is filled and this powder gets printed onto the fabric. The excess powder is scraped away by a doctor blade provided in the hopper as in the case of roller printing. The dot printed cloth then passes through a heated chamber

whereby the printed powder gets fixed. The said partial/discrete coating of fabric is carried out only on one side of the fabric. This coating pattern can be seen with the naked eye.

g. FIFC is mainly used in the collars, cuffs etc part of the garment.

6.1. The authority vide letter dated 24.01.2020 directed the Concerned Officer, Advance Ruling Authority, Dehradun to submit a report on the issue in hand while considering the Note 2(a)(1) to Chapter 5903. Consequently the Concerned Officer vide his letter dated 30.01.2020 has submitted as under:

a. He had asked the sample of said fabric from applicant's advocate and found that 'the coating or covering on fabric is clearly visible with naked eye;

b. In his opinion Note 2(a)(1) is satisfied and it is not required to take sample/testing.

6.2. In this context, the relevant chapter note of **CHAPTER 59 (Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use)** of the GST Tariff is reproduced as under –

"2. Heading 5903 applies to :

(a) *textile fabrics, impregnated, coated, covered or laminated with plastics, whatever the weight per square meter and whatever the nature of the plastic material (compact or cellular), other than :*

(1) *fabrics in which the impregnation, coating or covering cannot be seen with the naked eye (usually Chapters 50 to 55, 58 or 60); for the purpose of this provision, no account should be taken of any resulting change of colour;*

(2) *products which cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm, at a temperature between 15°C and 30°C (usually Chapter 39);*

(3) *products in which the textile fabric is either completely embedded in plastics or entirely coated or covered on both sides with such material, provided that such coating or covering can be seen with the naked eye with no account being taken of any resulting change of colour (Chapter 39);*

(4) *fabrics partially coated or partially covered with plastics and bearing designs resulting from these treatments (usually Chapters 50 to 55, 58 or 60);*

(5) *plates, sheets or strip of cellular plastics, combined with textile fabric, where the textile fabric is present merely for reinforcing purposes (Chapter 39); or*

(6) *textile products of heading 5811;"*

6.3 On perusal of the Note 2 to Chapter heading 5903 , we find that the said heading covers textile fabrics, impregnated, coated, covered or laminated with plastics. Such products are classified here whatever the weight per square meter and whatever the nature of the plastic component (compact or cellular) provided that in the case of impregnation, coating or covered fabrics , impregnation, coating or covering can be seen with the naked eye. The textile fabrics in which impregnation, coating or covering cannot be seen with the naked eye usually fall in 50 to 55, 58 or 60.

6.4 In the present case, we find that the applicant in their submission has admitted that this coating pattern can be seen with the naked eye and the same fact is also confirm by the concerned officer of SGST-Uttarakhand in his report dated 30.01.2020, therefore the product in question merit classification under Chapter 5903 of GST Tariff Act, 2017.

7. In view of the above, we pass the following order:

ORDER

We hold that the Fusible Interlining Fabrics of Cotton (in short FIFC) is to be classified under HSN Code 5903 of GST Tariff Act, 2017.


VIPIN CHANDRA (MEMBER)


AMIT GUPTA (MEMBER)

To,

M/s The Ruby Mills Ltd.,
Ruby House, J K Sawant Marg,
Dadar (West), Mumbai- 400028

AUTHORITY FOR ADVANCE RULING
GOODS & SERVICE TAX, UTTRAKHAND

F. No. : Advance Ruling/Sec-97/06/2019-20/ 7999 Dated: 12.03.2020

Copy to :

1. The Chief Commissioner, CGST, Meerut Zone, Meerut for review.
2. The Commissioner, CGST, Commissionerate, Dehradun for review.
3. The Commissioner, SGST, Commissionerate, Uttarakhand for review.
4. The Assistant/ Deputy Commissioner, CGST Division, Dehradun for review.
5. The Assistant/ Deputy Commissioner, SGST, Dehradun for review.
6. The Concerned officer, SGST, Dehradun.
- ✓ 7. The Concerned officer, CGST, Dehradun.
8. Guard File.
9. The Registrar - AAAR.