

**AUTHORITY FOR ADVANCE RULING  
TAMILNADU ADVANCE RULING AUTHORITY  
PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-6**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE  
GOODS AND SERVICES TAX ACT, 2017.**

**Members present are:**

1. Ms. Manasa Gangotri Kata, IRS Joint Commissioner/Member,  
Office of the Commissioner of GST & Central Excise, Chennai.
2. Thiru Kurinji Selvaan V.S., M.Sc., (Agri.), M.B.A.,  
Joint Commissioner (ST) / Member  
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-6

**ORDER No. 10 /AAR/2019 DATED 27.02.2019**

GSTIN Number, if any / User id	33AFAPG0877L1ZI
Legal Name of Applicant	Mr. Janakiraman Govindarajan, Prop. M/s. Valuemax Poly Plast
Registered Address/Address provided while obtaining user id	Old No.85, New No. 64, Ponniamman Nagar Main Road, Ayanambakkam, Chennai - 600032.
Details of Application	GST ARA-01 Application Sl. No.49 dated : 08.10.2018
Concerned Officer	State - The Assistant commissioner(ST), Nolambur Assessment Circle, Chennai.  Centre- Chennai South Commissionerate , Valasaravakkam Division
Nature of activity(s) (proposed / present) in respect of which advance ruling sought	
A   Category	Manufacturing
B   Description (in Brief)	Manufacturing Agricultural seedling trays
Issue/s on which advance ruling required	Classification of Agricultural seedling tray and applicable of rate of tax.
Question(s) on which advance ruling is required	Classification on classification and taxability of Agricultural Seedling Tray under GST

**Note : Any appeal against the advance ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated**

**At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.**

Mr. Janakiraman Govindarajan Prop. of M/s. Valuemax Poly Plast Old No.85, New No. 64, Ponniamman Nagar Main Road, Ayanambakkam, Chennai – 600032. (hereinafter referred to as 'Value Max' or 'Applicant') are manufacturer of Agricultural Seedling Trays and registered under GST Act vide GSTIN 33AFAPG0877L1ZI. The Applicant has sought Advance Ruling on the following in respect of the product 'Plastic Seedling tray'

1. Classification of the product.
2. Applicability of a notification issued under the provisions of this Act
3. Admissibility of input tax credit of tax paid or deemed to have been paid
4. Determination of the liability to pay tax

The Applicant has submitted the copy of application in Form GST ARA – 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2. The Applicant is a manufacturer of Plastic Injection Molded Components which are used in various Industries like Automotives, Consumer Goods Industries, Agricultural and others. They have stated that they are doing the Plastic Molding through the automated Plastic Injection Molding Machines of various tonnages. Their product covers 70% used automotive Industries and 20% in Agricultural Industries and 10% in domestic applications. Mainly they are producing Agricultural seedling Trays of dimension 600mmX300mmX30mm. These trays are solely used for raising paddy corps from the seed stage to crop planting stage for the first fifteen days. This 15 days grown crops is taken for planting through the Transplanter Machine, where ever required by the farmer. This type of process gives improvement and increase in the productivity with less space. Due to the consistent planting in equal distance gives the more productivity in less time. These Trays are only used for

2.1 Under TNVAT, the Agricultural Seedling Trays were exempted as 'Agricultural Implements' as per Advance Ruling obtained by M/s. Saro Enterprises, who manufactures similar seedling trays. Under GST regime, the applicant state that the goods are agricultural implements under Chapter 8201 which is exempted as per Sl.No. 137 of Notification No 2/2017-Central Tax dt 28.06.2017 as amended.

3. The Authorized Representative of the Applicant was heard in the matter. They submitted that the items are made of polypropylene material which is used as seedling trays for uniform planting of paddy. They ensure faster planting. The seeds are planted in soil in the tray and after 14 days paddy grows. Paddy is transplanted to field and the seedlings are removed like a layer and fed into the machine. The applicant produced write-up explaining Agricultural Trays, pamphlets of the product, Sample sales Invoices. They stated that the item is being sold mostly to farmers and should be considered as an agricultural tool. They also furnished specification sheets, invoices for sale and videos in compact disc.

4. The Assistant Commissioner(ST), Nolambur Assessment circle, under whose jurisdiction, the applicant is administered, has furnished the remarks on the Application. The concerned officer, has stated that, Chapter 82 falls under Section XV of Customs Tariff which covers "Base Metals and articles of Base Metals".; A combined reading of section and chapter notes and description of goods covered under Tariff heading 8201 reveals that the goods covered under this Section XV have to be made of base metals or should be articles of base metals.; Base metals as per Section note do not include plastics.; The product in question is seedling Trays made of plastic, i.e., polypropylene and hence it may not be classified under Chapter 82 or anywhere under Section XV.; The subject goods are "Other articles of plastics and articles of other materials of headings 3901 to 3914 and may be liable to tax @9% CGST and 9% SGST.; As the product is liable to tax, input tax credit is available for the supply of the goods.

5. The details and documents furnished were examined. The issues before us is to determine the classification of - Agricultural Seedling Trays; the applicability of the exemption Notification to the product and availability of Input Tax Credit.

5.1 In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, 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 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

5.2 The Applicant claims that the goods are to be classifiable under Tariff heading 8201. Chapter 82 falls under Section XV of Customs Tariff which covers "Base Metals and articles of Base Metals".

Section Note 3 states:

*3. Throughout this Schedule, the expression "base metals" means : iron and steel, copper, nickel, aluminium, lead, zinc, tin, tungsten (wolfram), molybdenum, tantalum, magnesium, cobalt, bismuth, cadmium, titanium, zirconium, antimony, manganese, beryllium, chromium, germanium, vanadium, gallium, hafnium, indium, niobium (columbium), rhenium and thallium.*

The chapter notes for chapter 82 are as follows:

*1. Apart from blow lamps, portable forges, grinding wheels with frameworks, manicure or pedicure sets, and goods of heading No.82.09, this chapter covers only articles with a blade, working edge, working surface or other working part of:*

*(a) Base Metal;*

*(b) Metal carbides or cermets;*

*(c) Precious or semi-precious stones (natural, synthetic or reconstructed) on a support of base metal, metal carbide or cermet; or*

*(d) Abrasive materials on a support of base metal, provided that the articles have cutting teeth, flutes, grooves, or the like, of base metal, which retain their identity and function after the application of the abrasive.*

Explanatory Notes to Chapter 82 states

*"Tools, cutlery etc do not in general fall in this Chapter unless the blade, working edge, working surface or other working part is of base metal, of metal carbides or of cermets".*

A combined reading of Section and Chapter notes and description of goods covered under Tariff heading 8201 reveals that the goods covered under this Section XV have to be made of base metals or should be articles of base metals. **Base metals**

**as per Section Note above do not include plastics'**. Further, chapter 82 covering '*Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal*' should necessarily have a *blade, working edge, working surface or other working part of base metal or others as above.*

The product in question is Seedling Trays made of fully of plastic i.e. polypropylene and hence it cannot be classified under chapter 82 or anywhere under Section XV and accordingly it cannot be classified under 8201 as Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.

5.3 On examination of the product brochure submitted by the Applicant the product is 'Agricultural seeding tray' made of hard plastic or polypropylene with dimensions 600 mm x 30 mm x 30 mm with grooves dividing the tray into small squares each of which have holes of 1 mm or 3 mm size, depending on the variety of the tray. Paddy seedlings are grown in these trays after suitable soil is placed in them. The holes are designed to ensure optimum drainage of water and to prevent the roots from getting damaged. Once the seedlings are grown as a single mat, the trays used to transport the seedlings to the land for transplantation. This may be done directly by the farmer or the seedling mats may be placed in rice transplant machinery which will carry on the transplantation work. The Applicant states that the trays are mostly sold to farmers. These trays can also be used as an accessory to paddy transplantation machinery in terms of the dimension of the seedlings mat grown, spacing between each seedling etc. The trays help in growing and transporting the seedlings in an organized, labour-saving manner so that the seedling mats grown can be fed into the machines or planted as such by hand. However, the tray itself is not a part of any machine or used with any machine or electronically driven nor is it an accessory of any agricultural machinery. Rice planting machinery do not need these seedling trays to function and hence cannot be classified as parts or accessories of agricultural machinery.

5.4 The goods are trays made of polypropylene of certain dimensions.

Chapter 39 covers *Plastics and articles thereof*

Chapter 3926 covers

*Other articles of plastics and articles of other materials of headings 3901 to 3914*

Tariff Heading 39269099 covers other articles not specified

HSN Explanatory Notes to Chapter heading 3926 states

*This heading covers articles, not elsewhere specified or included of plastics.*

Accordingly, the subject goods are rightly classifiable under CTH 39269099 as articles of plastics not elsewhere specified.

5.5 It is further pertinent to note that in a similar issue in respect of M/s. Saro Enterprises, the Agricultural seedling Trays were ruled to fall under Chapter 39269909 of the Customs Tariff by this Authority. The Tamil Nadu Appellate Authority for Advance Ruling in Appeal No. 1/2018/AAAR dated 06.02.2019, on the appeal filed by M/s. Saro Enterprises, upheld the said classification made in the Ruling Order No. 16/ARA/2018 dated 27.09.2018 by this Authority and disposed of the appeal.

6. On the applicability of the exemption under Notification No. 2/2017, we rule that the exemption stipulated therein applies to goods classifiable under CTH 8201 only. The product in hand is not classified under CTH 8201 and therefore the exemption is not available to the product in hand. The product in hand being classified under CTH 3926, is covered by entry at Sl. No. 111 of Schedule III of Notification No 01/2017-C.T. (Rate) dated 28.06.2017 as amended and Sl. No 111 of Schedule III of G.O. (Ms) No. 62 dated 29.06.2017 no. II (2)/CTR/532(d-4)/2017, which covers "Other articles of plastics and articles of other materials of headings 3901 to 3914 [other than bangles of plastic, plastic beads and feeding bottles]" and is taxable @ 9% CGST and 9% SGST.

7. With regard to admissibility of Input Tax Credit of tax paid, the applicant has not put forth any specifics requiring a ruling. However, having held that the supply of 'Agricultural Seedling Trays', are taxable the input tax credit is available subject to fulfilment of all the conditions of Section 16 and Section 17 of CGST/TNGST Act, 2017 and the relevant rules governing the admissibility of credit of tax paid on Inputs.

8. In light of the above, we rule as under:

**RULING**

1. Agricultural Seedling Trays made of base material of Polypropylene Granules manufactured by the Applicant as Plastic are classifiable under CTH 39269099.

2. The applicable tax rate is 9% CGST as per Sl. No. 111 of Schedule III of Notification No 01/2017-C.T. (Rate) dated 28.06.2017 as amended and is 9% SGST as per Sl.No. 111 of Schedule III of G.O. (Ms) No. 62 dated 29.06.2017 No. II (2)/CTR/532(d-4)/2017 as amended.

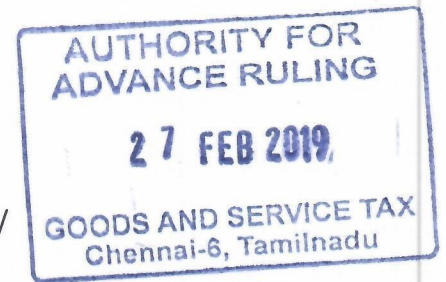
3. The Credit of Input tax paid is available subject to fulfilment of conditions under Section 16 and Section 17 of the CGST/TNGST Act, 2017

*K. Manasa* 27/2/19  
Ms. Manasa Gangotri Kata, IRS  
Member, CGST

*Shri.Kurinji Selvaan V.S.* 27.02.2019  
Shri.Kurinji Selvaan V.S., M.Sc.,(Agri.),M.B.A.,  
Member, TNGST

To

Mr. Janakiraman Govindarajan,  
Prop. M/s. Valuemax Poly Plast  
Old No.85, New No. 64, Ponnamman Nagar Main Road,  
Ayanambakkam,  
Chennai - 600032. // By Speed Post with Ack. Due //



Copy Submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,  
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. Additional Chief Secretary/Commissioner of Commercial Taxes,  
II Floor, Ezhilagam, Chepauk, Chennai-5.

Copy to:

3. The Commissioner of GST & C.Ex., Chennai South Commissionerate
4. The Assistant commissioner(ST),  
Nolambur Assessment Circle,  
176B, MTH Road,  
Villivakkam,  
Chennai 600 049.
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