

**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 17 / 2018

Dated : 6th August 2018

Present:

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

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|----|---|---|
| 1. | Name and address of the applicant | M/s V PAC CARTONS INDIA PVT LTD. No. 4,5,6, Amaravathi Layout, Agara Road, Horamavu, Bengaluru 560043 |
| 2. | GSTIN or User ID | 29AACCV9320M1ZT |
| 3. | Date of filing of Form GST ARA-01 | 01.02.2018 |
| 4. | Represented by | Sri Usman Khan, Director |
| 5. | Jurisdictional Authority – Centre | The Commissionerate- Bengaluru East, East Division-5, BMTC Building, HAL Airport Road, Dommaluru, Bengaluru- 560071 |
| 6. | Jurisdictional Authority – State | NA |
| 7. | Whether the payment of fees discharged and if yes, the amount and CIN | Yes, discharged fee of Rs.10,000/- CGST : Rs.5,000/- and KGST: Rs.5,000/- vide CIN UTIB18022900004484 dated 01.02.2018 |

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

1. M/s V Pac Cartons, (called as the ‘Applicant’ hereinafter), having its registered office at No. 4,5,6, Amaravathi Layout, Agara Road, Horamavu, Bengaluru 560043, having GSTIN number 29AACCV9320M1ZT, has filed an application for Advance Ruling under Section 97 of CGST Act, 2017, KGST Act, 2017 & IGST Act, 2017 read with Rule 104 of CGST Rules 2017 & KGST Rules 2017, in form 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 engaged in the manufacture of plywood pallets, plywood boxes, corrugated boxes, and paper packaging products and is registered under the Goods and Services Act, 2017. He is desirous of knowing the GST rate applicable on the finished goods “Pallets and Box Pallets” to enable him to levy and collect the correct rate of applicable GST.

3. The applicant furnishes some facts relevant to the stated activity:
 - a. The applicant states that he is a manufacturer engaged in the manufacture of Plywood pallets and plywood boxes and corrugated boxes as individual items as per the size and requirements of the buyer and thus make a composite and combined sale as per the purchase order placed on them by the purchasers. During such process, they make use of the plywood and wood in the manufacture of the pallets, which is the basic weight holding platform for covering the sleeve of the corrugated box and serves as a fragile component in packing for the customer's end product safe movement.
 - b. The GST rate of tax structure in respect of plywood sheet having HSN 4412 is 18% under Chapter 44 and Serial No. II-122 and the same is used as raw material for the manufacture and he states that their finished product results finally as – “Pallets and Box Pallets having the HSN 4415 for which the GST tax rate is 12% and being charged to all their suppliers regularly. Since, the GST rate of tax for plywood sheet is @ 18% and which input is claimed by them and in respect of Plywood pallets and plywood boxes, the GST rate of tax charged to the vendor must be @ 12%, considering the raw material and the finished goods, the rate of GST and the HSN are different, but in common parlance the material used is the plywood for the end product “pallets and box pallets”.

FINDINGS & DISCUSSION:

4. The submissions of the applicant have been verified.
 - (a) HSN entry 4415 reads as under :

“Packing cases, boxes, crates, drums and similar packings, of wood; cable drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood”.

And entry no: 4415.20 reads “Pallets, box pallets and other load boards; pallet collars”

Hence in view of the above pallets and box pallets are covered under HSN code 4415.20.00.
 - (b) Entry No. 97 of Schedule II of Notification No. 01/ 2017 – Central Tax (Rate) dated 28.06.2017 reads as under:

HSN 4415 - “Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood” - 6%

Entry No. 97 of Schedule II of Notification No. 01/ 2017 – State Tax (Rate) dated 28.06.2017 reads as under:

HSN 4415 - “Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, box pallets and other load boards, of wood; pallet collars of wood” - 6%

Hence the tax rate applicable on the “pallets and box pallets” is 6% under Central Goods and Services Tax Act and 6% under the Karnataka Goods and Services Tax Act.

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

R U L I N G

The commodity “pallets and box pallets” are covered under HSN 4415 20 00 and covered under entry no. 97 of Schedule II of Notification No.01/2017- Central Tax (Rate) dated 28.06.2017 and entry no. 97 of Schedule II of Notification No.01/2017- State Tax (Rate) dated 28.06.2017 and hence the tax rates applicable on the same are 6% under the Central Goods and Services Tax Act and 6% under the Karnataka Goods and Services Tax Act.

(Harish Dharnia)
Member

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

Place : Bengaluru,
Date : 06.08.2018

To,

The Applicant

Copy to :

The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.

The Commissioner of Commercial Taxes, Karnataka, Bengaluru.

The Commissioner of Central Tax, Bangalore East Commissionerate, Bengaluru.

The Asst. Commissioner, LVO - , Bengaluru.

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