



**HARYANA AUTHORITY FOR ADVANCE RULING,
GOODS AND SERVICE TAX,**



**HARYANA VANIJYA BHAWAN, PLOT NO. 1-3,
SECTOR 5, PANCHKULA-134151 (HARYANA)**

ADVANCE RULING NO. HR/HAAR/20/2022-23

Name & Address of the Applicant.	M/s Oswal Poly Rubbers, 45, Dharuhera Industrial Area, Distt. Rewari - 123106
GSTIN of the Applicant.	06AAAFO4878N1ZP
Date of application	21.11.2022
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the questions have been raised.	(a) Classification of any goods or services or both. (b) Applicability of a notification issued under the provisions of this Act. (e) Determination of the liability to pay tax on any goods or services or both.
Date of Hearing:	15.12.2022

Memo 524

Dated: 09/02/2023

APPLICANT'S ELIGIBILITY FOR SEEKING AN ADVANCE RULING:

To file an application before the Authority of Advance Ruling, the applicant must satisfy the conditions prescribed under the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act, 2017) and Haryana Goods and Services Tax Act, 2017 (hereinafter referred to as HGST Act, 2017). Since the provisions of both the Acts are parimateria, any reference to provisions of CGST Act, 2017 in this order should be construed as a reference to corresponding provisions in HGST Act, 2017 as well. Sections 97(2) of the CGST Act, 2017 prescribes that an Advance Ruling may be sought inter alia on the questions of (a) Classification of any goods or services or both.(b) Applicability of a notification issued under the provisions of this Act. (e) Determination of the liability to pay tax on any goods or services or both.

Further, proviso with reference to the Section 98(2) of CGST Act, 2017 states that where the questions raised in the application is already pending or decided in any proceedings in the case of the applicant under any provision of this Act, the application may be rejected by the Advance Ruling Authority after providing an opportunity of being heard to the applicant. And in this case, the applicant has undertaken in form ARA-01 that the issue is neither pending nor decided in any proceedings under any of the provisions of the Act. Besides the applicable fees in the case has been paid. So, he is eligible to seek an Advance Ruling under the above provisions and the case is being heard on merits.

Dr. B

Statement of facts as per ARA-01:-

1. That the Applicant company is engaged in the manufacturing of Rubber and PVC Mats, flaps & components for domestic & automobile industry at Dharuhera, Haryana.
2. That the Applicant now proposes/intends to manufacture PVC Cushion foot mats also. First, Cushion mats in Rolls (in running length), made up of 100% PVC with no Textile materials used, shall be procured from the vendors. These rolls then shall be customized/cut to fit in vehicle floors/ cut to size as per requirement of the customers and finally packed and dispatched to customers.
3. That the Applicant has been of the view, guided by the general view of the trade and the department, that as the PVC mats are for automobiles/cars or to be suitable for use solely or principally with the articles of Chapters 86 to 88 & the same are covered under Chapter Heading 8708, as "parts and accessories of motor vehicles of Headings 8701 to 8705.
4. However, Notification No. 1/2017-Central Tax (Rate), dated 28-6-2017 and Notification No. 1/2017-State Tax (Rate) specify the rate of CGST/SGST to be levied on different products along with their corresponding Chapter/Heading/ Sub-heading/Tariff item. In both the said Notifications, the Entry 100 (Ch. Hd. 3901 to 3913), 104A (Ch. Hd. 3918) and Entry 111 (Ch. Hd. 3926) deals with such products for various purposes and the GST rate on all these products is 18% (9% CGST and 9% HGST).
5. Further, heading 39.18 deals with "floor coverings of plastic, whether or not self-adhesive in rolls, or in the form of tiles; wall or ceiling coverings of plastic attracting GST at the rate 18%-9% (CGST) and 9% (SGST) vide Entry No. 104A of Schedule II Notification No. 1/2017, whereas items falling under 87089900 relating to parts & accessories of motor vehicles attract GST at the rate 28% [14% (CGST) and 14% (SGST)] in terms of the said Notification.
6. That the ratio of the judgement rendered by the Apex Court in the case of C.C.E, Delhi-III Vs. Uni Products India Ltd .- 2020 (372) E.L.T. 465 (S.C.) (Annexure-5), leads the Applicant to the view that as the goods are specifically covered under HSN 3918 as Floor Coverings of PVC in terms of Rule 1 of the Rules of Interpretation of Customs Tariff, just for sole reason that subject item are exclusively made for cars, goods cannot be transplanted to residual entry against Heading 8708 ibid.
7. Moreover, for the purpose of GST, Classification of goods under any tariff item/ subheading / heading/ chapter needs to be done using the general rules of interpretation of the first Schedule of the Customs Tariff Act, 1975 including the Section and Chapter Notes and the General Explanatory Notes to the HSN of the First Schedule of the CTA, 1975.
8. **In light of the above, the PVC cushion Mats proposed to be manufactured by the applicant seem to be specifically covered under HSN 3918 as Floor Coverings of PVC in terms of Rule 1 of the Rules of Interpretation of Customs Tariff.**



9. That the Applicant is amply supported in their above contention by the judicial pronouncements/Rulings recently rendered in many recent cases. And to rule out the ambiguity in the classification and tax structure on PVC Cushion foot mats before the proposed commercial start of production/manufacture is being sought.

Applicant's interpretation of Law on the issue at hand:-

1. The view of the Applicant is that the PVC cushion Mats proposed to be manufactured by us seems to be specifically covered under Chapter 39; HSN 3918 for Floor Coverings of PVC is amply supported by the provisions of Rule 1 of the Rules of Interpretation of Customs Tariff as explained in detail here in above and the case laws squarely covering this issue.
2. The Applicant would like to mention that in the case C.C.E, Delhi-III Vs. Uni Products India Ltd . - 2020 (372) E.L.T. 465 (S.C.), Hon'ble Supreme Court has clearly held that-

"Chapter 87 ibid does not contain car mats as independent Tariff Entry -All mechanical components covered under Chapter 87 - HSN Explanatory Notes dealing with interpretation of rules specifically exclude "tufted textile carpets, identifiable for use in motor cars" from Heading 8708 ibid and placed them under Heading 5703 ibid - Third condition specified in Section XVII ibid of Explanatory Notes in relation to "III-Parts and Accessories" not satisfied by subject item - Just for sole reason that subject item are exclusively made for cars and not for "home use" (inbroad terms), goods cannot be transplanted to residual entry against Heading 8708 ibid - Subject-goods come under Tariff Item 5703 90 90 ibid - No necessity to import "common parlance" test or any other similar device of construction for identifying position of these goods against relevant tariff entries.

3. Therefore, the ratio of the aforementioned judgement rendered by the Apex Court leads the Applicant to the view that as the goods are specifically covered under HSN 3918 as Floor Coverings of PVC in terms of Rule 1 of the Rules of Interpretation of Customs Tariff, just for sole reason that subject item are exclusively made for cars, goods cannot be transplanted to residual entry against Heading 8708 ibid.
4. As for the Rules of Interpretation of Customs Tariff, it may be submitted that there is no such case of merit of classification of the said goods under 2 different chapter headings equally. Instead, the said proposed goods are specifically classifiable under 3918 as PVC floor coverings, and invoking Rule 3 is not necessary when classification can be decided under Rule 1 itself
5. In view of the above submissions, the PVC cushion Mats proposed to be manufactured by the applicant, a sample of which is being produced before the Hon'ble Authority at the time of personal hearing, seem to be specifically covered under HSN 3918 as Floor Coverings of PVC in terms of Rule 1 of the Rules of Interpretation of Customs Tariff.
6. The Applicant is amply supported in their above contention by the judicial pronouncements/Rulings recently rendered in the cases of In Re Soft Turf-

- 2021 (55) G.S.T.L. 52 (App. A.A.R. - GST - Ker.), Shiroki Auto Components India Pvt. Ltd. Vs. C.C.E & S.T. - 2020 (374) E.L.T. 433 (Tri. - Ahmd.) and National Plastic Industries Limited- 2018 (12) G.S.T.L. 445 (A.A.R. - GST).
7. Ruling on this very identical matter has already been given by Haryana Authority for Advance Ruling itself in the case of Stinzo Automotives Pvt. Ltd. - 2021 (47) G.S.T.L. 311 (A.A.R. - GST - Haryana) holding that "Detachable PVC foot mats used for motor vehicles sold in detachable condition as stand-alone products and where cotton not used in manufacturing of these mats and they are not handmade, covered under Chapter 39 and sub-heading 4904 10 of Customs Tariff taxable at 18% (CGST 9%, HGST 9%).

The above cited precedent case law is squarely applicable in favour of the Applicant.

Questions on which Advance Ruling has been sought:-

1. To clarify as to whether PVC Cushion mats for motor vehicles (with no Textile material to be used in these) after cutting to size from rolls, to fit in vehicle floors as per the requirement of the buyers and packing shall fall under HSN Code 39181090/39041090 or 87089900 attracting GST at the rate 18% [9% (CGST) and 9% (SGST)] or 28% [14% (CGST) and 14% (SGST)] respectively in terms of Notification No. 1/2017-Central Tax(Rate) dated 28.06.2017 and Notification No. 1/2017-State Tax(Rate) dated 28.06.2017 or tax/ any other rate as may be applicable as per law.
2. If the PVC Cushion mats are received by the Applicant from their supplier in roll form under HSN Code 39181090, would its cutting to size, as per the requirement of the buyers and packing make it a different product for classification and tax purposes?

PERSONAL HEARING:

Sh. Rakesh Bhola, advocate presented the case on behalf of the applicant on 15.12.2022. He briefed the matter to the authority.

Gist of the comments of the Proper officer dated 23.01.2023 & 02.02.2023:-

(A) That the applicant's application is in respect of the classification of the PVC floor mat and the applicable rate of GST on the same. And it is observed that the applicant has informed that they will buy the raw material for PVC Mat with no textile material in 'the shape of 100% PVC rolls under HSN 39181090 and then applicant cut into size as per requirement of the customers/fit in vehicle floor. While preparing the Mat for car floor, they are just cutting into the and there are no changes in product of PVT Mat. While the GST Tariff/ Schedule IV for 28% (14%CGST+14%SGST CGST, HSN Chapter 8701 to 8708 are related to Motor Car and its Parts are here given in below:

Sr. No.	Chapter/Heading/Sub- heading/Tarrif item	Description of Goods	Amended By Notification No.
(1)	(2)	(3)	(4)

163A	8701	Road tractors for semi-trailers of engine capacity more than 1800 cc"	
164	8702	Motor vehicles for the transport of ten or more persons, including the driver (other than buses for use in public transport, which exclusively run on Bio-fuels	Description Substituted By 6/2018-CTR Dt. 25/01/2018
165	8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702/ including station wagons and racing cars (other than Cars for physically handicapped persons)]	
166	8704	Motor vehicles for the transport of goods (other than Refrigerated motor vehicles)	
167		Omitted w.e.f. 27-07-2018	Entry Omitted by 18/2018 – CTR Dt. 26/07/2018
168	8706	Chassis fitted with engines for the motor vehicles of headings 8701 to 8705	
169	8707	Bodies, (including cabs), for the motor vehicles of headings 8701 to 8705	
170	8708	Parts and accessories of the motor vehicles of headings 8701 to 8705 [other than specified pads of tractors]	

The above entries Chapter heading 8701 to 8707 are related to motor vehicle including cars and Heading 8708 includes **Parts and accessories of the motor vehicles of headings 8701 to 8705 [other than specified parts of tractors]**.

(B) *“Recently the HARYANA AUTHORITY FOR ADVANCE RULING GOODS SERVICE TAX vide its ADVANCE RULING order no. HAR/HAAR/R/201819/44 dated 14.03.2019 in the case of M/s STINZOAUTOMOT/VES PVT LTD has held that the PVC foot mats manufactured and supplied by the applicant fall under Chapter 39, Sub-Heading 490410, taxable at 18% GST” and the question before the AAR was “Whether the detachable foot mats used for motor vehicles, manufactured from PVC including TPU/Foam and sold in detachable condition as standalone products are taxable at 12% or 18%?”*

In the present case, as submitted by the applicant that primary raw material used in the manufacturing the good in consideration is "PVC", hence a view can be formed that the goods are specifically classified in the said entry. In the Schedule for goods taxable to GST at various rates as found in the Notification

no. 1/2017-Central/State Tax (Rate), the following entries may be looked at -As per the GST Tariff, the products which are classifiable under 3918 entry no 104A of Schedule III "Floor coverings of plastics, whether or not self adhesive, in rolls or in form of tiles: wall or ceiling coverings of plastics" The rate in respect of above entries is the same, 9% each of CGST and SGST.

(C) Further to above, in the similar matter Hon'ble Supreme Court had ruled for Classification of Mat supplied to Automobile /Car industry does not fall under the Chapter 87 of Central Excise Tariff of Indian and in case of **COMMISSIONER OF CENTRAL EXCISE, DELHI-III vs M/s UNI PRODUCTS INDIA LTD (CIVIL APPEAL NOS. 302-303 OF 20092020-VIL-17-SC-CE)** The apex Court had discussed & confirmed at Para 26, that Chapter 87 of the Central Excise Tariff of India does not contain car mats as an independent tariff entry.

(D) That in view of above the applicant's usage/supply of PVC Mats to Automobile Industry, to be used in car and would fall under 18% while the above cited ruling by HAAR in case of *M/s STINZO AUTOMOTIVES PVT LTD and Apex Court in the case of COMMISSIONER OF CENTRAL EXCISE, DELHI-III vs M/s UNI PRODUCTS INDIA LTD {CIVIL APPEAL NOS. 302-303 OF 20092020-VIL-17-SC-CE}* in the similar matter had classified the PVC Mats under chapter 39. Hence, in opinion of the undersigned the facts of the present case are similar so the above rulings should apply to the present case MUTATIS MUTANDIS.

DISCUSSION AND FINDING:

We have gone through the facts of the case, documents on record and verbal and written submissions made by the applicant besides the comments of the Proper Officer. The applicant's query is in respect of the classification of PVC floor mat which are to be used in auto mobile industries only and the applicable rate of tax on the same. The applicant will be procuring these goods in rolls and cutting into the specified measurement as per the demand of his customers. The applicant has also submitted a sample of goods i.e. car foot mat made of PVC material and it is observed that there is no textile material/fabric used in it and this authority is convinced that neither there is any use of fabric material nor these are hand made. The said goods is made from PVC only and there should be no doubt that the same would fall in chapter 39 which covers PVC, a polymer and articles thereof.

From the perusal of all the aspects of the issue at hand, i.e. factual and legal provisions and relevant notifications and the judgements of the courts of the land, it is observed that the goods do not fall under chapter 57 and also cannot be considered as purely car accessiores. Reliance is placed on Hon'ble Supreme Court judgement no. 2020 ACR 146 CIVIL APPEAL NOS. 302-303 OF 2009 decided on 01.05.2020.

Decided accordingly.

7. Ruling: -

Questions	Answers
To clarify as to whether PVC Cushion mats for motor vehicles (with no Textile material to be used in these) after	The supply of the said goods i.e. PVC cushion mats falls under the chapter 39 of the GST tariff rates.

<p>cutting to size from rolls, to fit in vehicle floors as per the requirement of the buyers and packing shall fall under HSN Code 3918 1090/39041090 or 87089900 attracting GST at the rate 18% [9% (CGST) and 9% (SGST)] or 28% [14% (CGST) and 14% (SGST)] respectively in terms of Notification No. 1/2017 – Central Tax (Rate) dated 28.06.2017 and Notification No. 1/2017 – State Tax (Rate) dated 28.06.2017 or tax/any other rate as may be applicable as per law.</p>	<p>Applicable rate of tax is 18 %</p>
<p>If the PVC Cushion mats are received by the Applicant from their supplier in roll form under HSN Code 39181090, would its cutting to size, as per the requirement of the buyers and packing, make it a different product for classification and tax purposes?</p>	<p>NA</p>

S.Lal
(Sunder Lal)
Member CGST

K.Singh
(Kumud Singh)
Member SGST

Regd. AD/Speed Post

M/s Oswal Poly Rubbers,
45, Dharuhera Industrial Area,
Distt. Rewari - 123106

Copy to:

1. The Additional Commissioner, Central Goods & Service Tax Commissionerate, Plot No. 5, Sector 25, Panchkula (Haryana).
2. The Deputy Excise and Taxation Commissioner (ST) Gurugram(North).
3. The Deputy Excise and Taxation Commissioner(ST) Rewari.
4. The Deputy/ Assistant Commissioner, Central Goods & Service Tax, Commissionerate: - Gurugram, Division:- East-1, Range:- R-29, Haryana.

Note: An Appeal against this advance ruling order lies before the Haryana Appellate Authority for Advance Ruling for Goods and Service Tax Haryana Vanijya Bhawan, Plot No. 1-3, Sector 5, Panchkula-134 151 (Haryana), within 30 days from the date of service of this order.