

**THE AUTHORITY FOR ADVANCE RULINGS IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009**

Advance Ruling No. KAR ADRG 33/2020 Dated: 20.05.2020

Present:

1. Dr.M.P.RaviPrasad
Additional Commissioner of Commercial Taxes ...Member (State Tax)
2. Sri. Mashhoodur Rehman Farooqui
Joint Commissioner of Central Tax ...Member (Central Tax)

1.	Name and address of the applicant	M/s. LSquare Eco Products Pvt Ltd., #B 194, 5 th main, 2 nd stage, Peenya Industrial Area, Bangalore-560058
2.	GSTIN or User ID	29AABCL3292R1ZR
3.	Date of filing of Form GST ARA-01	04.12.2019
4.	Represented by	Sri. Abhijeet Suresh Makhijani, Authorised Representative
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, North West Commissioner ate, Bangalore
6.	Jurisdictional Authority – State	LGSTO-075 Bangalore
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act and Rs. 5,000-00 under SGST Act vide CIN: SBIN20012900001174 Dated 07.01.2020



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

1. M/s. LSquare Eco Products Pvt Ltd., #B-194, 5th main, 2nd stage, Peenya Industrial Area, Bangalore-560058 (hereinafter referred to as “the applicant”) is a private limited company registered with GSTIN: 29AABCL3292R1ZR, filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 read with Rule 104 of the CGST Rules and Section 97 of the KGST Act, 2017 read with Rule 104 of KGST Rules 2017, in **FORM GST ARA-01** and discharged the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The applicant is a manufacturer of Kraft paper honeycomb boards or paper honeycomb boards using the kraft paper, paper honeycomb core and adhesives. The boards are made up of 2 layers of kraft liner and one layer of honeycomb like structure made of fluting kraft paper.

3. The applicant submitted that first they prepare the core material by using the two or more sheets of honeycomb like structure kraft paper which is glued together in an alternate glue strip pattern to create structure of multiple layers of kraft paper in vertical direction. These corrugated layers open out in the form of continuous honeycomb like grid with centre of each corrugated strip attached to another layer of corrugated strip upon expansion. Further, applicant applied the one or more layer of kraft paper on either side of the core material to form kraft paper boards referred to as kraft paper honeycomb boards or simply paper honeycomb boards. Depending upon the product being packed with this material, multiple paper honeycomb boards may be glued together to make specific design of packing material.

3. The applicant further submitted that this paper honeycomb board by structure is very similar to corrugated paper boards (listed under 48081000) with fluting direction being perpendicular to corrugated boards. The top and bottom faces of this boards may be or may not be printed to carry out the product details like in the case of carton boxes. Further, these paper honeycomb boards used in the primary packing of goods as a cushioning material, separators or edge protector, to make shipping cartons of goods and as pallets and pallet boxes.

4. The applicant further submitted that this paper honeycomb boards consists of 80 to 90% of kraft paper and rest is paper to paper adhesive, hence this paper honeycomb boards classified under HSN 4808 category.

5. In view of the above, the applicant seeks advance ruling in respect of the following issues:

- a) Whether the HSN code applicable for kraft paper made honeycomb boards be 48081000 or 48089000?

APPLICANT'S INTERPRETATION OF LAW

6. The applicant submitted that paper honeycomb board is a paper board made of kraft paper which is like one used in corrugated board. The structure of the

corrugated board may be with or without flat surface sheets as described under section 4808. Similarly, paper honeycomb core structure consists of fluted like structure which is attached in parallel to other similar layers and in perpendicular direction to the fluting. This structure is similar to corrugation and hence classified under HSN 48081000. The HSN 48081000 described as under.

HSN 48081000: Paper and paper board, corrugated (with or without glued flat surface sheets), creped, crinkled, embossed or perforated, in rolls or sheet, other than paper of the kind described in heading 4803.

7. The applicant further submitted that under the classification of HSN 48081000, the word, the paper honeycomb board is not specifically mentioned, hence it could be classified under 48089000 as others.

PERSONAL HEARING

8. Sri. Abhijeet Suresh Makhijani, duly authorised representative of the applicant, appeared before this authority and made the submissions as narrated above.

DISCUSSION AND FINDINGS

9. At the outset we would like to make it clear that the provisions of CGST, Act 2017 and KGST, Act 2017 are in *parimateria* and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

10. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by the representative during the personal hearing. We also considered the issues involved, on which advance ruling is sought by the applicant, relevant facts of the case and applicant's interpretation of law.

11. On verification of the nature of the activity carried out by the applicant, it was observed that the applicant is a manufacturer of Kraft paper honeycomb boards or paper honeycomb boards using the kraft paper, paper honeycomb core and adhesives. This paper honeycomb boards consists of 80 to 90% of kraft paper and



rest is paper to paper adhesive which is used in the primary packing of goods as a cushioning material, separators or edge protector, for making shipping cartons of goods and as pallets and pallet boxes. With this in background applicant has sought advance ruling on the question as mentioned above.

12. The applicant has rightly admitted that kraft paper honeycomb boards or paper honeycomb boards mainly consists of kraft paper up to the extent of 80 to 90% and remaining is paper to paper adhesive. Therefore, this kraft paper classified under the heading 4804 and the details are as under.

Tarif Item	Description of the Goods
4804	UNCOATED KRAFT PAPER AND PAPERBOARD, IN ROLLS OR SHEETS, OTHER THAN THAT OF HEADING 4802 OR 4803
	Kraftliner:
4804 11 00	Unbleached
4804 19 00	Other
	Sack kraft paper:
4804 21 00	Unbleached
4804 29 00	Other
	Other kraft paper and paperboard weighing 150 g/m ² or less:
4804 31 00	Unbleached
4804 39 00	Other
	Other kraft paper and paperboard weighing more than 150 g/m ² but less than 225 g/m ² :
4804 41 00	Unbleached
4804 42 00	Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process
4804 49 00	Other
	Other kraft paper and paperboard weighing 225 g/m ² or more:

4804 51 00	Unbleached
4804 52 00	Bleached uniformly throughout the mass and of which more than 95% by weight of the total fibre content consists of wood fibres obtained by a chemical process
4804 59 00	Other

13. Further applicant contended that the kraft paper honeycomb boards classified under the heading 4808. The description of the chapter heading 4808 is as under:

Tarif Item	Description of the Goods
4808	PAPER AND PAPERBOARD, CORRUGATED (WITH OR WITHOUT GLUED FLAT SURFACE SHEETS), CREPED, CRINKLED, EMBOSSSED OR PERFORATED, IN ROLLS OR SHEETS, OTHER THAN PAPER OF THE KIND DESCRIBED IN HEADING 4803
4808 10 00	Corrugated paper and paper board, whether or not perforated
4808 40	Kraft paper, creped or crinkled, whether or not embossed or Perforated
4808 40 10	Sack kraft paper, creped or crinkled, whether or not or perforated
4808 40 90	Other kraft paper, creped or crinkled, whether or not embossed or perforated
4808 90 00	Other




14. Therefore, on verification of the structure and purpose for which kraft paper honeycomb board or paper honeycomb board used are similar to the corrugated paper board (listed under 48081000), only difference is that this paper honeycomb board consists of honey comb like structure core material at the centre and on either side of this one or more layer of kraft paper is glued by using adhesive with fluting direction being perpendicular to corrugated boards. Hence this honeycomb paper board classified under the heading 48089000 as other instead 48081000.

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

R U L I N G

The kraft paper honeycomb board or paper honeycomb board is classified under the heading 48089000.


(Dr.M.P.Ravi Prasad)
Member


(Mashhoodur Rehman Farooqui)
Member

Place: Bengaluru,
Date: 20-05-2020

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 Principal Commissioner of Central Tax, North West Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-075, Bengaluru.
5. Office Folder.