

**ORDER OF CLARIFICATION MADE BY SHRI RAMENDRA JAKHU,
FINANCIAL COMMISSIONER & PRINCIPAL SECRETARY,
GOVERNMENT OF HARYANA, EXCISE AND TAXATION
DEPARTMENT, UNDER SECTION 56(3) OF THE
HARYANA VALUE ADDED TAX ACT, 2003**

**Queriest: M/s Kirtiman Cements & Packaging Industries Ltd. ,
Manakpur Industrial Area, Jagadhari holding TIN No.
06631616453**

M/s Kirtiman Cements & Packaging Industries Ltd., Manakpur Industrial Area, Jagadhari, holding TiN No. 06631616453 is engaged in manufacture and sale of HDPE bags and HDPE fabrics and has sought clarification as to the tax liability if any on HDPE fabrics sold by them, and if so, the rate of tax leviable under the Haryana VAT Act. The applicant has further explained that theirs' is a newly established unit and they are charging VAT @ 4% on HDPE/LLDP fabrics manufactured and sold by them whereas similar units operating in the state are not charging any tax on such fabric manufactured and sold by them. As per sub entry 133 and 134 of entry 102 of Schedule 'C' of the Haryana VAT Act Linear Low Density Polyethylene(LLDPE) and Low Density Polyethylene (LDPE) and High Density Polyethylene (HDPE) attract VAT @ 4% being covered under "**Industrial inputs and packing materials**". Tariff item given against these products viz LLDPE, LDPE and HDPE are 3901:10:00 and 3901:20:00 and, as per the Central Excise Tariffs , Tariff item No. 3901:10:00 and 3902:20:00 pertain to polymers of Ethylene and propylene in primary forms and hence the entries LLDPE , LDPE and HDPE pertain to polymers of Ethylene and polymers of Propylene in primary forms and hence the aforesaid entries signify of granules of LLDPE,LDPE and HDPE whereas the applicant unit is manufacturing fabrics from such granules and thus the products manufactured and sold by them are not in primary form and hence not covered under sub-entry 133 and 134 of entry 102 of Schedule 'C' explained above. Since, as explained by the applicant, some of the units are not charging VAT on the HDPE and LDPE fabrics manufactured and sold by them, it needs to be examined whether these products are covered under Schedule 'B' of the Haryana VAT Act. Relevant entries in Schedule 'B' of Haryana VAT Act for that purpose are entry **51 to 53 of the Schedule**. Entry 51 of the Schedule includes "**all varieties of cotton, woolen or silken textiles including rayon, artificial silk or nylon but not including such carpets, druggets, woolen durrees, cotton floor**

durrees, rugs and all varieties of dryer felts on which additional excise duty in lieu of sales tax is not levied". Thus, entry 51 of Schedule 'B' pertains to woolen and silken textiles including rayon, artificial silk or nylon. Only HDPE and LDPE fabrics are not covered under this entry. Entry 52 of Schedule 'B' covers **"all varieties of textiles covered by item 51 on which knitting and embroidery work has been done provided additional excise duty in lieu of sales tax is levied on them"**. Thus the products manufactured by the applicant firm are not covered under entry 52 as well. Entry 53 of Schedule 'B' includes **"such varieties of canvas cloth tarpaulins and similar other products manufactured with cloth as base as are manufactured in textile mills, powerloom factories and processing factories (but not including transmission belts) provided additional excise duty in lieu of sales tax is levied on them"**. However, the products manufactured by the applicant firm do not have cloth as base and hence are not covered under entry 53 of Schedule 'B' as well. From the facts discussed above, it is clear that the products manufactured by the applicant firm are neither covered under Schedule 'C' of the Haryana VAT Act nor under Schedule 'B' of the Haryana VAT Act and hence are unclassified goods liable to be taxed @ 12.5%.

Matter is clarified accordingly.

(RAMENDRA JAKHU)

Chandigarh
Dated:

Financial Commissioner & Principal Secretary
to Govt. Haryana, Excise and Taxation Department.

Issued vide letter no. 1713-1715/ST-1, Dated 10/12/2009

