

12% GST not applicable on Supply of Tissue Paper: The AAAR, Kerala

Fact of the Case

The Applicant, Premier Tissues Pvt. Ltd. is engaged in the manufacture of tissue paper in various categories like facial tissues, kitchen towels, toilet rolls & napkins. The Applicant stated that they are engaged in the manufacture of tissue. paper in various categories like facial tissues, kitchen towel, toilet roll & napkins. These tissue papers are manufactured from waste paper, cup stock, tissue brokes, and softwood pulp.

The Applicant is a pioneer in quality tissue paper primarily for the domestic market. Being one of the leading manufacturers and exporters of tissues in the country, the Company offers a wide range of tissue hygiene products, non-tissue hygiene products, and jumbo rolls for hygiene product converters.

The applicant has sought advance ruling on the issue of whether the supply of tissue papers by the applicant is covered under Serial No.112 of Schedule II of the Rate Notification No.01/2017 Central Tax (R) and therefore, is eligible to GST at the rate of 12%.

Decision of the Case

The two-member bench ruled that the GST rate of 12% is applicable only to Uncoated paper and paperboard used for writing, printing or other graphic purposes; non-perforated punch-cards and punch tape paper, in rolls or rectangular/square sheets, of any size; hand-made paper and paperboard. Further, the paper of heading 4801 and 4803 are excluded from heading 4802. The impugned products being the tissue papers fall under other paper and paperboard not containing fibers obtained by a mechanical or chemi-mechanical process and hence do not get covered under uncoated paper and paperboard. Therefore the impugned products of the applicant are not covered under entry No.112 of Schedule II to Notification supra and hence the GST rate of 12% is not applicable to them.

The Karnataka Authority of Advance Ruling (AAR) ruled that 12% Goods and Service Tax (GST) is not applicable on the supply of tissue papers.