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Office of the  
Commissioner of State Tax,  
Maharashtra State, 8<sup>th</sup> floor,  
GST Bhavan, Mazgaon,  
Mumbai-400010.

**TRADE CIRCULAR**

(26T of 2023)

To .....

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No. DC-1(A&R)/GST/MISC/2022/29/ADM-8 Dated:- 10/11/2023

**Trade Circular. 26T of 2023**

**Sub:-** Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52nd meeting held on 7th October, 2023 –reg.

**Ref :** Circular no.205/17/2023-GST dt. 31<sup>st</sup> October, 2023 issued by the CBIC

Central Board of Indirect Taxes and Customs (CBIC) has issued the above referred circular. For the uniformity, it has been decided that the said circular issued by the CBIC is being made applicable, *mutatis mutandis*, in implementation of the MGST Act, 2017. Copy of the referred CBIC circular is attached herewith.

This Trade Circular is clarificatory in nature. Difficulty if any, in the implementation of this Circular may be brought to the notice of the office of the Commissioner of State Tax, Maharashtra.

  
(Rajeev Kumar Mital)

Commissioner of State Tax,  
Maharashtra State, Mumbai.

No. DC-1(A&R)/GST/ MISC/2022/29/ADM-8 Dated:-

**Trade Circular. 26 T of 2023**

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with a request to upload this Trade Circular on the Departments website.

**Copy submitted with compliments to,-**

- The Deputy Secretary, Finance Department, Mantralaya, Mumbai-21 for information.
- Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.

  
(A. S. Gorde)

Joint Commissioner of State Tax (HQ) 1  
Maharashtra State, Mumbai.

**F. No. CBIC-190354/195/2023-TO(TRU-II)**

**Government of India  
Ministry of Finance  
Department of Revenue  
(Tax Research Unit)**

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**North Block, New Delhi**

**Date: 31<sup>st</sup> October, 2023**

**To,**

**Principal Chief Commissioners/ Principal Directors General,  
Chief Commissioners/ Directors General,  
Principal Commissioners/ Commissioners of Central Excise & Central Tax**

Madam/ Sir,

**Subject: Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52<sup>nd</sup> meeting held on 7<sup>th</sup> October, 2023 –reg.**

The GST Council in its 50<sup>th</sup> meeting had recommended reduction of GST rate to 5% on imitation zari thread or yarn known by any name in trade parlance, following which Sl. No. 218AA had been inserted in Schedule I of notification no. 1/2017- Central Tax (Rate) dated 28.6.2017.

2. Doubts have been raised whether metal coated plastic film converted to metallised yarn and twisted with nylon, cotton, polyester or any other yarn to make imitation zari thread is covered under Sl No. 218AA of Schedule I covering imitation zari thread or yarn, and attracting 5% GST, or under Sl No. 137 of Schedule II covering other metallised yarn attracting 12% GST. As per HS Explanatory Notes, the heading 5605 covers – (1) yarn consisting of any textile material (including monofilament , strip and the like and paper yarn) combined with metal thread or strip, whether obtained by a process of twisting, cabling or by gimping, whatever the proportion of the metal present (2) yarn of any textile material (including monofilament , strip and the like and paper yarn) covered with metal by any other process including yarn covered with metal by electro-deposition. The heading also covers products consisting of a core of metal foil (generally of aluminum) or of a core of plastic film coated with metal dust, sandwiched by means of an adhesive between two layers of plastic film.

3. In light of the above, the GST Council has recommended to clarify that imitation zari thread or yarn made from metallised polyester film/ plastic film falling under HS 5605 are covered by Sl No. 218AA of Schedule I attracting 5% GST. The GST Council has also

recommended that no refund will be permitted on polyester film (metallised)/plastic film on account of inversion of tax rate. Requisite changes have been made in notification no. 5/2017-Central Tax (Rate) vide Notification no 20/2023-Central Tax (Rate) dated 19.10.2023.

4        Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

Dibyalok  
Technical Officer , TRU