

**GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.**



**ADVANCE RULING NO. GUJ/GAAR/R/2025/59
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2024/AR/24)**

Date: 29/ 11/2025

Name and address of the applicant	: M/s. Sumilon Industries Private Limited 6/121, Vairagani Wadi, Delhi Gate, Surat -395003
GSTIN of the applicant	: 24AADCS3567L1Z2
Jurisdiction Office	: Center Commissionerate – Surat Division – I- Surat Range - II
Date of application	: 06.09.2024
Clause(s) of Section 97(2) of CGST/GGST Act, 2017, under which the question(s) raised.	: (a), (b)
Date of Personal Hearing	: 23.1.2025
Present for the applicant	: Shri Hardik Shah (CA) & Shri Mahesh S. Jariwala

Brief facts:

M/s. Sumilon Industries Private Limited, 6/121, Vairagani Wadi, Delhi Gate, Surat -395003, Gujarat [for short – ‘applicant’] is registered under GST and their GSTIN is 24AADCS3567L1Z2.

2. The applicant stated that he is a manufacturer and exporter of Metallic Yarn and one of the leading manufacturer of Metalized Polyester Films, Metalized & Lacquered Polyester Film, Speciality & PCT PET Films, Metallic Yarn Jari and Kasab, Resin, Intermediates, Chemicals, Dyestuff and Packaging Materials like ABS / PP bobbins, in house-in one single roof.

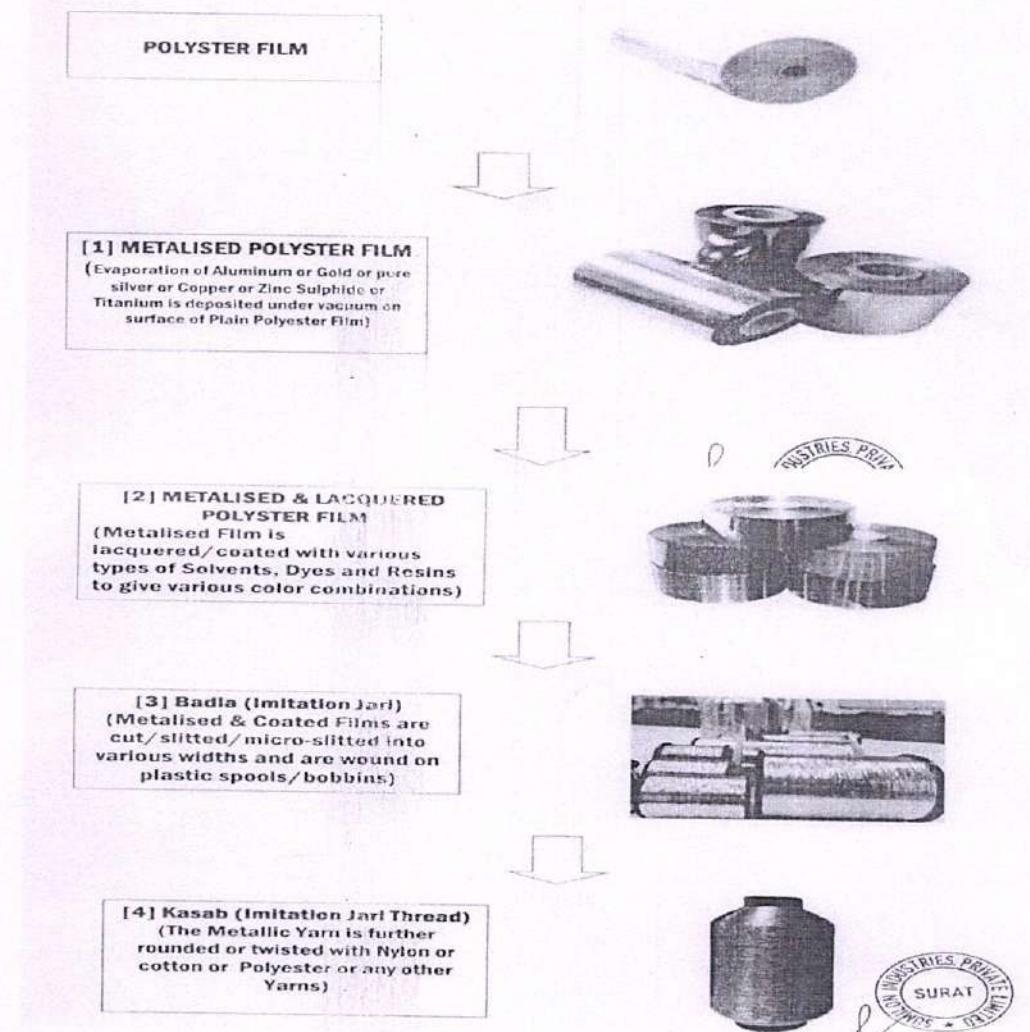
3. The applicant stated the following details about “Metalized Yarn”:

- that Metalized Yarn was classified under HSN 5605 till 26.07.2023;
- that by virtue of Notification No. 09/2023CT (Rate) Dt. 26.07.2023, GST Rate on Imitation Zari was reduced from 12% to 5% vide Entry No. 218AA;
- that imitation zari is also known as Kasab, Saima, Babka, Chumki, Gota, Sitara, Naqsi, Kora, Glass Beads, Badla, Gizai etc;



- that Kasab Thread is nothing but a Metallised Yarn therefore it can be safely concluded that the "Metalized Yarn" is nothing but Imitation Zari which is popularly known in local market as "Kasab" or "Badla".

4. The applicant also submitted the below mentioned chart depicting the manufacturing process of imitation zari thread or yarns along with their application for Advance Ruling:



5. They further submitted that earlier imitation zari or yarn under HSN 5605 was leviable to GST @ 12% in terms of Sr. No. 137 of schedule II of notification No. 1/2017-Central Tax (Rate) dated 28.6.2017. Subsequently, serial No. 218AA¹ has been inserted in schedule-I of notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 wherein GST rate on imitation zari is reduced from 12% to 5%.

6. It is the applicant's plea that as there is no specific mention about Metalized Yarn found in the Entry No. 218AA, they are in confusion regarding the classification of the Metalized yarn.

¹ Inserted vide vide notification No. 09/2023-Central Tax(Rate) dated 26.07.2023

7. In view of the foregoing, the applicant raised the following questions seeking a ruling:

- i. Whether any significant difference is there between "Metalized Yarn" and "Metallic Yarn" or both are one and same and what will be their Classification?
- ii. Whether the Supply made of Badla / Imitation Jari / Metallic Yarn made from Micro Slitting process done on Plain Polyester Film or Metalized Polyester Film or Metalized & Lacquered Film will fall under merit classification under HSN 56050090 or 56050020?
- iii. If the answer to Question No. 2 mentioned above is 5605 0020, then whether the Applicant is eligible for concessional rate of 5% w.e.f. 27.07.2023?
- iv. If the answer to Question No. 2 mentioned above is 5605 0020, then whether the Applicant is eligible for Refund on "Polyester Yarn", Lacquered Film, Chemicals, Packing Material, and Coal etc. till Dt. 19.08.2023?
- v. If the answer to Question No. 2 mentioned above is 5605 0090, then whether the Applicant is liable to Rate of 12%?
- vi. If the answer to Question No. 2 mentioned above is 5605 0090, then whether the Applicant is eligible for Refund on "Polyester Yarn", Lacquered Film, Chemicals, Packing Material, and Coal etc.?

Revenue's Submission:

8. Deputy Commissioner, Central GST & Excise Commissionerate, Surat vide letter No. TECH/GSTC/MISC/3/2024-TECH-O/o COMMR-CGST-SURAT submitted its comments as follows:

- *that Metallised Yarn specifically covered under 5605. However, it also includes the Metallised Yarn combined with metal in the form of thread, strip or powder or covered with metal;*
- *that the Metallic Yarn is nothing but the thread of the Metalized Yarn produced from Micro Slitting done on Plain Polyester Film or Metalized Polyester Film. Hence, both, the Metalized Yarn and Metallic Yarn will be classified under the same HSN;*
- *that in respect of classification of imitation zari, the department vide Notification no. 09/2023- Central Tax (Rate) dtd. 26.07.2023 has clarified the tax rate (5%) and the HSN (56050020).*
- *that further, Circular No. 205/17/2023 GST Dt. 31.10.2023 clarified 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 1 attracting 5% GST;*
- *that Metalized Yarn is made using a core material, such as polyester or nylon, coated with a thin metallic layer. Metallic Yarn, on the other hand, broadly refers to yarns with a metallic finish, which are produced by wrapping, twisting or combining metal strips or films with yarns;*
- *that both Metalized Yarn and Metallic Yarn are generally classified under HSN 5605, which includes similar textile materials. It is further concluded by the division that Metalized Yarn may be classified under HSN 56050020. If the product falls under this classification, the concessional GST rate of 5% is applicable from 27.07.2023.*



9. Personal hearing was granted on 23.01.2025 wherein Shri Hardik Shah (CA) appeared on behalf of the applicant and reiterated the facts as stated in the application.

10. In pursuance to the change in Member (State), a fresh personal hearing was held on 19.8.2025, wherein Shri Hardik Shah (CA) and Shri Mahesh S. Jariwala appeared and reiterated the submissions made in the application.

10.1 During the course of the personal hearing on 19.08.2025, the applicant also submitted the Central Excise return of August-2014, wherein they have classified Badla imitation zari and Kasab imitation zari under 5605 00 20. It is their submission that even in the Central Excise era, they were classifying Badla imitation zari and Kasab imitation zari under 5605 00 20. Subsequently, vide email dtd. 20.08.2025, they submitted a copy of the judgement of the Supreme court in the case of VAC MET CORPN. PVT. LTD [1985 (22) E.L.T. 330 (S.C.)].

Discussion and findings

11. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

12. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

13. Before advertiring to the submissions made by the applicant, we would like to reproduce the extract of the relevant extract of the Customs Tariff Act, 1975, HSN, notification, circular, for ease of reference:



➤ **CUSTOMS TARIFF NOTES OF CHAPTER 5605**

56.05

56.05 - Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal.

This heading 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. The gimped yarns are obtained by wrapping metal thread or strip spirally round the textile core which does not twist with the metal. Precious metals or plated metals are frequently used.**
- (2) **Yarn of any textile material (including monofilament, strip and the like, and paper yarn) covered with metal by any other process. This category includes yarn covered with metal by electro-deposition, or by giving it a coating of adhesive (e.g., gelatin) and then sprinkling it with metal powder (e.g., aluminium or bronze).**

The heading also covers products consisting of a core of metal foil (generally of aluminium), or of a core of plastic film coated with metal dust, sandwiched by means of an adhesive between two layers of plastic film.

The heading covers multiple (folded) or cabled yarn containing plies of the yarn referred to above (e.g., fancy cords as used by confectioners, obtained by twisting together two or more metallised yarns as described above). It further includes certain other forms of yarn made in the same way and used for similar purposes, consisting of two or more parallel metallised yarns held together with a binding of metal thread or strip, and yarn or bundles of yarn gimped with yarn of this heading.

Metallised yarn may be gimped. It is used in the manufacture of trimmings and lace and of certain fabrics, as fancy cords, etc.

➤ **Notification No. 01/2017 dated 28.06.2017**

Schedule-II

S.No	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
137	5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal; such as Real zari thread (gold) and silver thread, combined with textile thread), Imitation zari thread

➤ **Notification No. 09/2023 dated 26.07.2023**

A. in Schedule I –2.5%:-

(iv) after serial number 218A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)
218AA.	56050020	Imitation zari thread or yarn known by any name in trade parlance";

B. in Schedule II –6%:-



in Schedule II-6%, against S. No. 137, for the entry in column (3), the entry "Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal, other than- (i) real zari thread (gold) and silver thread combined with textile thread (ii) imitation zari thread or yarn known by any name in trade parlance" shall be substituted;

➤ **Circular No. 205/17/2023-GST dated 31.10.2023**

Subject: 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.

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 SI No. 218AA of Schedule I covering imitation zari thread or yarn, and attracting 5% GST, or under SI No. 137 of Schedule III covering other metallised yarn consisting of any textile material (including monofilament, strip and the like and paper yarn) attracting 12% GST. As per 115 explanatory notes, the heading 5605 covers (1) 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 aluminium) 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 SI 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 20/223-Central Tax (Rate) dated

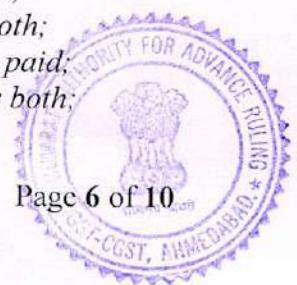
[emphasis supplied]

➤ **Section 97. Application for advance ruling.-**

(1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and manner and accompanied by such fee as may be prescribed, stating the question on which the advance ruling is sought.

(2) The question on which the advance ruling is sought under this Act, shall be in respect of,-

- (a) classification of any goods or services or both;*
- (b) applicability of a notification issued under the provisions of this Act;*
- (c) determination of time and value of supply of goods or services or both;*
- (d) admissibility of input tax credit of tax paid or deemed to have been paid;*
- (e) determination of the liability to pay tax on any goods or services or both;*



(f) whether applicant is required to be registered;
 (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

14. **Zari** in the olden days, was made of pure gold & silver, which were made into thin sheets and then cut into ribbons and worked into fabrics. The rising cost of the gold and silver led to the use of copper, a malleable and ductile metal in the manufacture of zari. However, even copper became costlier & the search for a new alternative led to *metallic zari/plastic zari*, which was light in weight, more durable & of course cheaper than the earlier versions of zari *i.e.* real zari and imitation zari.

15. In trade, broadly three types of zari exist, *viz real zari, imitation zari and metallic zari viz*

- Real Zari:** It is made of pure gold & silver. Due to the high cost of pure gold and silver, Real Zari is sought after by the very rich and discerning.
- Imitation Zari:** It is made of silver electroplated (thinly) copper wire. Imitation Zari was used as a replacement for silver. However with increasing prices of copper too, even Imitation Zari is produced in a rather limited way.
- Metallic Zari:** It is made of slotted polyester metallized film. Metallic Zari is the work which is in vogue as it weighs quite lightly compared to pure gold and silver or for that matter copper. It is also affordable and more durable compared to Real Zari and Imitation Zari.

[source <https://www.utsavpedia.com/motifs-embroideries/zari-the-ultimate-precious-metal-weaving-art/>]

16. The Customs Tariff with respect to HSN 5605, is reproduced below for ease of reference *viz*

5605	METALLISED YARN, WHETHER OR NOT GIMPED, BEING TEXTILE YARN, OR STRIP OR THE LIKE OF HEADING 5404 OR 5405, COMBINED WITH METAL IN THE FORM OF THREAD, STRIP OR POWDER OR COVERED WITH METAL	
5605 00	- <i>Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal :</i>	
5605 00 10	--- Real zari thread (gold) and silver thread combined with textile thread	kg.
5605 00 20	--- Imitation zari thread	kg.
5605 00 90	--- Other	kg.



17. We would also like to reproduce the Minutes of the 15th GST Council Meeting and 52nd GST Council Meeting [relevant extracts]:

15th GST Council Meeting [relevant extracts]

9.8.12. The Joint Secretary (TRU-I), CBEC, stated that embroidery or *zari* articles falling under Chapter 58 was already agreed to be taxed at the rate of 5% in the last Council Meeting held in Srinagar (18-19 May, 2017). The Hon'ble Minister from West Bengal stated that *zari* should be in the exempt category and recalled that the Hon'ble Minister from Uttar Pradesh and the Hon'ble Deputy Chief Minister of Gujarat had made a similar suggestion during the last Council Meeting. The Hon'ble Minister from Odisha supported this proposal and stated that tax on handicrafts would affect the livelihood of artisans. The Joint Secretary (TRU-I), CBEC, stated that *zari* was also now made of metallised yarn in factories. The Hon'ble Minister from West Bengal stated that poor women worked on *zari* and the Secretary responded that small workers would get covered under the exemption/compounding scheme. The Hon'ble Minister from West Bengal stated that there was no Central Excise duty on small scale industry and as Central Excise exemption was being withdrawn, this would adversely affect the small industry. After discussion, the Council agreed to tax embroidery or *zari* articles, that is to say, *imi, zari, kasab, saima, dabka, chunki,gota sitara, naqsi, kora, glass beads, badla, glzal* at the rate of 5%.

52nd GST Council Meeting [relevant extracts]

5.17 Joint Secretary, TRU then presented the next agenda item pertaining to clarification on imitation *zari* thread or yarn made out of polyester film (metallised) or plastic film. She stated that the GST Council in its 50th meeting had recommended reduction of GST rate to 5% on all imitation *zari* thread or yarn known by any name in trade parlance. She stated that doubts had been raised as to whether imitation *zari* thread also covers metal coated plastic film converted to metallised yarn and twisted with nylon, cotton, polyester or any other yarn to make imitation *zari* thread. She stated that as per the HS Explanatory Notes, the same would be covered under heading 5605 with 5% GST. The Fitment Committee has therefore, recommended issuing a clarification to that effect and in view of the reservations expressed by the state of Gujarat, also recommended to clarify that no refund will be permitted on polyester film (metallised)/ plastic film on account of inversion.

Decision: The Council approved the issue of clarification as recommended by the Fitment Committee that imitation *zari* thread or yarn made from metallised polyester film/plastic film are covered under heading 5605 and levied to 5% GST and recommended that no refund will be permitted on polyester film (metallised)/ plastic film on account of inversion in duty structure.



18. We find that the confusion had arisen, as prior to 26.07.2023, “*Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal; such as Real zari thread (gold) and silver thread, combined with textile thread), Imitation zari thread*” attracted 12 % GST [Entry No. 137 in Notification No. 1/2017-CT (Rate) dated 28.6.2017]. But after 26.07.2023, “*Real zari thread (gold) and silver thread combined with textile thread*” and “*Imitation zari thread or yarn known by any name in trade parlance*” was excluded from Entry No. 137 in Notification No. 1/2017-CT (Rate) dated 28.6.2017. A new entry 218 AA attracting 5% GST was inserted namely “*Imitation zari thread or yarn known by any name in trade parlance*”.

19 A conjoint reading of HSN 5605, read with notification Nos. 1/2017-CT (Rate) dated 28.6.2017 and 9/2023-CT (Rate) dated 26.7.2023 and circular dated 31.10.2023, minutes of the 15th GST Council meeting dated 03.06.2017, minutes of the 52nd GST Council meeting dated 31.10.2023 & clarification issued vide circular dated 31.10.2023 [all reproduced *supra*], lead us to a conclusion that metallic zari thread or yarn made from metallized polyester film/plastic film known by any name in trade parlance, would merit classification under HSN 56050020 & would hence be covered under serial no. 218AA and be leviable to GST @ 5%.

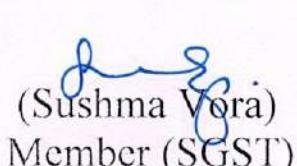
20. We also find that Notification 1/2017 has been superseded by Notification No. 9/2025- CT (R) dated 17.09.2025 w.e.f. 22.09.2025. In Notification No. 9/2025-CT(R) , “*Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal, including real zari thread (gold) and silver thread combined with textile thread, imitation zari thread or yarn known by any name in trade parlance*” falls under Sl. No. 353 of Schedule-I to the notification and attracts GST @ 5%. Thus, after 22.09.2025 also, the imitation zari thread or yarn made from metallized polyester film/plastic film known by any name in trade parlance and supplied by the applicant would attract GST @ 5%.



19. In view of the foregoing, we rule as under:

RULING

- i. As the question asked does not fall under the ambit of sub section (2) of the Section 97, we do not intend to answer the same.
- ii. The Supply of Badla / Imitation Jari / Metallic Yarn made from Micro Slitting process done on Plain Polyester Film or Metalized Polyester Film or Metalized & Lacquered Film falls under 5605 00 20.
- iii. Since, the answer to question no.2 is 5605 0020, the applicable rate of GST is 5% *in terms of serial No. 218AA of schedule I of notification No. 1/2017-CT(Rate) dated 28.6.2017 from 27.7.2023 to 21.09.2025 and in terms of serial no. 353 of the Schedule-I of Notification No. 9/2025- CT (R) dated 17.09.2025 with effect from 22.09.2025.*
- iv. As the question asked does not fall under the ambit of sub section (2) of the Section 97, we do not intend to answer the same.
- v. The Ruling sought on this question is rendered infructuous in terms of the ruling given on question No.2.
- vi. As the question asked does not fall under the ambit of sub section (2) of the Section 97, we do not intend to answer the same.


(Sushma Vora)
Member (SGST)

Place: Ahmedabad
Date: 29.11.2025




(Vishal Malani)
Member (CGST)

