

कम्प्यूटर परिपत्र सं. - 2324025

दिनांक - 08/11/2023



Office of the Commissioner,  
State Tax, Uttar Pradesh  
(GST Section)

Letter No. GST/2023-24/ 72 /State Tax  
Lucknow: Dated: 08 November, 2023

To,

All Zonal Additional Commissioner Grade -1,  
Additional Commissioner Grade -2 (S.I.B.)  
Joint Commissioner (Executive/Corporate Circle/ S.I.B)  
State Tax, Uttar Pradesh.

**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. 836 dated 30.6.2017.

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. 850 dt 30.06.2017 vide Notification no 1434 dated 31.10.2023.

2. INSTRUCTIONS FOR THE IMPLEMENTATION OF THE CIRCULAR  
8/11/23 - 2023

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

By Order,

*Ministry S.*  
(Ministry S.)

Commissioner, State Tax, U.P.

**Copy To:**

1. Joint Commissioner (I.T.), State Tax HQ, Lucknow for uploading the Circular on the Departmental Website.

*Joint Commissioner (GST)*  
Joint Commissioner(GST)

State Tax HQ, Lucknow.