

**(Issued vide no. 625/ST-1, dated 7.4.2006)**

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

**Querist: Pearl Polymers Limited**

The questions raised in this case is what is the rate of VAT applicable on PET bottles / jars and caps which fall under Central Excise Heading 3923, sub-heading 3923.30.90, 3923.50.10 & 3923.90.90, and sold to Industrial customers directly by the querist and also through dealers for packaging of various products.

2. Sub-entry (149) of entry 102 in Schedule C to The Act reads, as under:-

Serial No.	Description of Goods	Tariff item under which goods specified in column 2 are covered
(1)	(2)	(3)
(149)	Articles for the packing of goods, of plastics; namely boxes, cases, crates, containers, carboys, bottles, jerry cans and their stoppers, lids, caps of plastics (but not including insulated ware)	3923:00:00

It is seen clearly from the above entry that it is worded widely to cover PET bottles / jars and caps. It may be noted that PET is a type of saturated thermoplastic polyester plastic. In SPI's report, *Facts & Figures of the U.S. Plastics Industry*, Thermoplastic Polyester (Saturated) is described thus –

“A family of polyesters in which the polyester backbones are saturated and hence unreactive. The most common commercial types are: PET (polyethylene terephthalate)

produced by polycondensation of ethylene glycol [CH<sub>2</sub>OHCH<sub>2</sub>OH] with either dimethyl terephthalate (DMT) [C<sub>6</sub>H<sub>4</sub>(COOCH<sub>3</sub>)<sub>2</sub>] or terephthalic acid (TPA) [C<sub>6</sub>H<sub>4</sub>(COOH)<sub>2</sub>]; and PBT (polybutylene terephthalate) produced by the reaction of DMT with 1,4 butanediol [HO(CH<sub>2</sub>)<sub>4</sub>OH]. Typical applications are found in packaging, automotive, electrical, and consumer markets.”

- 2 -

2. It is seen from the above description that there could be no doubt that PET is a plastic, and bottles, jars and caps made of PET fall in entry 102(149) in Schedule C to the Act and as such these are taxable @4% irrespective of whom these are sold.

Chandigarh  
Dated: 30.3.2006

(L.S.M.SALINS)  
Financial Commissioner & Principal Secretary  
to Govt. Haryana, Excise & Taxation Department