M/s Deputy Conservator of Forests, Bangalore Urban Division, Department of Forest, Government of Karnataka

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 20/2019, Date: 26.08.2019 Dated **26.08.2019**

Q Questions Before the Authority

- Is it legally correct to infer that the service of logging and its components do not attract any SGST under the CGST Act, 2017? If not, what is the correct position by law?
- If the trees grew from plants not planted by the Karnataka Forest Department but by natural regeneration, and were nurtured, managed and protected by the Department, does the same nil rate of SGST and CGST apply? If not, what would be the rate?
- For sale of forest produce or other goods of the Karnataka Forest Department to a buyer registered or based in Karnataka who transports the goods outside the State, should CGST and SGST be charged, or IGST?
- For sale of forest produce or other goods of the Karnataka Forest Department to a buyer registered or based outside Karnataka who uses the goods within Karnataka, should CGST and SGST be charged, or IGST?

F Facts

The Karnataka Forest Department raises tree plants, grows them in forest, waste and common lands, and harvests them into timber, poles, firewood and pulpwood. Harvesting, conversion, loading, transport, unloading and stacking are at times done by State Government Corporations on job work basis, and the Department calls the whole package logging. The Department sells timber and red sanders by e-auction and e-tender at depots, with the sale conditions treating the depot as the point of sale and destination, and buyers from other States have objected to paying SGST and CGST.

H Ruling

Q1 and Q2: Whether logging attracts GST, and whether trees from natural regeneration are treated differently	****Attracts GST**. Logging is not covered by the nil rate under entry 24 of Notification 11/2017-Central Tax (Rate). The Authority did not state a separate rate for logging in the Ruling itself.**	The order's reasoning places the principal supply under sub-entry (ii) of entry 26 of Notification 11/2017-CT (Rate), taxable at 9% CGST and 9% SGST, and 18% IGST. Trees grown from natural regeneration are treated the same as planted trees.
Q3 and Q4: Whether the sale of forest produce is an intra-State or inter-State supply, depending on where the buyer is based or where goods go	****CGST and SGST must be charged**, as the place of supply and the location of the supplier are both in Karnataka.**	The transaction is an intra-State supply and attracts CGST and SGST regardless of where the recipient takes the goods after the supply is completed. This answer covers the buyer's location and the destination of the goods alike.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

The Authority held that logging operations as described attract tax under the GST Acts, and that this does not depend on whether the trees were planted by the Forest Department or grew by natural regeneration. It further held that the sale transaction is an intra-State supply attracting CGST and SGST, regardless of where the recipient takes the goods after the supply is complete. The Authority reasoned that the place of supply is Karnataka because delivery occurs at the depot, so IGST does not apply.

R Reasoning

The Authority first examined whether logging is agricultural or forestry support services under entry 24 of Notification 11/2017-CT (Rate). It held that timber and firewood are forest produce under the Karnataka Forest Act 1963, not agricultural produce, and that felling and conversion are not forestry management services. It then applied section 10 of the IGST Act to find that delivery at the depot is the place of supply, and section 8(1) of the IGST Act to classify the sale as intra-State. The Authority noted that if the contract made transport to a stated destination mandatory, the position could change.

P Provisions Relied On

- Section 97 and Section 98(4) of the CGST Act, 2017 and the Karnataka GST Act, 2017
- Rule 104 of the CGST Rules, 2017 and the Karnataka GST Rules, 2017
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, entry 24 (heading 9986, support services to agriculture and for…
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, entry 26(ii) (manufacturing services on physical inputs owned…
- Section 10 of the IGST Act, 2017 (place of supply of goods)
- Section 8(1) of the IGST Act, 2017 (intra-State supply)
- Section 2(7) of the CGST Act, 2017 (agriculturist definition)
- Section 2(7), 2(20) and 2(21) of the Karnataka Forest Act, 1963 (forest produce, timber, tree)

! For the Practitioner

This ruling is useful for government departments and forest bodies selling timber or logging services, because it rejects the nil-rate argument for logging and treats forest sales at the depot as intra-State supplies. It means buyers from other States cannot avoid CGST and SGST by taking the goods out of Karnataka, provided delivery occurs at the depot under the sale terms. It does not decide the rate for logging conclusively, since the order relies on entry 26(ii) only in its reasoning and does not state the rate in the Ruling itself. The ruling also does not address sales where the contract mandates transport to a stated destination, which the order says may produce an inter-State supply.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> kar_aar_20_2019_dcfbud_26.08.19.pdf

Prepared 07-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com