

KERALA COOPERATIVE MILK MARKETING FEDERATION LIMITED

Authority for Advance Ruling — Keralam

ADVANCE RULING No. KER/03/2026

Dated 28.04.2026

Q Questions Before the Authority

- What is the prevailing GST rate (CGST and SGST) for sale of Used Gunny Bags received during purchase of Raw materials for Cattle feed Manufacturing process and sold as Scrap?

F Facts

The applicant is engaged in the manufacture of cattle feed and procures raw materials in jute gunny bags. After consumption of the raw materials, the empty gunny bags are sold via auction. The applicant contends these bags are reusable and not scrap, seeking clarification on their classification and applicable GST rate.

H Ruling

GST rate for sale of used gunny bags

5% (2.5% CGST + 2.5% SGST) if sale value ≤ Rs. 2500/piece; 18% (9% CGST + 9% SGST) if sale value > Rs. 2500/piece

Applicable only to goods remaining intact and reusable as packing bags; worn out or waste bags may differ

The authority ruled that the used gunny bags are not classifiable as scrap but as reusable packing bags under Heading 6305. The applicable GST rate depends on the sale value per piece. Bags with a sale value not exceeding Rs. 2500 per piece attract 5% GST, while those exceeding Rs. 2500 per piece attract 18% GST.

R Reasoning

The authority determined that classification must be based on the **essential character** and commercial identity of the goods at the time of supply. Since the bags remain intact and are intended for reuse as packing material, they do not qualify as waste or scrap under HSN 391590 or 6310. The ruling relies on the **Customs Tariff Act, 1975**, and Notification No. 9/2025-Central Tax (Rate) dated 17.09.2025, which differentiates tax rates for textile articles based on their sale value.

P Provisions Relied On

Section 97(2)(a) of the CGST Act, 2017

Customs Tariff Act, 1975

Heading 6305

Heading 6309

Heading 6310

Notification No. 9/2025-Central Tax (Rate) dated 17.09.2025

! For the Practitioner

This ruling helps practitioners argue that used packing materials retaining their **original utility** should be classified under their functional heading rather than as scrap. It provides a clear **value-based threshold** for determining the GST rate on used gunny bags. It does not apply to bags that are torn, worn out, or otherwise rendered unfit for reuse.

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 -> [kerala co operative milk marketing federation ltd.pdf](#)

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