

M/s PRADEEP VERMA, J-61, AGRO BLOCK, SGC KARNI INDUSTRIAL AREA, Bikaner-334004, Rajasthan

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO. RAJ/AAR/2025-26/22

Dated 27.02.2026

Q Questions Before the Authority

- Whether bio compostable carry bags manufactured from compostable polymer materials and certified under IS/ISO 17088 are classifiable under Chapter 39, heading 3923, sub-heading 39232990.
- Whether the supply of such biodegradable/compostable carry bags is covered of Schedule I of Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025, attracting GST @ 5% (2.5% CGST + 2.5% SGST) with effect from 22-09-2025.

F Facts

The applicant is engaged in the manufacture and supply of biodegradable and compostable carry bags made from certified compostable polymer materials like PBAT and PLA. They sought a ruling on the correct HSN classification and the applicability of the concessional 5% GST rate under Notification No. 9/2025-Central Tax (Rate). The products are certified by the CPCB and tested by CIPET for compliance with IS/ISO 17088 standards.

H Ruling

HSN Classification	Classifiable under Chapter 39, heading 3923, sub-heading 39232990.	Based on the material composition of the bags.
Applicability of 5% GST rate	Applicable if the goods are biodegradable as understood in the context of the entry.	The Authority did not determine if the applicant's specific product is biodegradable.

The Authority held that the products are classifiable under Chapter 39, heading 3923, sub-heading 39232990. Regarding the tax rate, it ruled that the concessional rate of 5% under Entry 319 of Schedule I of Notification No. 9/2025-Central Tax (Rate) is applicable only if the goods are indeed biodegradable, a fact the Authority declined to verify.

R Reasoning

The Authority determined that it lacks the jurisdiction to perform scientific or technical testing to verify the **biodegradability or compostability** of the applicant's products. It concluded that the classification under Chapter 39 is independent of the material's biodegradability. Consequently, while it confirmed the HSN, it stated that the **concessional rate** under Entry 319 of Notification No. 9/2025-Central Tax (Rate) is conditional upon the

goods actually being biodegradable, leaving the burden of proof on the applicant.

P Provisions Relied On

Section 97(2) of the CGST/SGST Act, 2017

Notification No. 9/2025 - Central Tax (Rate) dated 17-09-2025

Entry 319 of Schedule I of Notification No. 9/2025 - Central Tax (Rate)

! For the Practitioner

This ruling confirms the HSN classification for compostable bags but highlights a significant limitation: the AAR will not certify the technical status of a product as 'biodegradable'. Practitioners should note that while the **concessional tax rate** is acknowledged, the benefit is strictly conditional, and the AAR will not provide a 'stamp of approval' on the underlying scientific claims of the product.

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 -> [aar_pradeep_verma.pdf](#)

Prepared 12-10-2026.

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