

M/s Sunita Kohli

Authority for Advance Ruling — Rajasthan

RAJ/AAR/2025-26/24

Dated 27.03.2026

Q Questions Before the Authority

- Whether the Applicant's biodegradable bags are classifiable under Chapter 39 (if of plastic/compostable polymer) or Chapter 48 (if of paper), and the appropriate HSN therein.
- Whether supplies of the said biodegradable bags are covered by the entry 'Paper Sacks/Bags and bio-degradable bags' (Ch. 39, 48) in Schedule I of Notification 9/2025-CTR, attracting 5% GST (2.5% CGST + 2.5% SGST), w.e.f. 22-Sep-2025.

F Facts

The applicant is a proprietorship concern engaged in the manufacturing and selling of various types of packing material, including biodegradable and compostable bags. They sought a ruling on the correct HSN classification and the applicability of a concessional 5% GST rate under Notification No. 9/2025-Central Tax (Rate) for these products. The applicant claims their products conform to IS/ISO 17088 standards.

H Ruling

Classification/HSN

Classifiable under Chapter 39 (if plastic/compostable polymer) or Chapter 48 (if paper).

The Authority did not determine the specific material composition of the applicant's products.

Applicability of 5% GST rate

Applicable if the goods are biodegradable.

The benefit is conditional; if the product is not biodegradable, the general classification and rate apply.

The Authority held that it lacks the jurisdiction to certify whether a product meets specific environmental or technical standards for biodegradability. It ruled that if the bags are made of polymer or compostable plastics, they fall under Chapter 39, and if made of paper, they fall under Chapter 48. The concessional 5% GST rate is applicable only if the goods are indeed biodegradable as per the notification.

R Reasoning

The Authority determined that its mandate under Section 97(2) of the CGST Act is limited to classification and notification applicability, not technical certification of product standards. It observed that bags made of polymer are classified under Chapter 39 (specifically 3923) and paper bags under Chapter 48, regardless of their biodegradability. It further noted that the concessional rate under Entry 319 of Schedule I to Notification No. 9/2025-Central Tax (Rate) is **conditional in nature**, applying only if the goods satisfy the requirement of being biodegradable.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017

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

! For the Practitioner

This ruling clarifies that the AAR will not verify technical claims regarding biodegradability, leaving that burden on the taxpayer. It confirms that the **concessional 5% GST rate** is strictly conditional upon the product meeting the definition of biodegradable. Practitioners should ensure they have independent, valid technical certifications to support the application of this concessional rate.

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 -> [order_sunita_kohli.pdf](#)

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