Saro Enterprises

Authority for Advance Ruling — Tamil Nadu

Order No. 16/AAR/2018 Dated **27.09.2018**

Q Questions Before the Authority

- Clarification on classification and taxability of Agricultural Seedling Tray under GST (the issue was framed as classification of agricultural seedling trays).

F Facts

Saro Enterprises, a proprietary manufacturer, makes plastic seedling trays from recycled or pure polypropylene for paddy transplantation. The trays are sold to farmers and small dealers, are used manually to grow and carry seedling mats, and are not part of any machine. The applicant argued that they are agricultural implements under heading 8201, exempt under Sl. No. 137 of Notification No. 2/2017-Central Tax, as they had been exempt under TNVAT.

H Ruling

Classification and GST rate of plastic agricultural seedling trays manufactured by the applicant	**CTH 39269099; 9% CGST and 9% SGST**	Rate taken from Sl. No. 111 of Schedule III of Notification No. 01/2017-C.T. (Rate) dated 28.06.2017 as amended, and Sl. No. 111 of Schedule III of G.O. (Ms) No. 62 dated 29.06.2017 for SGST. The trays are not classifiable under Chapter 82 or heading 8201, nor as parts or accessories of agricultural machinery.

The authority held that Agricultural Seedling Trays made of plastic are classifiable under CTH 39269099. The applicable rate is **9% CGST** and 9% SGST. The trays were not treated as hand tools under Chapter 82 or heading 8201, because they are made wholly of plastic and not of base metal.

R Reasoning

The authority read the classification explanations in Notification No. 01/2017-C.T. (Rate), which import the Customs Tariff Act and its interpretation rules. Under Section XV Note 3, 'base metals' do not include plastics, and Chapter 82 Note 1 and its Explanatory Notes cover only tools with a working part of base metal, metal carbides or cermets. Because the trays are wholly plastic, they fall outside Chapter 82 and heading 8201. The authority then applied the HSN Explanatory Note to heading 3926, which covers other plastic articles not elsewhere specified, and held that the trays are not parts or accessories of agricultural machinery because the transplanter does not need them to function.

P Provisions Relied On

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

- Notification No. 01/2017-C.T. (Rate) dated 28.06.2017, explanations (iii) and (iv), and Sl. No. 111 of Schedule III, as amended
- G.O. (Ms) No. 62 dated 29.06.2017, Sl. No. 111 of Schedule III (SGST)
- First Schedule to the Customs Tariff Act, 1975 and its rules of interpretation, including Section and Chapter Notes and Gener…
- Section XV Note 3 (definition of base metals) of the Customs Tariff
- Chapter 82 Note 1 and Explanatory Notes to Chapter 82
- Heading 8201 (hand tools for agriculture), as claimed by the applicant and rejected
- Chapter 39, heading 3926 and CTH 39269099, with HSN Explanatory Note to heading 3926
- Notification No. 2/2017-Central Tax, Sl. No. 137 (cited by the applicant as the exemption basis, not accepted)

! For the Practitioner

This ruling is useful for manufacturers or dealers of plastic agricultural trays who face a claim that such goods fall under heading 8201 or the agricultural-implement exemption. It settles that wholly plastic seedling trays fall under CTH 39269099 at 9% CGST and 9% SGST. It does not decide the treatment of trays made of base metal, of other agricultural inputs, or of trays integrated into machinery. Its binding effect is limited to the applicant, and the order notes a 30-day appeal window under Section 100(1).

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 -> tn-16-aar-2018_saro_enterprises_1.pdf

Prepared 24-10-2026.

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