

Sri. N.C. Varghese, S/o. N.K.Chacko

Authority for Advance Ruling — Keralam

ORDER NO. CT/3270/18-C3

Dated **26.03.2018**

Q Questions Before the Authority

- Live rubber trees under HSN code 06 the rate of tax 0 but now insisting for payment of 18% GST which according to the auction there is no clarification issued by the GST Authorities as on date in spite of letter dtd.19-12-2017 hence as per the W.A.No.245/2018 of Hon'ble High Court for clarifying the GST rates.
- Both taxable rate of CGST and SGST for Standing Rubber Trees and Firewood.

F Facts

The applicant is a small scale contractor who participated in an e-auction to cut and remove 6696 standing rubber trees from the State Farming Corporation Ltd. The applicant contended that standing rubber trees fall under HSN code 06 and should not be subject to GST, whereas the State Farming Corporation demanded 18% GST. The applicant argued that rubber wood is soft wood used for packing cases and plywood, and was exempt during the VAT period.

H Ruling

Taxability of standing rubber trees **18% under HSN 4403** Applicable to the rubber wood in the transaction

The Authority ruled that the standing rubber trees, once agreed to be severed under a contract of supply, qualify as goods and are classified as wood in rough form. Consequently, the transaction is subject to an 18% tax rate under HSN 4403. The ruling clarifies the taxability of the rubber wood in the specific transaction.

R Reasoning

The Authority relied on the definition of goods in Section 2(52) of the CGST Act, 2017, which includes things attached to or forming part of the land that are agreed to be severed before supply. Because the contract required the applicant to cut and remove the trees, they are treated as goods rather than standing timber. The Authority determined that the trees are classified as wood in rough form, rejecting the applicant's contention regarding HSN 06. It further noted that there is no differentiation between soft wood and hardwood under GST.

P Provisions Relied On

Section 2(52) of the CGST Act, 2017

HSN 4403

HSN 4401



For the Practitioner

This ruling confirms that standing trees sold under a contract requiring their severance are **taxable as goods** rather than being exempt as standing timber. It establishes that such rubber wood is classified under **HSN 4403 at an 18% rate**. Practitioners should note that this decision hinges on the contractual obligation to sever the trees before 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 -> kerala-ct_3270-18-c3-ncv.pdf

Prepared 16-10-2026.

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Pune (HQ)

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

Delhi

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

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

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

Gurugram

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

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