M/s Sri Venkateswara Traders (GSTIN: 37ADOPM5537H1Z4)

Authority for Advance Ruling — Andhra Pradesh

Ruling No. AAR/AP/16 (GST)/2018 in Application No. AAR/24 (GST)/2018,… Dated **09.10.2018**

Q Questions Before the Authority

- GST @5% is being paid on supply of pulp wood in terms of Chapter 4401. Whether payment of GST at the said rate of tax is correct?

F Facts

The applicant supplies debarked Eucalyptus or Subabul (and Casuarina) wood, cut to sizes, to paper mills for manufacture of pulp. The wood is bought in log form, then chipped and cooked to obtain pulp. The applicant states that the paper mills buy similar pulp wood from the Andhra Pradesh Forest Development Corporation, which charges 5% GST.

H Ruling

Rate of GST on supply of debarked Eucalyptus or Subabul pulp wood in cut sizes to paper mills (paid at 5%, Chapter 4401)	****Correct: 5% in total (CGST 2.5% + SGST 2.5%)****	Under S.No. 198, Schedule I, Notification No. 01/2017-Central Tax (Rate), dated 28.06.2017. The ruling covers wood in cut sizes supplied to paper mills for pulp manufacture.

The authority held that the supply of debarked Eucalyptus or Subabul pulp wood in cut sizes to paper mills for manufacture of pulp falls under Entry No. 198 of Schedule I of Notification No. 01/2017-Central Tax (Rate). **The applicant's 5% rate is therefore correct** , comprising CGST at 2.5% and SGST at 2.5%.

R Reasoning

The authority examined the applicant's invoices and the nature of the product as described. It concluded that the debarked pulp wood, supplied in cut sizes to paper mills, is the raw material for pulp, and so falls within Entry 198 of Schedule I, which carries the 5% rate. The applicant had also relied on an Uttar Pradesh advance ruling (Ruchi Enterprises, 14.06.2008) holding that the rate was 5% for similar wood, and on the forest corporation's supplies at 5%. The jurisdictional officer reported no pending proceedings on the issue, as required under Section 98(1) of the CGST/APGST Act, 2017. The authority's reasoning rests mainly on the invoice verification and the Schedule I entry.

P Provisions Relied On

Notification No. 01/2017-Central Tax (Rate), dated 28.06.2017, Schedule I, S.No. 198 (heading 4401)

Chapter 4401 (as referred to in the question)

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

Section 98(1) of the CGST/APGST Act, 2017 (consultation with jurisdictional officers)

Section 100 of the APGST Act, 2017 (appeal against advance ruling)

! For the Practitioner

This ruling helps suppliers of debarked eucalyptus, subabul or casuarina pulp wood sold in cut sizes to paper mills, confirming that the 5% rate under Entry 198 applies. It is useful for showing a rate position to the department and to customers. It does not decide the rate for whole logs, chips, or wood sold for other uses, and it does not resolve the wider classification question for other pulp wood buyers or suppliers. The Uttar Pradesh ruling relied on by the applicant is cited only as a submission, not as a holding of this authority.

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 -> ap 16-2018 09.10.18 sri venkateswara.pdf

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