M/s WEST COAST PAPER MILLS LTD.

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 67/2019, Dated: 21st September, 2019 Dated **21.09.2019**

Q Questions Before the Authority

- What is the rate of GST applicable on the following types of wood meant for pulping: (i) Debarked Eucalyptus Wood, (ii) Debarked Acacia Wood, (iii) Casuarina Wood, and (iv) Subabul Wood?

F Facts

The applicant manufactures paper and paper boards and buys pulpwood of Eucalyptus, Acacia, Casuarina and Subabul, sourced from farmers, grown under contract farming, and procured from within Karnataka and from Maharashtra, Tamil Nadu and Andhra Pradesh. The applicant describes this pulpwood as the debarked or barked residue left after timber, poles and similar produce are converted, and argues it is wood waste and scrap. Vendors have been charging 9% CGST and 9% SGST by classifying it under HSN 4403 as wood in the rough, which the applicant considers wrong.

H Ruling

GST rate on debarked Eucalyptus, debarked Acacia, Casuarina and Subabul pulpwood	**HSN 4403; 9% CGST and 9% KGST; 18% IGST**	Rates are under entry 134 of Schedule III to CT(R) Notification 01/2017 dated 28.06.2017, the KGST equivalent dated 29.06.2017, and IGST(R) Notification 01/2017 dated 28.06.2017. The ruling does not separately address the four species, and it proceeds on the basis that the goods are poles of 4 to 5 feet that may or may not contain bark.

The Authority held that the pulpwood supplied to the applicant falls under HSN 4403 as wood in the rough and is liable to **9% under the CGST Act and 9% under the KGST Act** . The inter-State (IGST) rate is 18%. The applicant's contention that the goods are wood waste and scrap taxable at 2.5% under entry 198 was not accepted.

R Reasoning

The Authority treated the goods as wood poles of 4 to 5 feet, which may or may not have bark, and therefore within Chapter 44. It held they are not fuel wood under 4401 11 or 4401 12, not wood in chips or particles under 4401 21 or 4401 22 because they exceed 4 feet, and not sawdust or wood waste under 4401. It then held they fall under heading 4403 as wood in the rough, whether or not stripped of bark. Because the goods are split, the Authority held they cannot fall under heading 4404. Heading 4403 leads to entry 134 of Schedule III at 9%.

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

P Provisions Relied On

- Section 97 of the CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017
- Section 97 of the KGST Act, 2017 read with Rule 104 of the KGST Rules, 2017
- Section 98(4) of the CGST Act, 2017 and Section 98(4) of the KGST Act, 2017
- Notification No. 01/2017 – Central Tax (Rate) dated 28.06.2017, entry 134 of Schedule III
- Notification (01/2017) FD 48 CSL 2017 dated 29.06.2017, entry 134 of Schedule III
- Notification No. 01/2017 – Integrated Tax (Rate) dated 28.06.2017, entry 134
- Entry 198 of Schedule I to Notification No. 01/2017 – Central Tax (Rate), relied on by the applicant (not accepted)
- Entry 113 of Schedule I to Notification No. 02/2017 – Central Tax (Rate), cited by the applicant
- HSN 4401, 4403 and 4404 and Chapter 44 of the Customs Tariff

! For the Practitioner

A purchaser of pulpwood from vendors who charge 9% CGST and 9% SGST can point to this ruling to support the 9% rate on debarked pulpwood of these species. The ruling settles that the applicant's wood-waste argument under entry 198 at 2.5% does not hold for these goods as classified. It does not deal with chips, sawdust or other waste forms of wood, and it turns on the Authority's description of the goods as 4 to 5 foot poles. Practitioners should confirm that the physical product matches that description before relying on it.

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 -> kar_aar_67_2019_wcpml_21.09.19.pdf

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