



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGSAT Act, 2017)

Present:

Sri B. Raghu Kiran, IRS, Additional Commissioner (Central Tax)

Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax)

A.R.Com/41/2018

Date:22.11.2021

TSAAR Order No.26/2021

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TEALANGANA GOODS AND SERVICES TAX ACT, 2017.]

1. M/s. Gogineni Mohan Krishna, Bhadradi, 2-124, Opp: East Gate, Main Road, Sarapaka, Bhadradi – 507 128 Telangana State (36GLNPK9442J1ZD) has filed an application in **FORM GST ARA-01** under Section 97(1) of TGSAT Act, 2017 read with Rule 104 of CGST/TGSAT Rules.
2. At the outset, it is made clear that the provisions of both the CGST Act and the TGSAT Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the TGSAT Act. Further, for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGSAT Act.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- for SGST and Rs. 5,000/- for CGST towards the fee for Advance Ruling. The concerned jurisdictional officer also raised no objection to the admission of the application. The application is therefore, admitted
4. **Brief facts of the case:**

The applicant Mr. Gogineni Mohan Krishna is the proprietor of Sri Kodandarama Traders and he is in the business of supplying eucalyptus/subabul wood to paper mills. It is understanding of the applicant that the rate of tax to be payable on subabul is 2.5% under CGST & SGST respectively from their reading of notification No.1 of 2017 as mentioned at Sl.No.198 under Chapter 4401 of the HSN Code.

Meanwhile that a circular was issued by CBIC vide Circular No.80/64/2018-GST, dt: 31-12-2018 which clarified that the rate of tax applicable to wood logs for pulping is 18% that the applicant find no merit in the circular for the reason that no provision of law has been mentioned which enable to issue such circular and therefore requested the A.A.R. to dispose their application independently.

5. Questions raised:

1. 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?

6. Personal Hearing:

The Authorised representatives of the unit namely Sri. P. Vijay Hindhu (Advocate), attended the personal hearing held on 07-10-2020. However, orders were not passed due to the retirement of State Member. Government of Telangana vide G.O. Rt. No. 216, Rev(CT-II) Dept, Dt.16.06.2021 have nominated Sri S.V. Kasi Visweswara Rao, Additional Commissioner (ST) as member to The Authority for Advance Ruling and hence the case was re-posted a fresh on 05.10.2021. Heard the case. They reiterated the facts mentioned supra and sought for clarifications in respect of the queries raised in their application.

7. Discussion & Findings:

The applicant has averred that they are supplying debarked wood logs of eucalyptus and subabul in cut sizes as pulp wood to various paper mills. In their opinion this commodity falls under Sl.No.198 of Schedule-I in Notification 1 of 2017. The said entry is abstracted as follows:

Sl.No.198, (4401 Tariff item): Wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.

The above entry is dealing in wood chips, saw dust, wood waste and scrap. It proposed to tax this items as such or when they are agglomerated or made into bounded forms such as logs, briquettes or pellets. As seen from the entry the word 'logs...' is predicated with the phrase 'whether or not agglomerated in'. Thus only those logs agglomerated from wood chips or particles or saw dust or waste as scrap of wood will qualify to fall under this entry. This entry proposes not to tax logs as such but only such those logs which come into being upon agglomeration of wood chips, saw dust, wood waste, scrap etc. hence the debarked eucalyptus or subabul wood cut sizes do not fall under this entry.

The other entries provided in the said notification for the commodity wood are to be found in Schedule-III as follows:

- i. Sl.No.134, HSN Code 4403: Wood in the rough
- ii. Sl. No.135, HSN Code 4407: Wood sawn or chipped
- iii. Sl.No.137, HSN Code 4409: Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, v-jointed, beaded, moulded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or end-jointed.

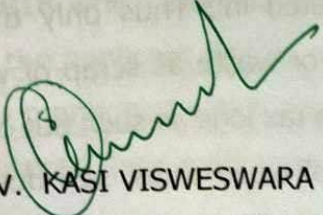

The HSN Code 4403 covers "timber for sawing; poles for telephone, telegraph or electrical power transmission lines; unpointed and unsplit piles, pickets, stakes, poles and props; round pit-up-props; logs; whether or not quarter-split, for pulping; round logs for the manufacture of veneer sheets, etc; logs for manufacture of match sticks, wood ware, etc."

This HSN code clearly covers poles, props and logs for pulping. The applicant is supplying logs for pulping therefore the commodity dealt by him HSN code 4403 which is enumerated at Sl.No.134 of Schedule-III and hence taxable at the rate of 9% under CGST & SGST respectively.

8. In view of the observations stated above, the following ruling is issued :

Advance Ruling

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?	No, incorrect. The Correct HSN is 4403 and tax rate is 18%.
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 (S. V. KASI VISWESWARA RAO) Addl. Commissioner (State Tax)	 (B. RAGHU KIRAN) Addl. Commissioner (Central Tax)
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[Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order]

To
M/s. Gogineni Mohan Krishna, Bhadradri,
2-124, Opp: East Gate, Main Road, Sarapaka,
Bhadradri – 507 128 Telangana State

Copy submitted to :

1. The Commissioner (State Tax) for information.
2. The Commissioner (Central Tax) Ranga Reddy Commissionerate Posnett Bhavan, Tilak Road, Ramkote, Hyderabad-500 001

Copy to:

1. Assistant Commissioner(State Tax), Kothagudem-I Circle,
//t.c.f.b.o//

Superintendent (Grade-I)