THE WEST BENGAL AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICES TAX

14, Beliaghata Road, Kolkata – 700015

(Constituted under Section 96 of the West Bengal Goods and Services Tax Act, 2017)

Members present:

Yogesh Sugdeo Chitte
Joint Commissioner, CGST & CX

Jaydip Kumar Chakrabarti
Additional Commissioner, SGST

Preamble

a) A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called 'the GST Act'), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Tax Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

b) Every such appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed thereunder, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

Name of the applicant	**Mangalam Kallani HUF**
Address	Ground Floor, Holding No 326/1/1/A, C/O Krishna Kumar Kallani, Station Feeder Road, Station Feeder Road, Jalpai More, Siliguri, Darjeeling, West Bengal, 734005
GSTIN	19AAPHM2917M2ZI
Case Number	WBAAR 01 of 2026-27
ARN	AD1904260145550
Date of application	April 24, 2026
Jurisdictional authority (State)	Siliguri Charge
Jurisdictional authority (Centre)	Siliguri-Darjeeling Division, Siliguri Commissionerate
Order number and date	08/WBAAR/2026-27 Dated 01.09.2026
Applicant's representative heard	Mr. Sandip Choraria, Adv Ms. Payel Agarwal, CA Mr. Rajkumar Banerjee, Adv

1.1 At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 (the CGST Act, for short) and the West Bengal Goods and Services Tax Act, 2017 (the WBGST Act, for short) have the same provisions in like manner except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the WBGST Act. Further to the above, henceforth, for the purposes of these proceedings, the expression "GST Act" would mean both the CGST Act and the WBGST Act.

1.2 The applicant, M/s Mangalam Kallani HUF, is a Hindu Undivided Family engaged in the business of manufacturing ruled/lined paper sheets under the trade name "Marvel Products". The applicant carries on the activity of converting uncoated paper and paperboard into ruled/lined paper sheets by undertaking a manufacturing process involving cutting and ruling of paper at its manufacturing unit. The ruled/lined paper sheets so manufactured are supplied primarily to notebook and exercise book manufacturers for use in the manufacture of exercise books, graph books, laboratory notebooks and other similar stationery products. The applicant has sought an advance ruling regarding the classification of the ruled/lined paper sheets, the applicability of the exemption under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate) dated 17.09.2025, the documentary requirements for satisfying the prescribed end-use condition, and the admissibility of input tax credit in respect of inward supplies of uncoated paper reels.

1.3 The applicant has made this application under sub-section (1) of section 97 of the GST Act and the rules made thereunder, seeking an advance ruling in respect of the following questions:

1. Whether the ruled/lined paper sheets manufactured and supplied by the applicant, being uncoated paper reels (HSN 48025590) subjected to the process of ruling/lining and cut to standard notebook sizes, are correctly classifiable under HSN 48025790 as uncoated paper in rectangular sheets under Heading 4802, or under HSN 48201090 as other articles of stationery under Heading 4820, or under any other heading or sub-heading of the First Schedule to the Customs Tariff Act, 1975?

2. Whether the supply of ruled/lined paper sheets by the applicant to notebook and exercise book manufacturers qualifies for NIL rate of Central Tax under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate) dated 17.09.2025, which grants NIL rate to uncoated paper under Heading 4802 used for exercise books, graph books, laboratory notebooks and notebooks only; specifically, whether the end-use

condition prescribed under the said entry is satisfied throughout the supply chain, including at the stage of supply of ruled/lined sheets to notebook manufacturers who utilise such sheets exclusively for assembling finished exercise books, and whether such end-use condition operates as a description of the character and intended destination of the goods or as a condition requiring actual manufacture of exercise books by each person in the supply chain claiming the benefit of the entry; and, in the alternative, if Sl. No. 128 does not apply, whether the correct applicable GST rate is 18 per cent under Schedule II of Notification No. 09/2025-Central Tax (Rate)?

3. In the event that the supply of ruled/lined paper sheets qualifies for NIL rate under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate), what documentary evidence, declaration or undertaking must the applicant obtain from its buyers (notebook manufacturers) to establish that the ruled sheets will be used exclusively for manufacture of exercise books/notebooks; what documentary evidence, declaration or undertaking must the applicant furnish to its paper mill suppliers to enable the mills to apply NIL rate on their supply of paper reels (HSN 48025590) to the applicant; and whether a written undertaking on the buyer's or supplier's letterhead is legally sufficient or any specific CBIC-prescribed format is required?

4. In respect of the applicant's inward supply of uncoated paper reels (HSN 48025590) from paper mills, presently received at NIL rate of GST under Sl. No. 128 of the Exemption Notification, whether the application of NIL rate by the paper mills on their supply of paper reels to the applicant is legally correct, specifically whether Sl. No. 128 covers the paper mill's supply to an intermediate processor, namely the applicant, who converts the reels into ruled sheets for exclusive supply to exercise book manufacturers, or whether the exemption is confined only to the paper mill's direct supply to the final exercise book manufacturer; and, in the event that the NIL rate applied on the inward supply of paper reels is held to be incorrect and the correct rate is 18 per cent GST, what would be the liability of the applicant to pay or bear such GST and whether input tax credit of such 18 per cent GST paid on inward paper reels would be admissible to the applicant for set-off against its GST liability on outward supplies?

1.4 Before admitting the questions, we will refer to Section 97(2) of the CGST Act, 2017 to remind ourselves of the questions on which an advance ruling can be sought. The following is the excerpt of the relevant portion:

> *(2) The question on which the advance ruling is sought under this Act, shall be in respect of,—*
>
> (a) *classification of any goods or services or both;*
>
> (b) *applicability of a notification issued under the provisions of this Act;*

(c) *determination of time and value of supply of goods or services or both;*

(d) *admissibility of input tax credit of tax paid or deemed to have been paid;*

(e) *determination of the liability to pay tax on any goods or services or both;*

(f) *whether applicant is required to be registered;*

(g) *whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.*

1.5 In our view, the question placed under serial no. 1 is covered by clause (e) and the questions in serial nos. 2 and 4 are covered by clause (b) of Section 97(2). But the question placed under serial no. 3 may primarily appear to be covered by clause (b) of Section 97(2). However, upon deeper analysis, it is evident that the relevant questions fall outside the scope of the referred notification, i.e., *Notification No. 10/2025 - Central Tax (Rate) dated* 17.09.2025. The said notification does not have any reference whatsoever to the subject matter of the questions under serial no. 3. This authority cannot discuss anything which is not referred to in any notification that has reference in the questions. This authority cannot go beyond the limits of any notification. We are of the opinion that the question of applicability of a notification cannot be stretched to an extent that calls for importing certain things which are not specifically uttered in the statute itself. Interpretation of a notification and import of certain concepts or mechanisms into the notification are not the same thing. So, questions placed under serial no. 3 are not admitted. The applicant's representative is duly informed. Questions placed before us under serial nos. 1, 2 and 4 are admitted for discussion and ruling.

1.6 The applicant states that the question raised in the application has neither been decided by nor is pending before any authority under any provision of the GST Act.

1.7 The officer concerned from the Revenue has raised no objection to the admission of the application.

1.8 The application is, therefore, admitted subject to the observations recorded in Paragraph 1.5.

2. Submission of the Applicant

2.1 The Applicant submits that it is exclusively engaged in the manufacture and supply of ruled/lined paper sheets at its manufacturing unit situated in Siliguri, West Bengal. To carry out its manufacturing activities, the Applicant procures uncoated paper and paperboard of a kind used for writing, printing, or other graphic purposes, in rolls or rectangular sheets, excluding paper falling under HSN 4801 and HSN 4803. Such paper

constitutes the principal raw material used in the manufacture of ruled/lined paper sheets. The finished ruled sheets manufactured by the Applicant are supplied on a principal-to-principal basis to notebook and exercise book manufacturers, who utilise the same for manufacturing exercise books, graph books, laboratory notebooks and similar stationery products.

2.2 The Applicant submits that the uncoated paper reels procured from paper mills are classifiable under HSN 48025590, being "other uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, in rolls, weighing between 40 g/m² and 150 g/m²." The Applicant states that such paper reels are presently supplied by the paper mills at NIL rate of GST by extending the benefit of Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate) dated 17.09.2025. According to the Applicant, the supplying paper mills apply the NIL rate on the basis that the paper reels are ultimately intended for use in the manufacture of exercise books, graph books, laboratory notebooks and notebooks and also because the Applicant's GST registration reflects HSN 48202000 amongst the goods dealt in. The Applicant further submits that it furnishes declarations to the supplying paper mills confirming the intended end use of the paper reels. However, the Applicant entertains doubts regarding the correctness of such NIL rate treatment and has therefore sought clarification from this Authority.

2.3 The Applicant explains that after procurement of the paper reels, the same are processed entirely within its own manufacturing premises. The manufacturing process involves feeding the paper reels directly into ruling machines, where the reels are simultaneously cut into sheets of standard notebook sizes and ruled with horizontal lines. Depending upon the specifications of individual buyers, graph ruling and margin lines are also applied during the same continuous manufacturing process. The Applicant submits that the entire manufacturing activity constitutes a single integrated process beginning with paper reels and culminating in finished ruled/lined paper sheets without any intermediate storage of cut sheets. The Applicant retains ownership of all raw materials throughout the manufacturing process, independently procures the paper reels, carries out the manufacturing activity using its own machinery and workforce and thereafter sells the ruled/lined sheets in the open market.

2.4 The Applicant further submits that the ruled/lined sheets manufactured by it are supplied exclusively to notebook and exercise book manufacturers, who utilise such sheets for assembling and binding finished products such as exercise books, graph books and laboratory notebooks. According to the Applicant, the ruled/lined sheets have no alternate commercial use amongst its customer base and are procured exclusively for manufacture of educational stationery products. The Applicant presently classifies such outward supplies under HSN 48025790 and clears the same at NIL rate of GST under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate), considering the ruled sheets to be paper used exclusively for exercise books, graph books, laboratory notebooks and notebooks. The

Applicant seeks confirmation regarding the correctness of such classification and tax treatment.

2.5 The Applicant submits that significant compliance uncertainties have arisen after the revision of the GST rate structure with effect from 22.09.2025 through Notification Nos. 09/2025-Central Tax (Rate) and 10/2025-Central Tax (Rate), both dated 17.09.2025. Under the revised notifications, a NIL GST rate has been prescribed under Sl. No. 128 of 10/2025-Central Tax (Rate), dated 17.09.2025 for uncoated paper falling under Heading 4802 used for exercise books, graph books, laboratory notebooks and notebooks, whereas exercise books and notebooks falling under HSN 48202000 have separately been exempted under Sl. No. 130. The Applicant submits that uncoated paper falling under Heading 4802, if not covered by Sl. No. 128, continues to attract GST at the rate of 18 per cent under Schedule II of Notification No. 09/2025-Central Tax (Rate). The Applicant contends that the amended notifications have created genuine doubts regarding the correct classification of ruled/lined sheets, applicability of exemption to intermediate processors and the documentation necessary for satisfying the prescribed end-use condition.

2.6 On the issue of classification, the Applicant submits that the ruled/lined paper sheets continue to remain classifiable under HSN 48025790. According to the Applicant, the process of ruling or lining merely involves mechanical application of ink lines upon the surface of paper and does not alter the essential character of the product, which continues to remain paper in sheet form. The Applicant contends that the finished product remains an intermediate paper product and does not become a completed article of stationery. The Applicant further relies upon the World Customs Organisation Explanatory Notes to Heading 4802, which specifically recognise that paper may contain faint lines, graph rulings or similar markings without losing its classification under Heading 4802, provided the printing does not impart the essential character of printed matter falling under Chapter 49. The Applicant also submits that Heading 4820 covers only finished stationery articles such as exercise books, notebooks, registers and similar bound articles, whereas loose ruled sheets lacking binding or covers cannot acquire the essential character of finished stationery articles classifiable under Heading 4820. The Applicant also relies upon Rule 1 of the General Rules for Interpretation of the Customs Tariff and submits that there exists no Chapter Note excluding ruled paper from Heading 4802. Accordingly, the Applicant submits that ruled/lined sheets remain correctly classifiable under HSN 48025790.

2.7 On the applicability of exemption under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate), the Applicant submits that the ruled/lined sheets supplied by it qualify for NIL rate of GST. According to the Applicant, the ruled sheets are purchased exclusively by notebook manufacturers and are used solely in the manufacture of exercise books, graph books and laboratory notebooks, thereby fully satisfying the prescribed end-use condition. The Applicant further submits that the legislative intent behind Sl. No. 128 is to exempt paper inputs used in the manufacture of educational stationery. According to the

Applicant, any restrictive interpretation confining the exemption only to the final notebook manufacturer while denying the benefit to intermediate processors would frustrate the object of the exemption and unnecessarily burden the supply chain. The Applicant contends that the expression "used for exercise books, graph books, laboratory notebooks and notebooks only" relates to the actual end-use of the goods and not to the identity of the supplier claiming the exemption. Since the ruled/lined sheets remain classifiable under Heading 4802 and are admittedly used exclusively in the manufacture of exercise books and similar products, the Applicant submits that both the classification requirement and the end-use requirement stand fulfilled. The Applicant also acknowledges the principle laid down by the Hon'ble Supreme Court in *Commissioner of Customs v. Dilip Kumar & Co.* [(2018) 9 SCC 1] regarding strict interpretation of exemption notifications and submits that the present application has been filed precisely to obtain certainty regarding the scope and applicability of the exemption.

2.8 On the issue of documentation for establishing compliance with the prescribed end-use condition, the Applicant submits that neither the CGST Act, 2017, the CGST Rules, 2017, nor any circular issued by the Central Board of Indirect Taxes and Customs prescribes any specific format or procedure for such documentation. Accordingly, the Applicant submits that the following documentation framework is legally sufficient:

(i) A written declaration or undertaking from notebook manufacturers confirming that the ruled/lined sheets procured from the Applicant shall be utilised exclusively for manufacture of exercise books, graph books, laboratory notebooks and notebooks together with an undertaking to intimate the Applicant in case of any diversion of such goods;

(ii) A corresponding declaration furnished by the Applicant to the supplying paper mills confirming that the uncoated paper reels procured by it shall be converted into ruled/lined sheets and thereafter supplied exclusively to notebook manufacturers for manufacture of exercise books and similar products; and

(iii) Maintenance of a complete documentary audit trail comprising GST registration particulars of buyers, correlation between outward supplies of ruled sheets and production records of buyers and evidence of the buyers' outward supplies of finished exercise books at NIL rate under Sl. No. 130.

The Applicant submits that the aforesaid documentation constitutes a comprehensive and verifiable mechanism demonstrating compliance with the prescribed end-use condition and seeks confirmation regarding its legal sufficiency.

2.9 On the issue relating to inward supply of paper reels, the Applicant submits that the NIL rate applied by the supplying paper mills under Sl. No. 128 is legally correct. According to the Applicant, the exemption is product-specific and end-use based rather than recipient-specific. The notification nowhere restricts the exemption only to supplies made

directly to the final manufacturer of exercise books. Since the Applicant merely acts as an intermediate processor by converting paper reels into ruled/lined sheets, which are thereafter supplied exclusively for manufacture of exercise books and similar educational products, the Applicant contends that the prescribed end-use condition continues to remain fully satisfied throughout the supply chain. According to the Applicant, any restrictive interpretation limiting the exemption only to direct supplies made by paper mills to notebook manufacturers would defeat the legislative object of making educational stationery affordable.

Without prejudice to the above submissions, the Applicant further submits that even if the exemption is ultimately held to be unavailable and the correct GST rate on inward paper reels is determined to be 18 per cent, the statutory liability to discharge such GST would primarily rest upon the supplying paper mills under section 9 of the CGST Act, 2017. The Applicant, being merely the recipient of the goods, cannot ordinarily be saddled with the liability except in cases covered by reverse charge, which is admittedly not applicable. Nevertheless, if the supplier subsequently raises supplementary invoices or debit notes charging GST, the Applicant may contractually bear such tax incidence.

The Applicant further submits that input tax credit of the GST paid on such inward paper reels would be fully admissible under section 16 of the CGST Act, 2017 since the inward supplies are received in the course or furtherance of business and are utilised for making taxable outward supplies. According to the Applicant, denial of input tax credit in such circumstances would result in cascading of taxes and would be contrary to the fundamental objective of the GST regime.

2.10 In view of the aforesaid submissions, the Applicant prays that this Authority may hold that the ruled/lined paper sheets manufactured and supplied by it are correctly classifiable under HSN 48025790, that such supplies qualify for exemption under Sl. No. 128 of Notification No. 10/2025-Central Tax (Rate), that the documentation framework adopted by the Applicant is sufficient to establish compliance with the prescribed end-use condition and that such further orders be passed as may be considered appropriate in the facts and circumstances of the case.

3. Submission of the Revenue

3.1 The concerned officer from the Revenue (JCR/ Siliguri Charge) submits that the Applicant has sought an advance ruling on the classification of ruled/lined paper sheets, applicability of exemption under Serial No. 128 of Notification No. 10/2025-Central Tax (Rate), the documentation required for claiming such exemption, applicability of NIL rate on supplies made by paper mills and the admissibility of input tax credit in certain situations. According to the Revenue, exemption notifications are required to be

construed strictly and the burden lies upon the Applicant to establish that the goods satisfy every condition prescribed in the exemption notification.

3.2 In respect of the first question, the Revenue submits that the Applicant manufactures ruled/lined paper sheets by printing, ruling and cutting uncoated paper reels into notebook-sized sheets before supplying the same to notebook manufacturers. According to the Revenue, after undergoing such processes, the product ceases to remain merely paper in sheet form and acquires the character of a commercially distinct stationery article intended exclusively for manufacture of notebooks. The Revenue therefore submits that classification under Heading 4820 merits consideration. Without prejudice, it is further submitted that even if the goods are held classifiable under Heading 4802, such classification by itself would not automatically entitle the Applicant to exemption.

3.3 In respect of the second question, the Revenue submits that the exemption under Serial No. 128 of Notification No. 10/2025-Central Tax (Rate) is both product-specific and end-use specific. According to the Revenue, the Applicant manufactures intermediate ruled paper sheets and not exercise books or notebooks. The exemption entry does not extend to intermediate processors, converters, job workers or suppliers of semi-finished ruled sheets. It is therefore submitted that the Applicant cannot claim exemption merely because the buyers subsequently utilise the goods for manufacture of exercise books. According to the Revenue, each supply under the GST law constitutes an independent taxable event and the eligibility for exemption is required to be determined separately for each taxable supply.

3.4 The Revenue further submits that in the event the exemption under Serial No. 128 is held to be inapplicable, the applicable rate of tax would be the rate prescribed under the relevant GST rate notification for the applicable tariff heading and, if the goods are classified under Heading 4820, GST would be payable at the rate applicable thereto.

3.5 In respect of the third question, the Revenue submits that the Applicant has sought a ruling on matters relating to declarations, undertakings, documentary evidence and supplier certifications. According to the Revenue, such issues do not fall within any of the matters specified under section 97(2) of the CGST Act, 2017 and are therefore beyond the jurisdiction of this Authority. It is further submitted that even if declarations are obtained from the purchasers, such declarations cannot substitute the fulfilment of statutory conditions prescribed under the exemption notification, nor is there any prescribed format under the notification in question.

3.6 In respect of the fourth question, the Revenue submits that the Applicant procures uncoated paper reels from paper mills, whereas the Applicant itself is not engaged in the manufacture of exercise books. According to the Revenue, the immediate supply made by

the paper mills is to an intermediate processor and not to a manufacturer of exercise books. Since Serial No. 128 does not extend the benefit of exemption to intermediate processors, the Revenue contends that application of NIL rate by the paper mills is not legally sustainable. It is further submitted that the liability to discharge GST rests upon the supplier and that the issue relating to admissibility of input tax credit would be governed by sections 16 and 17 of the CGST Act, 2017 and cannot be decided in the present proceedings on a hypothetical basis.

3.7 The Revenue has further submitted that acceptance of the Applicant's interpretation would result in extending the exemption to every intermediary supplying partially processed paper merely on the basis of declarations regarding intended end use, thereby enlarging the scope of the exemption beyond the legislative intent. It is therefore prayed that the Applicant's claim for exemption be rejected, that the questions relating to documentation be held as not maintainable under section 97(2) of the CGST Act, 2017, and that the remaining questions be answered in accordance with the submissions made by the Revenue.

4. Observations & Findings of the Authority

4.1 We have gone through the records of the issue as well as submissions made by the authorized representatives of the applicant during personal hearing. We have also considered the submission made by the concerned revenue officer.

4.2 As per the facts submitted before us, the applicant is exclusively engaged in the manufacture and supply of ruled/lined paper sheets. The applicant owns and operates a factory at Siliguri, equipped with the necessary plant and machinery to carry out the said manufacturing activities. For the purpose of production, the applicant procures uncoated paper and paperboard of the kind used for writing, printing, or other graphic purposes, in rolls or rectangular (including square) sheets of any size from paper mills weighing between 40 g/m^2 and 150 g/m^2. Such inputs fall under the relevant tariff headings, excluding paper covered under HSN 4801 (newsprint) and HSN 4803. The applicant's manufacturing process involves converting the aforesaid uncoated paper into ruled/lined sheets. The finished products, i.e., ruled sheets, are supplied to notebook and exercise book manufacturers on a principal-to-principal basis. These ruled sheets are further used by such manufacturers in the production of exercise books, graph books, laboratory notebooks, and other similar stationery items. Those manufacturers utilize these sheets to prepare finished products such as exercise books, graph books and laboratory notebooks by assembling and binding the sheets. The applicant points out that with effect from 22.09.2025, the GST rate structure applicable to paper and paper-based stationery was revised vide Notification No. 09/2025–Central Tax (Rate) dated 17.09.2025 and Notification No. 10/2025–Central Tax (Rate)

dated 17.09.2025, issued in supersession of the earlier Notification No. 01/2017–Central Tax (Rate) and Notification No. 02/2017–Central Tax (Rate), respectively. The relevant entries are as follows:

- **Sl. No. 128 of Notification No. 10/2025–CT (Rate) dated 17.09.2026:** NIL rate of Central Tax on "Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, in rolls or rectangular (including square) sheets, of any size, other than paper of heading 4801 or 4803, used for exercise book, graph book, laboratory note book and notebooks" — being an end-use based conditional exemption.

- **Sl. No. 130 of Notification No. 10/2025–CT (Rate) dated 17.09.2026:** NIL rate of Central Tax on "exercise books, graph books, laboratory notebooks and notebooks [HSN 48202000]" being an unconditional exemption.

- **Uncoated paper under HSN 4802**, not qualifying under Sl. No. 128, attracts GST at the rate of 18% under Schedule II of Notification No. 09/2025–CT (Rate).

4.3 Under these circumstances, the applicant has placed the following questions before this authority:

Question 1: Whether the ruled/lined paper sheets manufactured and supplied by the applicant — being uncoated paper reels (HSN 48025590) subjected to the process of ruling/lining and cut to standard notebook sizes — are correctly classifiable under:

* HSN 48025790 — uncoated paper in rectangular sheets, Heading 4802; or
* HSN 48201090 — other articles of stationery, Heading 4820; or
* any other heading or sub-heading of the First Schedule to the Customs Tariff Act, 1975?

Question 2: Whether the supply of ruled/lined paper sheets by the applicant to notebook and exercise-book manufacturers qualifies for NIL rate of Central Tax under serial no. 128 of Notification No. 10/2025-CT(Rate) dated 17.09.2025 — which grants NIL rate to 'uncoated paper [Heading 4802] used for exercise book, graph book, laboratory note book and notebooks only' — specifically:

* Whether the end-use condition prescribed under Serial No. 128 — "used for exercise book, graph book, laboratory note book and notebooks only" — is satisfied throughout the supply chain, including at the stage of the Applicant's supply of ruled/lined sheets to notebook manufacturers who utilise such sheets exclusively for assembling finished exercise books; and whether such end-use condition operates as a description of the

character and intended destination of the goods or as a condition requiring actual manufacture of exercise books by each person in the supply chain claiming the benefit of the entry?

* Whether, in the alternative, if Serial No. 128 does not apply, the correct rate is 18% GST under Schedule II of Notification No. 09/2025-CT(Rate)?

Question 3: In the event that the supply of ruled/lined paper sheets qualifies for NIL rate under Serial No. 128 of Notification No. 10/2025-CT(Rate):

* What documentary evidence, declaration, or undertaking must the applicant obtain from its buyers (notebook manufacturers) to establish that the ruled sheets will be used exclusively for exercise book/notebook manufacture?
* What documentary evidence, declaration, or undertaking must the applicant furnish to its paper mill suppliers to enable the mills to apply NIL rate on their supply of reels (HSN 48025590) to the applicant?
* Is a written undertaking on buyer/supplier letterhead legally sufficient, or is any specific CBIC-prescribed format required?

Question 4: In respect of the applicant's inward supply of uncoated paper reels (HSN 48025590) from paper mills, currently received at NIL rate of GST under Serial No. 128 of the Exemption Notification:

* Whether the application of NIL rate by the paper mills on their supply of reels to the applicant under Serial No. 128 is legally correct — specifically, whether Serial No. 128 covers the mill's supply to an intermediate processor (the applicant) who converts reels into ruled sheets for exclusive supply to exercise book manufacturers, or whether it covers only the mill's direct supply to the final exercise book manufacturer?
* In the event that the NIL rate applied by the mills on the inward supply of reels is held to be incorrect and the correct rate is 18% GST, what is the liability of the applicant to pay or bear such GST?
* Whether ITC of such 18% GST paid on inward reels would be admissible to the applicant for set-off against its GST liability on outward supplies?

4.4 In Paragraph 1.5 *supra,* we have discussed the reason for not admitting all the questions placed before us. In our considered view, questions placed under serial numbers 1, 2 and 4 are covered by the scope of Section 97(2) of the CGST Act, 2017. Accordingly, we will limit our discussion to those three questions.

4.5 The Revenue has given its submission in detail. The Revenue believes that the applicant, being a manufacturer of paper, seeks to enlarge the scope of Serial No.128 of Notification No.10/2025-Central Tax (Rate) by extending the exemption to supplies made

at intermediate stages in the manufacturing chain, although the notification neither expressly nor impliedly contemplates such extension. It is also submitted that exemption notifications are required to be construed strictly. The settled principle laid down by the Hon'ble Supreme Court in Commissioner of Customs v. Dilip Kumar & Company (2018) 9 SCC 1 is that an assessee claiming exemption must establish clearly that the goods fall within every requirement of the exemption notification. Any ambiguity is to be interpreted in favour of the Revenue.

The Revenue believes that the applicant manufactures ruled/lined paper sheets by subjecting uncoated paper reels to printing/ruling, cutting into notebook sizes, and packing for supply to notebook manufacturers. The Revenue submits that, although the applicant contends that the product remains paper classifiable under Heading 4802, after ruling and cutting into standard notebook dimensions, the product acquires the characteristics of a stationery article intended exclusively for manufacture of notebooks. The HSN Explanatory Notes indicate that Chapter 48 distinguishes between paper as such and converted articles of paper. The applicant admittedly converts plain paper into a commercially distinct product having a specific identity in trade, namely "ruled notebook sheets." The process undertaken by the applicant in his factory is not merely cutting paper into sheets but involves conversion into a specialized product having no independent commercial use as ordinary writing paper. Therefore, classification under Heading 4820 merits serious consideration.

The Revenue is of the opinion that Serial No.128 grants exemption to "Uncoated paper [Heading 4802] used for exercise book, graph book, laboratory notebook and notebooks only. This exemption is both product specific and end-use specific. The phrase "used for" cannot be treated as merely describing the nature of the goods. Instead, it constitutes a substantive condition governing availability of exemption.

The Revenue opines that the applicant is not engaged in the manufacture of exercise books. Instead, he manufactures intermediate ruled sheets. The applicant's outward supplies are ruled sheets and not exercise books. The exemption entry nowhere mentions intermediate processors, converters, job workers, semi-finished inputs, or ruled paper sheets. Had the Government intended exemption throughout the supply chain, suitable language similar to "for use in manufacture" or "intended for use" would have been expressly incorporated. Instead, the notification grants exemption only to uncoated paper used for manufacture of specified goods. The Revenue believes that the applicant seeks to substitute the legislative language with a broader interpretation which is impermissible while construing exemption notifications.

The Revenue disagrees with the applicant’s argument that end-use continues throughout the supply chain. According to their submission, GST is levied independently upon every

taxable supply. Each supply constitutes a separate taxable event. Therefore, eligibility of exemption must be determined independently for every supplier. The applicant cannot claim exemption merely because its customer subsequently manufactures exempt goods. The Applicant itself neither manufactures nor supplies exercise books.

The Revenue believes that the third question raised by the applicant does not fall within Section 97(2) of the CGST Act. The Authority for Advance Ruling is empowered only to decide questions specifically enumerated under Section 97(2) and the statute does not authorise the Authority to prescribe documentation or evidentiary requirements. Such questions are therefore outside the jurisdiction of the Authority and deserve to be rejected as not maintainable.

Regarding the fourth question placed by the applicant, the Revenue is of the opinion that GST is a supplier's liability under Section 9 of the CGST Act. The primary liability to discharge tax rests upon the supplier, namely the paper mill. The applicant cannot be directed under the present proceedings to discharge tax liability of another registered person. If subsequently tax is correctly charged by the supplier and the applicant receives a valid tax invoice satisfying Sections 16 and 17 of the CGST Act, input tax credit shall be governed by the statutory provisions. The Authority cannot render an advance ruling on hypothetical future availment of ITC contingent upon future tax payments by another taxable person. So the Revenue believes that the question is either premature or beyond the scope of the present proceedings.

4.6 According to the submissions made by the applicant, they procure uncoated paper reels from paper mills, classifiable under HSN 48025590, i.e., other uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, in rolls, weighing between 40 g/m² and 150 g/m². At the applicant's manufacturing premises located in Siliguri, the paper reels are fed directly into ruling machines, which simultaneously cut the reels into individual sheets of standard notebook sizes (such as DC, DFC, and other sizes as per buyer's specifications) and imprint horizontal lines at uniform intervals across each sheet. Depending on the buyer's specifications, graph ruling and margin lines are also applied in the same process. The entire operation is thus a single integrated process, from reel to finished ruled sheet, without any intermediate storage of cut sheets. The ruled or lined paper sheets are supplied to notebook and exercise book manufacturers for use in production of exercise books, graph books, laboratory notebooks etc. The manufacturers assemble the sheets and bind them along with covers to produce exercise books, graph books and laboratory notebooks etc.

4.7 According to the applicant's submission, they procure uncoated paper and paperboard of a kind used for writing, printing or other graphic purposes weighing between 40 g/m² and 150 g/m². We find the entry for paper and paperboard under tariff

heading 4802 in Chapter 48 of the Customs Tariff Act, 1975. Chapter note 5 of Chapter 48 of the Customs Tariff Act, 1975 specifies the characteristics of paper and paperboards under tariff heading 4802. The relevant portion for paper and paperboard weighing not more than 150 g/m^2 is reproduced as under:

5. For the purposes of heading 4802, the expressions —paper and paperboard, of a kind used for writing, printing or other graphic purposes and —non-perforated punch-cards and punch tape paper mean paper and paperboard made mainly from bleached pulp or from pulp obtained by a mechanical or chemi-mechanical process and satisfying any of the following criteria:

(A) For paper or paperboard weighing not more than 150 g/m2 :

(a) containing 10% or more of fibres obtained by a mechanical or chemi-mechanical process, and

1. weighing not more than 80 g/m2 ; or

2. coloured throughout the mass; or

(b) containing more than 8% ash, and

1. weighing not more than 80 g/m2 ; or

2. coloured throughout the mass; or

(c)containing more than 3% ash and having a brightness of 60% or more ;or

(d) containing more than 3% but not more than 8% ash, having a brightness less than 60%, and a burst index equal to or less than 2.5kPa. m2/g; or

(e) containing 3% ash or less, having a brightness of 60% or more and a burst index equal to or less than 2.5 kPa.m2/g.

The applicant has also referred to another tariff heading, 4820, for probable classification of the goods procured by him from the paper mills. The entries under the said chapter heading are as under:

4820	**REGISTERS, ACCOUNT BOOKS, NOTEBOOKS, ORDER BOOKS, RECEIPT BOOKS, LETTER PADS MEMORANDUM PADS, DIARIES AND SIMILAR ARTICLES, EXERCISE BOOKS, BLOTTING-PADS, BINDERS (LOOSE- LEAF OR OTHER), FOLDERS, FILE COVERS, MANIFOLD BUSINESS FORMS, INTERLEAVED CARBON SETS AND OTHER ARTICLES OF STATIONERY, OF PAPER OR PAPERBOARD; ALBUM S F OR SAM P LES OR F OR COLLECTIONS AND BOOK COVERS, OF PAPER OR PAPERBOARD**

4.8 As per our understanding, the core issue here is to determine whether uncoated paper reels which undergo the process of ruling and lining and cutting to standard notebook size still remain uncoated paper for inclusion under tariff heading 4802 or it

becomes a different product to be classified elsewhere in the Customs Tariff Act, 1975. Before this determination, we would like to reproduce the tariff heading 4802. It is as under:

Tariff Item	Description of goods	Unit	Rate of duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)
4802	**UNCOATED PAPER AND PAPERBOARD, OF A KIND USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES, AND NON-PERFORATED PUNCH CARD AND PUNCH TAPE PAPER, IN ROLLS OR RECTANGULAR (INCLUDING SQUARE) SHEETS OF ANY SIZE, OTHER THAN PAPER OF HEADING 4801 OR 4803; HAND MADE PAPER AND PAPERBOARD**			
4802 10	- *Hand-made paper and paperboard* **:**			
4802 10 10	--- Paper	kg.	10%	-
4802 10 20	--- Paperboard	kg.	10%	-
4802 20	- *Paper and paperboard of a kind used as a base for photo-sensitive, heat-sensitive or electro- sensitive paper or paperboard* **:**			
4802 20 10	--- Photographic base paper, uncoated	kg.	10%	-
4802 20 90	--- Other	kg.	10%	-
4802 40 00	- Wall paper base	kg.	10%	-
	- *Other paper and paperboard, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres:*			

(1)			(2)	(3)	(4)	(5)
4802	54	--	*Weighing less than 40 g/m² :*			
4802 10	54	---	India Paper	kg.	10%	-
4802 20	54	---	Litho and offset paper	kg.	10%	-
4802 30	54	---	Duplicating paper	kg.	10%	-
4802	54	40 ---	Airmail paper	kg.	10%	-
4802	54	50 ---	Tissue paper	kg.	10%	-
4802	54	90 ---	Other	kg.	10%	-
4802	55	--	*Weighing 40 g/m² or more but not more than 150 g/m², in rolls:*			
4802 10	55	---	Litho and offset paper	kg.	10%	-
4802 20	55	---	Drawing paper	kg.	10%	-
4802 30	55	---	Duplicating paper	kg.	10%	-
4802 40	55	---	Account book paper	kg.	10%	-
4802 50	55	---	Bank, bond and cheque paper	kg.	10%	-
4802 60	55	---	Currency note paper	kg.	10%	-
4802 70	55	---	Paper for security printing, currency paper, stamp paper	kg.	10%	-
4802 90	55	---	Other	kg.	10%	-
4802	56	--	*Weighing 40 g/m² or more but not more than 150 g/m², in sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm in the unfolded state :*			
4802 10	56	---	Litho and offset paper	kg.	10%	-
4802 20	56	---	Drawing paper	kg.	10%	-
4802 30	56	---	Duplicating paper	kg.	10%	-
4802 40	56	---	Account book paper	kg.	10%	-
4802 50	56	---	Bank, bond and cheque paper	kg.	10%	-
4802 60	56	---	Currency note paper	kg.	10%	-
4802 70	56	---	Paper for security printing, currency paper, stamp paper	kg.	10%	-
4802 90	56	---	Other	kg.	10%	-
4802	57	--	*Other, weighing 40 g/m² or more but not more than 150 g/m² :*			

www.taxcode.in

4802 10	57	---	Litho and offset paper	kg.	10%	-
4802 20	57	---	Drawing paper	kg.	10%	-
4802 30	57	---	Duplicating paper	kg.	10%	-
4802 40	57	---	Account book paper	kg.	10%	-
4802 50	57	---	Bank, bond and cheque paper	kg.	10%	-
4802 60	57	---	Currency note paper	kg.	10%	-
4802 70	57	---	Paper for security printing, currency paper, stamp paper	kg.	10%	-
4802 90	57	---	Other	kg.	10%	-
4802	58	--	*Weighing more than 150 g/m²* **:**			
4802 10	58	---	Litho and offset paper	kg.	10%	-
4802 20	58	---	Drawing paper	kg.	10%	-
4802 30	58	---	Duplicating paper	kg.	10%	-
4802	58	40 ---	Bank, bond and cheque paper	kg.	10%	-
4802	58	50 ---	Paper for security printing, currency paper, stamp paper	kg.	10%	-
4802 90	58	---	Other	kg.	10%	-
- Other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process **:**						
4802	61	--	*In rolls* **:**			
4802 10	61	---	Drawing paper	kg.	10%	
4802 20	61	---	Poster paper	kg.	10%	
4802 30	61	---	Printing paper dyed or marbled in mass	kg.	10%	
4802 40	61	---	Account book paper	kg.	10%	
4802 50	61	---	Automatic data processing machine paper	kg.	10%	
4802 60	61	---	Paper for security printing, currency paper, stamp	kg.	10%	-
4802 90	61	---	paper Other	kg.	10%	-
4802	62	--	*In sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm in the unfolded state* **:**			
4802 10	62	---	Drawing paper	kg.	10%	-

www.taxcode.in

4802 20	62	---	Poster paper	kg.	10%	-
4802 30	62	---	Printing paper dyed or marbled in mass	kg.	10%	-
4802 40	62	---	Account book paper	kg.	10%	-
4802 50	62	---	Automatic data processing machine paper	kg.	10%	-
4802 60	62	---	Paper for security printing, currency paper, stamp	kg.	10%	-
4802 90	62	---	paper Other	kg.	10%	-
4802	69	--	*Other :*			
4802 10	69	---	Drawing paper	kg.	10%	
4802 20	69	---	Poster paper	kg.	10%	
4802 30	69	---	Printing paper dyed or marbled in mass	kg.	10%	
4802 40	69	---	Account book paper	kg.	10%	
4802 50	69	---	Automatic data processing machine paper	kg.	10%	
4802 60	69	---	Paper for security printing, currency paper, stamp	kg.	10%	
4802 90	69	---	paper Other	kg.	10%	-

As per the submission of the Applicant, they procure reels of 'uncoated paper and paperboard of a kind used for writing, printing or other graphic purposes weighing between 40 g/m^2 and 150 g/m^2'. If we refer to the above table and read it in consonance with Chapter note 5 of Chapter 48 *supra,* we will find that the goods under reference will be covered by tariff heading no. 480261 under the description 'other paper and paperboard, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical process'. The specific tariff item no. of the goods is 48026190, being the residual entry. This classification is applicable when uncoated paper and paperboard are supplied in rolls. The applicant also supplies the goods after cutting it into different sizes. In this case, the tariff heading will be 480262, and the specific tariff item no. will be 48026290, being the residual entry.

According to the applicant's submissions, they convert the above paper into ruled or lined sheets according to the requirements of their customers, who are manufacturers of exercise books or notebooks. So here two kinds of changes take place. First, some horizontal or vertical lines are printed on the papers.

Secondly, the paper rolls are cut into sheets of various sizes.

The question is whether these two changes bring about any new product that is classifiable elsewhere in the Customs Tariff Act, 1975. The approach of the Revenue and the Applicant is polar opposite on this issue. The Revenue believes that after ruling and cutting into standard notebook dimensions, the product acquires the characteristics of a stationery article intended exclusively for the manufacture of notebooks. According to Revenue, the HSN Explanatory Notes indicate that Chapter 48 distinguishes between paper as such and converted articles of paper. The Applicant admittedly converts plain paper into a commercially distinct product having a specific identity in trade, namely "ruled notebook sheets." The process undertaken by the applicant in his factory is not merely cutting paper into sheets but involves conversion into a specialized product having no independent commercial use as ordinary writing paper. On the other hand, the Applicant is of the opinion that the process of lining or ruling does not alter the fundamental character of the product. It becomes paper in sheet form only, which is includible in tariff heading 4802. The Applicant points out that the goods such as registers, notebooks, exercise books, order books, binders and folders covered under tariff heading 4820 are all finished and assembled goods typically having binding, covers, defined structures. The loose lined or ruled sheets supplied by the Applicant cannot be classified under this tariff heading.

4.9 If we carefully go through the chapter notes of Chapter 48 of the Customs Tariff Act, 1975, we find the following points:

a) Paper and paperboards under tariff heading 4802 include rolls and sheets.

b) Chapter Note 5 specifically mentions that paper and paperboard under tariff heading 4802 means paper and paperboard made mainly from bleached pulp or from pulp obtained by a mechanical or chemi-mechanical process and satisfying certain criteria mentioned in the stated chapter note.

c) Ruled or lined sheets of uncoated paper have not been specifically excluded from the scope of tariff heading 4802.

d) Chapter Note 10 provides that heading 4820 does not cover loose sheets or cards, cut to size, whether or not printed, embossed or perforated. So,

loose sheets of paper and loose sheets cut to size are not covered by tariff heading 4820, whether or not they are printed.

e) Tariff heading 4820 covers registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting pads, binders, folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard, albums for samples for collections and book covers, of paper or paperboard. As the description suggests, all of these are finished products.

So, in our view, the paper that is ruled or lined and cut into sheets in the applicant's factory continues to be covered under tariff heading 4802. It cannot be moved to tariff heading 4820 because of the process undertaken at the factory.

4.10 If we analyze the description of goods under serial no. 128 of the Schedule in Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025 *supra*, the following points will emerge:

- The goods under consideration should be uncoated paper and paperboard
- The paper and paperboard should be of a kind used for writing, printing or other graphic purposes
- It should be in rolls or rectangular (including square) sheets
- It can be of any size
- It should be other than paper of heading 4801 (i.e. newsprint, in rolls or sheets) or 4803 (i.e. toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets)
- It should be used for exercise books, graph books, laboratory notebooks, and notebooks

It is evident that uncoated paper and paperboard which satisfies the points noted above and is used for exercise books, graph books, laboratory notebooks, and notebooks will come under serial no. 128 *ibid*. If we juxtapose serial no.128

to serial no. 167 of Schedule II of Notification No. 09/2025- Central Tax (Rate) dated 17.09.2025, we cannot miss the point that uncoated paper and paperboard used for specific purposes (here for exercise book, graph book, laboratory notebook and notebooks) has been carved out from the description of goods to be found in serial no. 167. This carved-out portion finds entry in serial no. 128 of the Schedule in Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025.

In our considered view, if the manufacturer uses the uncoated paper and paperboards under tariff heading 4802 exclusively for the production of exercise books, the goods under the tariff heading will qualify for entry no. 128 and consequently the supply of such paper and paperboards to the said manufacturer will be exempt from GST under Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025 on the condition that the referred paper and paperboard has been used for exercise books, graph books, laboratory notebooks and notebooks.

4.11 We are of the opinion that rate classification of goods under tariff heading 4802 for the purpose of the GST Acts is solely based on actual use. This is clearly a case of usage-based taxation. There is no other criterion whatsoever. The basis of classification is very unambiguous. In our understanding, the phrase 'used for' is of utmost importance. Phrases such as 'for use in manufacturing' or 'to be used for manufacturing' etc have not been used in serial no. 128 *supra*. This clearly indicates that there is no scope for intention of use. It is to be used actually. There is no denying the fact that it is only at the point of manufacture that the actual use of paper and paperboard can be understood properly, i.e. whether it has been used for exercise books, graph books, laboratory notebooks, and notebooks or for any other purpose. If uncoated paper and paperboard under tariff heading 4802 is used for exercise books, graph books, laboratory notebooks, and notebooks, it will be covered by entry no. 128 of the Schedule in Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025 and will be exempt from GST. The fact that the recipient of such goods is a manufacturer of exercise books, graph books, laboratory notebooks, and notebooks has to be established. If this fact is established, then the supply to the recipient is exempt from tax under the referred entry. If the same goods under tariff heading 4802 are used for purposes other than manufacturing exercise books, graph books, laboratory notebooks, and

notebooks, it will be covered by entry no. 167 of Schedule II of Notification No. 09/2025- Central Tax (Rate) dated 17.09.2025 and will be taxed @ 9% CGST + 9% SGST.

In our considered view, all suppliers in the entire chain of supply of uncoated paper and paperboard under tariff heading 4802 cannot claim for exemption vide serial no. 128 of the Schedule in Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025 on the ground that at the end point the goods will be used to manufacture exercise books and notebooks. If there are two or more suppliers in the above chain of supply before the goods reach the manufacturer, each limb of the supply chain should be regarded as an independent and distinct supply to be taxed accordingly. Since the use-based criterion is proved only at the point of manufacture, the supply of uncoated paper and paperboard under tariff heading 4802 can be considered exempt only when it is supplied to a manufacturer of exercise books, graph books, laboratory notebooks, and notebooks for actual use of the paper and paperboard in the manufacturing of exercise books and notebooks by the manufacturer of the referred products.

4.12 As per the submission of the applicant, they procure uncoated paper and paperboards from the paper mills and the mills are not charging any tax by virtue of the change brought about by Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025. Under these circumstances, the applicant's specific question is whether the application of nil rate of tax by the paper mills on their supply to the applicant is correct and whether the applicant is liable to pay or bear GST if the rate of tax applied by the paper mills is incorrect. The first part of the question is directly related to our discussions in Paragraph 4.11. In our considered view, each limb of the supply chain as referred to in the application should be regarded as an independent and distinct supply to be taxed accordingly. For the second part of the question, let us clarify that liability to pay tax under the GST regime is on the incidence of supply, except for certain specified circumstances, and it is to be discharged by the supplier of the goods or services, or both.

Section 9(1) of the CGST Act, 2017 provides:
Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption and un-

denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption] on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

Sub-sections (3), (4) and (5) of Section 9 define the circumstances where tax is payable by a person other than the supplier of goods or services or both, including the recipient of the same. The sub-sections are reproduced as under:

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.]

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Notification No. 4/2017 – Central Tax (Rate) dated 28.06.2017, as amended

from time to time, has specified goods to be taxed under Section 9(3) of the CGST Act, 2017. The goods under question in this application for advance ruling have not been notified till date. Accordingly, the question of the applicant being a recipient incurring liability to pay tax on the goods does not arise. It is needless to mention that the applicant is eligible to avail Input Tax Credit subject to the provisions of Section 16 of the CGST Act, 2017.

In view of the foregoing, we rule as under:

RULING

Question: Whether the ruled/lined paper sheets manufactured and supplied by the applicant — being uncoated paper reels (HSN 48025590) subjected to the process of ruling/lining and cut to standard notebook sizes — are correctly classifiable under:

* HSN 48025790 — uncoated paper in rectangular sheets, Heading 4802; or
* HSN 48201090 — other articles of stationery, Heading 4820; or
* any other heading or sub-heading of the First Schedule to the Customs Tariff Act, 1975?

Answer: Uncoated paper and paperboard as referred to in the application is covered by tariff heading 480261 and the specific tariff item number is 48026190 when it is supplied in rolls. When it is supplied in sheets it is covered by tariff heading 480262 and the specific tariff item number is 48026290.

Question 2: Whether the supply of ruled/lined paper sheets by the applicant to notebook and exercise-book manufacturers qualifies for NIL rate of Central Tax under serial no. 128 of Notification No. 10/2025-CT(Rate) dated 17.09.2025 — which grants NIL rate to 'uncoated paper [Heading 4802] used for exercise book, graph book, laboratory note book and notebooks only' — specifically:

* Whether the end-use condition prescribed under Serial No. 128 — “used for exercise book, graph book, laboratory note book and notebooks only” — is satisfied throughout the supply chain, including at the stage of the Applicant’s supply of ruled/lined sheets to notebook manufacturers who utilise such sheets exclusively for assembling finished exercise books; and whether such end-use condition operates as a description of the character and intended destination of

the goods or as a condition requiring actual manufacture of exercise books by each person in the supply chain claiming the benefit of the entry?

* Whether, in the alternative, if Serial No. 128 does not apply, the correct rate is 18% GST under Schedule II of Notification No. 09/2025-CT(Rate)?

Answer: All suppliers in the entire chain of supply of uncoated paper and paperboard under tariff heading 4802 cannot claim for exemption vide serial no. 128 of the Schedule in Notification No. 10/2025 - Central Tax (Rate) dated 17.09.2025 on the ground that at the end point the goods will be used to manufacture exercise books and notebooks. Each limb of the supply chain should be regarded as an independent and distinct supply and should be taxed accordingly. If the recipient of uncoated paper and paperboards is established as a manufacturer of exercise books, graph books, laboratory notebooks, and notebooks, then the supply to the recipient is exempt from tax under the referred entry.

Question: In respect of the Applicant's inward supply of uncoated paper reels (HSN 48025590) from paper mills, currently received at NIL rate of GST under Serial No. 128 of the Exemption Notification:

* Whether the application of NIL rate by the paper mills on their supply of reels to the Applicant under Serial No. 128 is legally correct — specifically, whether Serial No. 128 covers the mill's supply to an intermediate processor (the Applicant) who converts reels into ruled sheets for exclusive supply to exercise book manufacturers, or whether it covers only the mill's direct supply to the final exercise book manufacturer?

* In the event that the NIL rate applied by the mills on the inward supply of reels is held to be incorrect and the correct rate is 18% GST, what is the liability of the Applicant to pay or bear such GST?

* Whether ITC of such 18% GST paid on inward reels would be admissible to the Applicant for set-off against its GST liability on outward supplies?

Answer: Each limb of the supply chain in respect of uncoated paper and

paperboard should be regarded as an independent and distinct supply and should be taxed accordingly. Till date, uncoated paper and paperboard have not been notified under Section 9(3) of the CGST Act, 2017. So there is no question of liability of the applicant to pay tax as the recipient of such goods. The availability of Input Tax Credit as referred will be governed by Section 16 of the CGST Act, 2017 and the rules made thereunder and notifications issued in this respect.

Sd/-
(YOGESH SUGDEO CHITTE)
Member
West Bengal Authority for
Advance Ruling

Sd/-
(JAYDIP KUMAR CHAKRABARTI)
Member
West Bengal Authority for
Advance Ruling

Place: Kolkata
Date: 1st September, 2026

To,

Mangalam Kallani HUF
Ground Floor, Holding No 326/1/1/A, C/O Krishna Kumar Kallani,
Station Feeder Road, Station Feeder Road, Jalpai More,
Siliguri, Darjeeling, West Bengal, 734005

Copy to:

(1) The Principal Chief Commissioner, CGST & CX, 180, Shantipally, R.B.Connector, Kolkata – 700107.

(2) The Commissioner of State Tax, West Bengal, 14, Beliaghata Road, Kolkata – 700015.

(3) The Commissioner, CGST & CX, Siliguri Commissionerate, GST Bhawan (C.R. Building), Haren Mukherjee Road, Hakimpara, Siliguri – 734001.

(4) The Charge Officer, Commercial Taxes, Siliguri Charge, Paribahan Nagar, Matigara, Siliguri, Dist.- Darjeeling, Pin- 734010.

(5) Office Copy.