AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri R.V. Pradhamesh Bhanu, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.	**Shri B. Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.**

Advance Ruling No. 65/ARA/2026, dated 06.10.2026

1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.

2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-

(a) On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.

(b) On the concerned officer or the Jurisdictional Officer in respect of the applicant.

3. In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.

5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.

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GSTIN Number, if any/User id	33ARBPS5336F1ZX
Legal Name of Applicant	NAGAMANICKAM SASIPRIYA
Trade Name of Applicant	PRIYA PAPER PRODUCTS
Registered Address/ Address provided while obtaining User id	39, SAKTHI CO OP INDUSTRIAL ESTATE, UDUMALAI ROAD, POLLACHI, COIMBATORE- 642002 TAMIL NADU.
Details of Application	Advance Ruling Application No.63/2025/ARA dated 11.12.2025
Jurisdictional Officer	State – TAMIL NADU Division – COIMBATORE Zone – POLLACHI Circle – POLLACHI EAST Centre-Zone – CHENNAI Commissionerate – COIMBATORE Division – POLLACHI Range – POLLACHI –I
Nature of activity(s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	A. Manufacturing B. The applicant is a manufacturer of paper bags made of Kraft paper and starch-based adhesive, used for the purpose of packaging by pharmaceutical stores/ groceries/ small traders. The paper bags are plain, uncoated and without any lamination or plastic content, unbranded and without handles. Pursuant to the 56th GST Council recommendations and as per Notfn. 9/2025-CT (Rate) dated 17.09.2025, GST on specified paper sacks/bags and biodegradable bags has been reduced to 5%.

	The applicant seeks to know if their products would be eligible for the above concessional rate of 5% GST.
Issues on which advance ruling required	**Classification & applicability of Notification** Whether the applicant`s products, Kraft paper bags are exempt from GST or classifiable under Chapter 48 – Paper sacks /Bags and Biodegradable bags, attracting 2.5% GST as per Schedule I of the Notfn. No. 9/2025-CT (R) dated 17.09.2025? **Rate of tax** If not, what is the appropriate rate of tax? **ITC** If the products are exigible to GST, whether the applicant is eligible to avail ITC?
Question(s) on which advance ruling is required	1. Whether the manufactured product - Kraft paper bags are exempt from GST or is it classifiable under Chapter 48 – Paper sacks/Bags and Biodegradable bags, attracting 2.5% as per Schedule I of the Notfn.No.9/2025-CT (R) dated 17.09.2025? 2. If not, what is the appropriate rate of tax? 3. If the above product is exigible to GST, whether the applicant is eligible to avail ITC?

M/s Priya Paper Products , having place of business at 39, Sakthi Co Op Industrial Estate, Udumalai Road, Pollachi, Coimbatore- 642002, Tamil Nadu (hereinafter called as the 'Applicant') is registered under the Goods and Service Tax Act, with GSTIN 33ARBPS5336F1ZX. They have filed an application for Advance Ruling under Sec.97 of the CGST Act, 2017 and the corresponding provision of the TNGST Act, 2017. The Applicant has made the payment of Rs.10,000/- towards application fees, under sub rule (1) of Rule 104 of CGST Rules, 2017 and TNGST Rules, 2017.

2.1 Statement of relevant facts having a bearing on the questions raised:

The Applicant states that they are engaged in the business of manufacturing Kraft paper bags (*impugned product*), used for the purpose of packaging. They state that the above said paper bags are made using Kraft paper and that they use adhesive glue for the same; that, the paper bags are either plain/printed, uncoated, without lamination or plastic content, unbranded and without handles.

They state that the kraft paper bags are primarily used for packaging, in pharmaceutical stores, grocery shops and by small traders and they offer a range of practical benefits including durability, versatility and health advantages in food handling.

They further state that these bags are eco friendly with no harmful ingredients and provide a more sustainable alternative to plastic bags by decomposing naturally, reducing landfill waste and being compostable. They also mention that manufacture of these bags are carried out as a cottage industry, across the country and a large section of the small scale workers depend on the same for their livelihood.

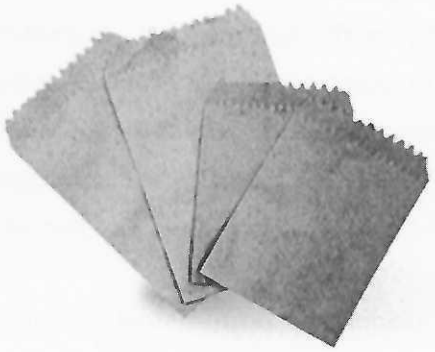
2.2 The Applicant state that, their products fall under the Chapter 48 of the Customs tariff, more specifically, under "CSH 4819 3000- Sacks and bags having a base of a width of 40 cm or more";

That, however, pursuant to the recommendations of the 56th GST Council held in September,2025, *'paper bags and biodegradable bags'* under Chapter 48, were notified to attract 5% GST as per S.No. 319 of Schedule I of Notification 9/2025-CT (R) dated 17.09.2025;

That, S.No. 185 of Schedule II of the said Notification covers goods falling under the CSH 4819 (except 481910, 4819 20) attracting 18% GST;

That, their products, falling under 4819 3000, though covered by S.No.185 of Schedule II (18% GST), are biodegradable and hence should attract GST @ 5% as per S.No. 319 of Schedule I.

In this context, they seek clarification as to whether their products would be covered under S.No. 319 of Schedule I to Notification 9/2025- CT (R). The applicant also shared the following picture of their product.



3. The applicant has therefore, sought an Advance Ruling, under Sec.97(2) (a), (b) and (d) of the CGST Act, 2017, on the following questions:

Classification & applicability of Notification

Whether the applicant`s products, Kraft paper bags are exempt from GST or classifiable under Chapter 48 – Paper sacks/Bags and Biodegradable bags, attracting 2.5% as per Schedule I of the Notfn. 9/2025-CT (R) dated 17.09.2025?

Rate of tax

If not, what is the appropriate rate of tax?

ITC

If the products are exigible to GST, whether the applicant is eligible to avail ITC?

4.1 Applicant's interpretation of law:

The Applicant states that the Kraft paper bags manufactured by them are made with Kraft paper using adhesive glue. They state that the paper bags are uncoated, without lamination or any plastic content and without handles.

4.2 As per the recommendation of the 56th GST Council`s Meeting, GST rate for paper sacks and biodegradable bags was reduced to 5%. Accordingly, S.No. 319 of Schedule I of Notification 9/2025-CT (R) dated 17.09.2025, notified 5% GST on 'paper bags and biodegradable bags' falling under Chapter 48 and S.No. 185 of Schedule II of the said Notification covered goods falling under the CSH 4819 (except 481910, 4819 20) @18% GST.

The Applicant states that, though their products fall under "CSH 4819 3000 - Sacks and bags having a base of a width of 40 cm or more", they are compostable, eco-friendly with no harmful ingredients and provide a more sustainable alternative to plastic bags by decomposing naturally and reducing landfill waste. Hence, they state that, even though their products (4819 3000) are covered by Schedule II (18% GST), as they are biodegradable, they should attract GST @ 5% only, as per S.No. 319 of Schedule I of the said notification.

5. The applicant is under the administrative control of State. The concerned authorities of the Centre and State were addressed to report if there are any pending proceedings against the applicant on the issues raised by the applicant in the ARA application and for comments on the issues raised. The Assistant Commissioner, (ST) Pollachi (East) Circle, Pollachi, vide letter in Ref.No.30/2026/A2 dated 10.02.2026, has submitted that there are no pending proceedings against the applicant on the issues raised by the applicant in the Advance Ruling application.

6. Personal Hearing

The applicant was given an opportunity to be heard in person on 21.07.2026. Ms. R.Hemalatha, Advocate, appeared for the personal hearing as the authorized representative (AR) of M/s. Priya Paper Products. She submitted that the applicant manufactures paper bags made of kraft paper, using adhesive gum; that they purchase paper rolls from various manufacturers; that the paper bags are plain and/or printed, uncoated, unbranded and without handles; that they are primarily used for packaging of goods in pharmaceutical stores, grocery shops, small traders.

The AR further stated that, at present, the applicant classified their product under HSN 4819 3000 attracting GST @ 18% and had sought clarification on the classification and applicable rate of GST on the paper bags supplied by the applicant, in the light of reforms introduced in GST 2.0, vide Notification 9/2025-CT (R) (refer S.no. 319). The AR reiterated the submissions made in their application for advance ruling.

7. Discussions and Findings:

7.1 We have carefully examined the submissions made by the applicant in their advance ruling application and the submissions made during the personal hearing and additional documents submitted thereafter. We have also considered the issue

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involved, the relevant facts and the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

7.2 We find that the query is liable for admission as it gets covered under Section 97(2)(a), Section 97(2)(b) and Section 97(2)(d) of CGST/TNGST Act, 2017, under,

(a) classification of any goods or services or both;

(b) applicability of a notification issued under the provisions of the CGST/ TNGST Act, respectively and

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

7.3 We find that the applicant, M/s Priya Paper Products, having place of business at 39, Sakthi Co Op Industrial Estate, Udumalai Road, Pollachi, Coimbatore- 642002, is registered under the Goods and Service Tax Act, with GSTIN 33ARBPS5336F1ZX. The Applicant is engaged in the business of manufacturing Kraft paper bags made of kraft paper using adhesive glue. We find that these paper bags are either plain/printed, uncoated, without lamination or plastic content, unbranded and without handles. They are largely supplied to pharmaceuticals/ groceries/ sweet shops for packaging the goods. The questions that require ruling in the instant application, is,

1. Whether the manufactured product - **Kraft paper bags** are exempt from GST or is it classifiable under Chapter 48 – Paper sacks/Bags and Biodegradable bags, attracting 2.5% as per Schedule I of the Notfn. 9/2025-CT (R) dated 17.09.2025?

2. If not, what is the appropriate rate of tax?

3. If the above product is exigible to GST, whether the applicant is eligible to avail ITC?

We shall now proceed to analyse the facts on hand with the provisions of law and answer each one of the above questions on Classification, Rate of tax and ITC availability.

7.4 Classification of Kraft paper bags:

Chapter 48 of the HSN covers 'Paper and paperboard; articles of paper pulp, of paper or of paperboard' and the Chapter Sub Heading- 4819 covers within its scope, *'Cartons, boxes, cases, bags and other packing containers of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays and similar articles, of paper or paperboard of a kind used in offices, shops or the like.'*

Thus it is seen that the impugned products on hand, being paper bags, are covered under this CSH. For ease of reference, the relevant portion of Chapter 48 and the connected HSN notes is extracted here.

4819		**Cartons, boxes, cases, bags and other packing containers of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays and similar articles, of paper or paperboard of a kind used in offices, shops or the like**
4819 10	-	*Cartons, boxes and cases, of corrugated paper or paperboard:*
4819 1010	--	Boxes
4819 1090	---	Other
4819 20	-	*Folding cartons, boxes and cases of non-corrugated paper or paperboard:*
4819 2010	---	Cartons, boxes, cases, intended for packing of match sticks
4819 2020	---	Boxes
4819 2090	---	Other
4819 3000	-	Sacks and bags, having a base of width of 40 cm or more
4819 4000	-	Other sacks and bags, including cones
4819 50	-	*Other packing containers, including record sleeves :*
4819 5010	---	Made of corrugated paper or paperboard
4819 5090	---	Other
4819 6000	-	Box files, letter trays, storage boxes and similar articles, of a kind used in offices, shops or the like

HSN notes to the sub heading 4819

48.19 - Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like.

4819.10 - Cartons, boxes and cases, of corrugated paper or paperboard

4819.20 - Folding cartons, boxes and cases, of non-corrugated paper or paperboard

4819.30 - Sacks and bags, having a base of a width of 40 cm or more

4819.40 - Other sacks and bags, including cones

4819.50 - Other packing containers, including record sleeves

4819.60 - Box files, letter trays, storage boxes and similar articles, of a kind used in offices, shops or the like

(A) Cartons, boxes, cases, bags and other packing containers

This group covers containers of various kinds and sizes generally used for the packing, transport, storage or sale of merchandise, whether or not also having a decorative value. The heading includes cartons, boxes, cases, bags, cones, packets, sacks, paperboard drums (containers), whether manufactured by rolling or by any other method, and whether or not fitted with reinforcing circular bands of other materials, tubular containers for posting documents, protective garment bags, jars, pots and the like (e.g., for milk or cream), whether or not waxed. The heading also covers special purpose paper bags such as bags for vacuum cleaners, bags for travel sickness, and record boxes and sleeves.

The heading includes folding cartons, boxes and cases. These are :

- cartons, boxes and cases in the flat in one piece, for assembly by folding and slotting (e.g., cake boxes);

  and

- containers assembled or intended to be assembled by means of glue, staples, etc., on one side only, the construction of the container itself providing the means of forming the other sides, although, where appropriate, additional means of fastening, such as adhesive tape or staples may be used to secure the bottom or lid.

The articles of this group may be printed, e.g., with the name of the merchant, directions for use, illustrations. Thus, seed packets with pictures of the products and sowing directions, in addition to the name of the firm, or chocolate or cereal packets with pictures for the amusement of children remain classified in this heading.

The articles of this heading may also have reinforcements or accessories of materials other than paper (e.g., textile backings, wooden supports, string handles, corners of metal or plastics).

(B) Box files, letter trays and similar articles of a kind used in offices, shops or the like.

This group covers containers, such as filing cabinets, box files, letter trays, storage boxes and similar articles of a rigid and durable type, and generally of better finish than the packing containers of group (A) above. They are used for the filing or storage of documents or stock of various kinds in offices, shops, warehouses, etc.

These articles may have reinforcements or accessories of non-paper materials (e.g., hinges, handles, locking devices of metal, wood, plastics or textile material). They may also be provided with frames of metal, plastics, etc., for the insertion of indication cards.

The heading **excludes** :

(a) Articles of **heading 42.02** (travel goods, etc.).

(b) Articles of plaited paper **(heading 46.02)**.

(c) Coated, covered and printed paper or paperboard of **heading 48.11**, presented in rolls, used for the manufacture of containers and creased and marked to identify individual containers to be cut from the rolls.

(d) Albums for samples or for collections **(heading 48.20)**.

(e) Sacks and bags of woven paper yarn, of **heading 63.05**.

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We see that the impugned product is made of kraft paper, is unbranded and without handles and also does not have a base width 40 cm or more. Corelating these characteristics with the HSN notes to sub heading of 4819, it is seen that the applicant`s product, 'kraft paper bags' finds a specific entry under ***'48194000- Other sacks and bags, including cones, made of paper, paperboard, cellulose wadding or webs of cellulose fibres'*** and hence classifiable under 48194000.

Having decided the appropriate classification, we proceed to answer the questions raised by the applicant.

7.5 Question 1: Whether the applicant`s products, paper bags are exempt from GST or classifiable under Chapter 48 – Paper sacks/Bags and Biodegradable bags, attracting 2.5% as per Schedule I of the Notfn. 9/2025-CT (R) dated 17.09.2025?

7.5.1 Exemption from GST/ rate of tax on the product:

Notification No. 10/2025 -CT (R) dated 17.09.2025, (superseding notfn. 2/2017-CT (R) dated 28.06.2017) exempts intra-State supplies of goods mentioned in the said notification, from the whole of the central tax leviable thereon under section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017). Correspondingly, the TN state government has also issued a parallel notification to exempt intra-State supplies of goods, mentioned therein, from State tax. It is seen that, CSH 4819 4000 does not find entry in the notifications and hence we rule that the impugned products, paper bags under CSH 48194000, are not exempt from GST.

7.5.2 Whether impugned products attract 5% GST: Based on the recommendations of the GST Council, Notification 9/2025-CT (R) dated 17.09.2025, was issued in supersession of the Rate notification 1/2017- CT(R), which notifies the rate of central tax on goods. Similarly, Notification II(2)/CTR/1016(b-1)/2025 vide G.O. (Ms) No.132 dated 17.09.2025, was issued by the State Government of Tamil Nadu, notifying the state tax on goods, under seven schedules, specifying CGST/SGST rates of 2.5%, 9%, 20%, 1.5%, 0.125%, 0.75% and 14%, respectively.

We find that there are two competing entries for the impugned product 'paper bags' classified under 48194000, in the above notification. One

under S.No. 319 of Schedule I attracting GST @ 5% and the other under S.no.185 of Schedule II- attracting GST @ 18% (extracted below).

Schedule I -2.5%

S. No.	Chapter/Heading/ Sub-heading/Tariff item	Description of goods
(1)	(2)	(3)
319.	39, 48	Paper Sacks/Bags and bio-degradable bags

Schedule II – 9 %

S. No.	Chapter/Heading/Sub-Heading/Tariff item	Description of goods
(1)	(2)	(3)
185.	4819 (except 4819 10, 4819 20)	All Goods (other than Cartons, boxes and cases of, – (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board)

We find that the rate of 5% GST, extended to paper sacks/bags and biodegradable bags falling under Chapter 39/48 vide entry 319, takes into account the taxability of both paper bags/sacks and biodegradable bags. The Government`s push towards promoting ecofriendly and environmentally friendly alternatives to plastics is evident from this reduced tax rate on paper bags and biodegradable bags falling under chapter 39. Paper made from natural plant fibers, biodegrades through the action of microorganisms such as fungi and bacteria and breaks down into organic matter, water and carbon di oxide, without leaving toxic microplastics in the environment. On a plain reading of S.No. 319 of Schedule I of the above notification, we find that the applicant`s product, paper bags manufactured using 'Kraft paper' and adhesive glue, are squarely covered under S.No. 319 of Schedule I of the Notification 9/2025-CT (R) dated 17.09.2025, attracting 5% GST.

7.6 Question 2: If not, what is the appropriate rate of tax?

The impugned goods, Kraft paper bags, attract GST @ 5% as per S.No. 319 of Schedule I of the Notification 9/2025-CT (R) dated 17.09.2025.

7.7 Question 3: Eligibility to avail ITC

The applicant`s next question is that, if the above products are exigible to GST, whether they are eligible to avail ITC? The eligibility and conditions to avail Input tax credit is specified under Section 16 of the CGST /TNGST Act, 2017. In as much as the impugned products are taxable at 5% GST, the applicant is eligible to avail input tax credit on the inputs/input services used in the manufacture of their outward supply, subject to satisfying all the conditions prescribed under Sec. 16 of the CGST/TNGST Act, 2017.

8. In view of the above, we rule as under:

RULING

1. Whether the manufactured product - **Kraft paper bags** are exempt from GST or is it classifiable under Chapter 48 – Paper sacks/Bags and Biodegradable bags, attracting 2.5% as per Schedule I of the Notfn. 9/2025-CT (R) dated 17.09.2025?

Ans. The goods are not exempt from GST; they are classifiable under HSN 48194000 and attract GST at 5% (CGST 2.5% + SGST 2.5%)

2. If not, what is the appropriate rate of tax?

Ans. The impugned goods, Kraft paper bags, attract GST @ 5% as per S.No. 319 of Schedule I of the Notification 9/2025-CT (R) dated 17.09.2025.

3. If the above product is exigible to GST, whether the applicant is eligible to avail ITC?

Ans. Yes. The applicant is eligible to avail input tax credit on the inputs/input services used in the manufacture of their outward supply, subject to satisfying all the conditions prescribed under Sec. 16 of the CGST/TNGST Act, 2017.

AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX TAMILNADU

06/10/2025

(B.SUSEEL KUMAR)
Member (SGST)

(R.V.PRADHAMESH BHANU)
Member (CGST)

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To
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TAMIL NADU.
(By Mail/ By Speed Post)

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2. The Commissioner of Commercial Taxes,
   Integrated building for Commercial Taxes and Registration,
   Nandanam, Chennai 600 035.
3. The Commissioner of GST and Central Excise,
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   Tamil Nadu.

Copy to :

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2. The Joint Commissioner (ST),
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3. The Deputy Commissioner (ST),
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5. Stock File – A1

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