GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.

1 NATION TAX MARKET

ADVANCE RULING NO. GUJ/GAAR/R/2026/41
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2026/AR/13)

Date: 29/10/2026

Name and address of the applicant	:	SHIVISH BIO BAG LLP, Plot No 4, SR NO. 694, P22P1, Lajai Hadmatiya Road, Behind Dharti Weight Bridge, Lajai, Morbi, Gujarat, 363641.
GSTIN of the applicant	:	24AFPFS4438C1ZX
Jurisdiction Office	:	Office of the Assistant Commissioner of State Tax, Unit 91 (Morbi), Range – 25, Division – 12.
Date of application	:	26.02.2026
Clause(s) of Section 97(2) of CGST/GGST Act, 2017, under which the question(s) raised.	:	(a) & (b)
Date of Personal Hearing	:	06.08.2026
Present for the applicant	:	Shri Kartik Pansuliya, C.A.

Brief facts:

1. M/s. Shivish Bio Bag LLP (hereinafter referred to as the applicant) located at Plot No.4, Sr No. 694 P22, P1, Lajai Hadmatiya Road, Behind Dharti Weight Bridge, Lajai, Morbi.-363641 and engaged in the manufacture and supply of 'Bio Carry Bags', are registered with the Department having GSTIN Number 24AFPFS4438C1ZX.

2. The applicant is seeking Advance Ruling on the following questions:

(i) *Whether the biodegradable bags manufactured and supplied by the Applicant are classifiable under **Chapter 39** (in case of Plastic / compostable polymer-based bags) or **Chapter 48** (in case of paper-based bags), and appropriate HSN thereof.*

(ii) *Whether the supplies of the said biodegradable bags are covered under the entry: **"Paper Sacks/ Bags and bio-degradable bags"** (Chapters 39 & 48) specified in **Schedule I of Notification No. 9/2025- Central Tax (Rate)**, thereby attracting **GST @ 5% (2.5% CGST + 2.5% SGST)** with effect from **22 September 2025.***

3. The applicant wants to know whether the supplies of biodegradable bags are covered under the entry: "Paper Sacks/Bags and bio-degradable bags" (Chapters 39 & 48) as specified under Notification No.09/2025 – Central Tax (Rate) dated 17.09.2025, thereby attracting GST @ 5% (2.5% CGST + 2.5% SGST). The Bio Carry Bags (presently classified by them under HSN 39232990) are produced using compostable polymer materials, and/or biodegradable plastic substitutes and are specifically designed to be environmentally sustainable and capable of undergoing biodegradation/composting under prescribed conditions. They have further submitted

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that the bags are manufactured in compliance with ISO 17088:2021 Standard, which prescribes specifications for compostable plastics.

4. The applicant has submitted that certification establishes that the Applicant's products are biodegradable/compostable in nature & qualify under the category of bio-degradable products, as evidenced by the supporting certifications; that for substantiating the above, they have submitted copies of Sales Invoices, ISO Certification/Quality Certificates & relevant technical documentation; that the goods manufactured by them are Bio Carry Bags, which are biodegradable/compostable in nature and Sr.No.319 of Schedule-I of the Notification specifically covers "bio-degradable bags" under Chapters 39 & 48, indicating legislative intent to include biodegradable bags irrespective of material classification. The applicant has further submitted that since their product is undeniably biodegradable, supported by internationally recognized certification standards, the same squarely falls within Sr.No.319 of the Notification. Accordingly, they believe that the applicable GST rate on the said supplies should be: GST @ 5% (2.5% CGST + 2.5% SGST).

5. Personal hearing was granted on 06.08.2026 wherein Shri Kartik Pansuliya, C.A., appeared on behalf of the applicant and reiterated the facts & grounds as stated in the application. During the course of personal hearing, the representative of the applicant submitted copies of: (i) Interim Report by Institute of Petrochemicals Technology, (ii) Notification No.09/2025-Central Tax (Rate) dated 17.09.2025 and (iii) an AAR order issued in respect of M/s. Pradeep Verma on a similar matter by AAR, Rajasthan.

Discussion and findings

6. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same, except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

7. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made both oral and written during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission made during the course of personal hearing as well as their views in respect of question on which the advance ruling is sought.

8. The applicant has submitted that they are engaged in the manufacture and supply of 'Bio Carry Bags'. The applicant has further submitted that certification establishes that the Applicant's products are biodegradable/compostable in nature & qualify under the category of bio-degradable products, as evidenced by the supporting certifications which is substantiated by the copies of Sales Invoices, ISO Certification/Quality Certificates & relevant technical documentation submitted by them; that the goods manufactured by them are biodegradable / compostable in nature.

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and Sr.No.319 of Schedule-I of the Notification specifically covers "bio-degradable bags" under Chapters 39 & 48, indicating legislative intent to include biodegradable bags irrespective of material classification. The applicant has further submitted that since their product is undeniably biodegradable, supported by internationally recognized certification standards, the same squarely falls within Sr. No.319 of the Notification. Accordingly, they believe that the applicable GST rate on the said supplies should be: GST @ 5% (2.5% CGST + 2.5% SGST). The applicant has asked the following question seeking advance ruling:

(i) *Whether the biodegradable bags manufactured and supplied by the Applicant are classifiable under **Chapter 39** (in case of Plastic / compostable polymer-based bags) or **Chapter 48** (in case of paper-based bags), and appropriate HSN thereof.*

(ii) *Whether the supplies of the said biodegradable bags are covered under the entry: **"Paper Sacks/ Bags and bio-degradable bags"** (Chapters 39 & 48) specified in **Schedule I of Notification No. 9/2025- Central Tax (Rate)**, thereby attracting **GST @ 5% (2.5% CGST + 2.5% SGST)** with effect from **22 September 2025.***

9. Since the applicant wants to know whether the biodegradable bags manufactured by them are classified under Chapter 39 (Plastics and articles thereof) OR Chapter 48 (Paper and Paper Board articles) and also since the primary raw materials used in the manufacture of these bags is compostable polymer OR biodegradable plastic substitutes which are plastic materials, we find that it should be ideally covered under Chapter 39 of the Customs Tariff Act, 1975 which covers "Plastic and articles thereof". On going through the various headings of Chapter 39, we find that compostable polymers OR biodegradable plastic substitutes OR articles of compostable polymers/biodegradable plastic substitutes are not covered under any of the headings 3901 to 3925 of the said Chapter. We therefore find that the said product viz. articles of compostable polymers/biodegradable plastic substitutes would fall under the residual heading 3926 which reads as "Other articles of plastics and articles of other materials of headings 3901 to 3904." However, in order to find out the specific sub-heading under which the aforementioned product would be covered, a reference will be required to be made to the heading 3926 as appearing in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). The same is reproduced hereunder:

3926 OTHER ARTICLES OF PLASTICS AND ARTICLES OF OTHER MATERIALS OF HEADINGS 3901 TO 3914

3926 10 - Office or school supplies:

--- Office supplies of a kind classified as stationery other than pins, clips, and writing instruments:
3926 10 11 ---- Of polyurethane foam
3926 10 19 ---- Other

--- Other:
3926 10 91 ---- Of polyurethane foam
3926 10 99 ---- Other
3926 20 - Articles of apparel and clothing accessories (including gloves, mittens and mitts) :

--- Gloves:
3926 20 11 ---- Disposable
3926 20 19 ---- Non-disposable

--- Aprons:

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3926 20 21 ---- Of polyurethane foam
3926 20 29 ---- Other

--- Plastic stickers for garments:
3926 20 31 ---- Of polyurethane foam
3926 20 39 ---- Other

--- Collar stays, patties, butterfly, shoulder-pads and other stays:
3926 20 41 ---- Of polyurethane foam
3926 20 49 ---- Other:

3926 20 91 ---- Of polyurethane foam
3926 20 99 ---- Other

3926 30 - Fittings for furniture, coach work or the like:
3926 30 10--- Of polyurethane foam
3926 30 90 --- Other

3926 40 - Statuettes and other ornamental articles:

--- Bangles:
3926 40 11 ---- Of polyurethane foam
3926 40 19 ---- Other

--- Beads:
3926 40 21 ---- Of polyurethane foam
3926 40 29 ---- Other

--- Statuettes:
3926 40 31 ---- Of polyurethane foam
3926 40 39 ---- Other

--- Table and other household articles (including hotel and restaurant) for decoration:
3926 40 41 ---- Of polyurethane foam
3926 40 49 ---- Other
--- Decorative sheets:
3926 40 51 ---- Of polyurethane foam
3926 40 59 ---- Other
3926 40 60--- Sequine

--- Other :
3926 40 91 ---- Of polyurethane foam
3926 40 99 ---- Other
3926 90 - Other:
3926 90 10--- PVC belt conveyor

--- Couplers, packing rings, O rings and the like:
3926 90 21 ---- Of polyurethane foam
3926 90 29 ---- Other

--- Lasts, with or without steel hinges; EVA and grape sheets for soles and heels; welts:
3926 90 31 ---- Of polyurethane foam
3926 90 39 ---- Other

--- Rings, buckles, tacks, washers and other decorative fittings made of plastic used as trimmings and embellishments for leather products; patterns for leather foot wear, leather garments and leather goods :
3926 90 41 ---- Of polyurethane foam
3926 90 49 ---- Other

--- Retroreflective sheeting of other than of heading 3920:
3926 90 51 ---- Of polyurethane foam
3926 90 59 ---- Other

--- Hangers:
3926 90 61 ---- Of polyurethane foam
3926 90 69 ---- Other

--- Plastic or nylon tipped hammers; insulating liner of nylon,

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HDPE:
3926 90 71 ---- Of polyurethane foam
3926 90 79 ---- Other
3926 90 80 ---- Polypropylene articles, not elsewhere specified or included

--- Other:
3926 90 91 ---- Of polyurethane foam
3926 90 99 ---- Other

9.1 Since we do not find any entry for 'biodegradable and compostable bags made from compostable polymer OR biodegradable plastic substitutes' in the aforementioned heading, we find and conclude that the said product would be correctly classifiable under sub-heading 39269099 of Chapter 39 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

9.2 Now, the next aspect to be decided is the rate of GST applicable on the said product for which a reference will be required to be made to Notification No.09/2025- Central Tax (Rate) dated 17.09.2025 which superseded the earlier Notification No.01/2017-Central Tax (Rate) dated 28.06.2017. On going through the Notification No.09/2025-Central Tax (Rate) dated 17.09.2025, we find that Entry No.127 of Schedule-II of the said Notification covers heading 3926 and reads as *"Other articles of plastics and articles of other materials of headings 3901 to 3914 [other than bangles of plastic, plastic beads and feeding bottles]."* However, since the applicant also wants to know whether the carry bags manufactured by them from compostable polymer OR biodegradable plastic substitutes which are biodegradable in nature would fall under Entry No.319 of Schedule-I of the aforementioned notification which covers paper sacks/bags and biodegradable bags, a reference to the said entry becomes inevitable. Both the entries in Notification No.09/2025-Central Tax (Rate) dated 17.09.2025 are reproduced hereunder:

Notification No.09/2025-Central Tax (Rate) dated 17.09.2025.

Schedule-I

Sr.No.	Chapter/Heading/Sub-Heading/Tariff Item	Description of goods
319	39,48	Paper sacks/bags and bio-degradable bags.

Schedule-II

Sr.No.	Chapter/Heading/Sub-Heading/Tariff Item	Description of goods
127	3926	Other articles of plastics and articles of other materials of headings 3901 to 3914 [other than bangles of plastic, plastic beads and feeding bottles]

9.3 We find that applicable rate of GST for goods falling under Entry No.127 of Schedule-II of Notification No.09/2025-Central Tax (Rate) dated 17.09.2025 is 18% (9%CGST + 9%SGST) whereas the applicable rate of GST for goods falling under Entry No.319 of Schedule-I of Notification No.09/2025-Central Tax (Rate) dated 17.09.2025 is 5% (2.5%CGST + 2.5%SGST).

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10. Let us first take up the Entry No.319 which reads as "Paper sacks/bags and biodegradable bags" and covers Chapters 39 & 48 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). On verification, we find that this entry was not a part of any of the 6 schedules covering the earlier Notification No.01/2017- Central Tax (Rate) dated 28.06.2017 but has been newly inserted in Schedule-I of existing Notification No.09/2025-Central Excise (Rate) dated 17.09.2025 (which superseded the earlier Notification No.01/2017-Central Tax (Rate) dated 28.06.2017). Further, as we find that there is a conjunction 'and' between 'Paper sacks/bags' & 'biodegradable bags', we find it necessary to find out the relevance of usage of the conjunction 'and' in the context of the said entry. In this context, the first question that naturally arises in the mind is whether paper sacks/bags also need to be biodegradable bags in order to be covered in this entry. We also need to find out whether this entry covers paper sacks/bags as well as bags which are biodegradable in nature. It, therefore, becomes mandatory to know the background which necessitated the insertion of the said entry in the present Notification which superseded the earlier Notification No.01/2017- Central Tax (Rate) dated 28.06.2017.

10.1 For the purpose, we find it obligatory to refer to the minutes of the 54th meeting Of the GST Council held on 09.09.2024 under the Chairpersonship Of the Hon'ble Union Finance Minister, in order to unearth the background which could have possibly culminated in the insertion of Entry No.319 in Notification No.09/2025- Central Tax (Rate) dated 17.09.2025. During the course of the meeting, when the Joint Secretary, TRU-1 stated that the Fitment Committee, in the 53rd GST Council meeting had recommended maintaining status quo regarding the rate on paper sacks which have always attracted a GST rate of 18%, the Hon'ble Minister from Maharashtra informed/stated that along with several other States, they have implemented a ban on plastic bags to promote eco-friendly and environmental friendly alternatives and were encouraging the use of paper sacks and paper bags across various municipal corporations and urban areas; that in line with the recommendation made in the 53rd GST Council meeting to reduce the GST rate on corrugated boxes made of paperboard to 12%, the GST rate on paper sacks should also be reduced to 12%; that such a reduction would further the goal of increasing the use of paper sacks and paper bags over plastic alternatives in urban and semi-urban areas, thus supporting eco-friendly and environmental friendly materials and products. Accordingly, the Fitment Committee was urged to consider this request. Subsequently, the Hon'ble member from Meghalaya informed that in addition to what the Hon'ble Minister from Maharashtra mentioned, they are also promoting biodegradable bags made from Starch and numerous industries are being set up for these bags, which while resembling plastic, are actually made from starch and decompose automatically within 90 days. The Hon'ble Member emphasized to also include this category in the proposal under examination. The Hon'ble Chairperson suggested assigning a separate HSN code for the biofriendly category of bags and urged the Hon'ble Member from Meghalaya to provide the necessary details. Ultimately, the Fitment Committee recommended to maintain status quo on paper bags and recommended that for the prospective period, the rate be reviewed by the Fitment Committee with inputs from the states Of Maharashtra and Meghalaya.

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10.2 Therefore, what appears to be forthcoming from the above discussions and the subsequent insertion of Entry No.319 ('Paper sacks/bags and Biodegradable bags' covering Chapter 39 & 48) in Schedule-I of Notification No.09/2025-Central Tax (Rate) dated 17.09.2025 with a reduced GST liability of 5% is that the aspect of taxability of both paper sacks/bags as well as biodegradable bags have been taken into consideration by the Government, culminating in the insertion of the said Entry covering both paper sacks/bags and biodegradable bags. The very purpose of the Government in inserting this entry appears to be to promote the production of paper sacks/bags and bio-degradable bags which are eco-friendly and environmental friendly because paper decomposes completely within a few months and does not leave toxic micro plastics in the environment. Further, the purpose of inclusion of Chapter 39 in the said entry appears to be to encourage production of plastic bags which are biodegradable in nature, eco-friendly and environmental friendly. Biodegradable plastic bags are eco-friendly alternatives to conventional plastic that break down naturally through microorganisms into water, carbon dioxide, and biomass and unlike traditional plastics, they are manufactured from renewable plant-based materials or specialized polymers rather than fossil fuels, leaving no toxic or micro plastic residues behind.

10.3 Reference is made to the EU Policy Framework on Biobased, Biodegradable and Compostable Plastics, which explains that plastics referred to as "biodegradable" are designed to decompose at the end of their life by the conversion of all their organic constituents (polymers and organic additives) mainly into carbon dioxide and water, new microbial biomass, mineral salts and, in the absence of oxygen, methane. For such biodegradation to take place, suitable conditions in the receiving environment and sufficient time are necessary, in addition to the characteristics of the plastic material. The said framework further explains that "compostable plastics" are a subset of biodegradable plastics designed to biodegrade under controlled conditions, typically through industrial composting in special facilities for composting or anaerobic digestion.

10.4 The applicant has also submitted that Bio Carry Bags (presently classified by them under HSN 39232990) are manufactured by using compostable polymer materials, and/or biodegradable plastic substitutes and are specifically designed to be environmentally sustainable and capable of undergoing biodegradation/composting under prescribed conditions and are manufactured in compliance with ISO 17088:2021 Standard, which prescribes specifications for compostable plastics. We further find that the applicant has submitted a copy of Certificate of Compliance by Quality Control Certification (a UK based company) which certifies that Shivish Bio Bag LLP is in compliance with Plastic-Organic Recycling-Specifications for compostable plastics (ISO:17088 : 2021). The applicant has also submitted a copy of Interim Report dated 11.04.2025 issued by the Institute of Petroleum Technology (IPT) (formerly known as Central Institute of Plastic Engineering & Technology), Vatva, Ahmedabad (which falls under the Ministry of Chemicals & Fertilizers, Government of India). The said Interim Report is issued in the name of Shivish Green LLP, which is a sister concern of the applicant and from which the applicant purchases 100% of its raw material. As per the said Interim Report, the said Institute has received a sample from Shivish Green LLP on 08.10.2024 (declared as composite carry bag). The brief of the Interim Test Report, based on tests conducted on the said sample, is as under:

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(1) As per the material identification carried out of the sample by Test method/standard FTIR-(ASTM E 1252) DSC (ASTM D3418), the results obtained showed that it contained blends of Poly Lactic Acid (PLA)/Polybutylene Adipate co-terephthalate (PBAT).

(2) As per the disintegration test (dry mass remaining in 2 mm sieve after 84 days) carried out as per Test method Cl.6.2 of ISO 17088-2021/17088-2008, only 8.1% dry mass remained (as against the specified requirements of not more than 10%).

(3) As per the ultimate Aerobic Biodegradation (with reference to 100% degradation of positive reference) carried out as per Test method Cl. 6.3 of ISO 17088-2021/17088-2008, 92.34%, underwent biodegradation at the end of 133 days [as against the specified requirements of > 90% (at the end of test period not more than 180 days)].

10.5 It has been mentioned in the said Interim Report that the sample submitted complies to the requirements of Cl. 6.2 & 6.3 of ISO 17088-2021/ISO 17088-2012, that the submitted sample is exposed under controlled composed condition as per ISO 17088-2021/ISO 14855-1 and at the end of 133 days, the cumulative biodegradation is estimated at 92.34% with reference to the degradation of cellulose. It is further mentioned therein that the following tests are under progress as per IS/ISO 17088-2008:

(i) Heavy metal analysis as per Cl.6.4.1.

(ii) Seed germination as per Cl.6.4.4.

(iii) Acute earthworm toxicity test as per Cl.6.4.4 ISO-17088-2021.

(iv) Chronic earthworm toxicity test as per Cl.6.4.5 ISO-17088-2021.

The conclusive part of the said Interim Report states that the Test Report will be issued after the completion of all the Tests and that the Interim Report is only valid till the issuance of the Test Report.

10.6 We find that the Interim Report (issued by a Central Agency falling under the Ministry of Chemicals & Fertilisers, Government of India) in respect of the sample submitted indicates that the product conforms to IS/ISO 17088 standards. Whereas the disintegration test (dry mass remaining in 2 mm sieve after 84 days) indicates that only 8.1% dry mass remained (as against the specified requirements of not more than 10%), the Aerobic Biodegradation (with reference to 100% degradation of positive reference) test carried out indicates that 92.34% underwent biodegradation at the end of 133 days [as against the specified requirements of > 90% (at the end of test period not more than 180 days)]. Further, the conclusive part of the aforementioned Interim Report states that the Test Report will be issued after the completion of all the Tests mentioned at (i) to (iv) in para-10.4 above and that the Interim Report is only valid till the issuance of the Test Report.

10.7 In view of the discussions in the paras Supra, we find and hold that the the product of the applicant (referred to by them as biodegradable /compostable carry bags) manufactured by them from compostable polymers OR biodegradable plastic substitutes (as per their submission), classifiable under Chapter Sub-heading No.39269099 of the First schedule to the Customs Tariff

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Act, 1975 (51 of 1975), are covered under Entry No.319 of Schedule-I of Notification No.09/2025-Central Tax(Rate) dated 17.09.2025 and are liable to GST at the rate of 5% (2.5%CGST + 2.5%SGST), strictly subject to the validity of the applicant's claim/submission regarding their product being biodegradable. Further, since we have already decided the applicable entry under which the applicant's product is covered, we do not find the need to discuss the other entry applicable to Chapter Sub-heading 39269099 i.e. Entry No.127 of Schedule-II of Notification No.09/2025-Central Tax (Rate) dated 17.09.2025.

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

RULING

Question - (i): *Whether the biodegradable bags manufactured and supplied by the Applicant are classifiable under **Chapter 39** (in case of Plastic / compostable polymer-based bags) or **Chapter 48** (in case of paper-based bags), and appropriate HSN thereof.*

Answer-(i): *The applicant's product is classifiable under HSN 39269099 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) in view of the discussions in paras supra.*

Question-(ii): *Whether the supplies of the said biodegradable bags are covered under the entry: **"Paper Sacks/ Bags and bio-degradable bags"** (Chapters 39 & 48) specified in **Schedule I of Notification No. 9/2025- Central Tax (Rate)**, thereby attracting **GST @ 5% (2.5% CGST + 2.5% SGST)** with effect from **22 September 2025.***

Answer-(ii): *The applicant's product is covered under Entry No.319 of Schedule-I of Notification No.09/2025-Central Excise (Rate) dated 17.09.2025 attracting GST @ 5% (2.5% CGST + 2.5% SGST) in view of the discussions in paras supra. However, this ruling is strictly subject to the validity of the applicant's claim/submission regarding their product being biodegradable.*

(Sushma Vora)
Member (SGST)

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(Vishal Malani)
Member (CGST)

Place: Ahmedabad
Date: 29/10/2026