

**THE AUTHORITY FOR ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009**

**Advance Ruling No. KAR ADRG 18/2023
Date : 13-04-2023**

Present:

1. Dr. M.P. Ravi Prasad

Additional Commissioner of Commercial Taxes Member (State)

2. Sri. Kiran Reddy T

Additional Commissioner of Customs & Indirect Taxes Member (Central)

1.	Name and address of the applicant	M/s. RAGU PACKAGING, Sy. No.6/1/1, Near VNR Bundy, Bannerghatta Kaggalipura Main Road, Bannerghatta, Bengaluru – 560 083.
2.	GSTIN or User ID	29AAOFR4261J1ZN
3.	Date of filing of Form GST ARA-01	10-02-2023
4.	Represented by	Sri. P Ragupathy, Partner & Authorised Representative
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru. (Range-DSD8)
6.	Jurisdictional Authority – State	ACCT, LGSTO-27, Jayanagar, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2902230041265 dated 10.02.2023.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Ragu Packaging (herein after referred to as 'Applicant'), Sy. No.6/1/1, Near VNR Bundy, Bannerghatta -Kaggalipura Main Road, Bannerghatta, Bengaluru – 560 083, having GSTIN 29AAOFR4261J1ZN, have filed an application for Advance Ruling under Section 97 of CGST Act,



Ragu Packaging

2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and KGST Act.

2. The applicant stated that they supply wooden ice cream sticks and wooden ice cream spoons to diary industry for food stuffing and for use in consumption of ice cream. In view of this the applicant sought advance ruling seeking classification of the said wooden ice cream sticks and wooden ice cream spoons and the rate of GST applicable thereon.

3. **Admissibility of the Application :** The applicant claimed that the question on which advance rulings has been sought is with regard to "classification of goods" which is covered under Sections 97(2)(a) of the CGST Act 2017 and hence the instant application is admissible.

4. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

4.1 The applicant submitted the process of producing the semi-finished wooden spoons and wooden sticks that are imported by them. The aforesaid semi-finished products are manufactured from wooden logs out of European white Birch (Betula Pendula) taken from Siberian forest, which is certified & covered under FSC document No.FC-COC-001640. In this process, the wooden logs are cut into required size and boiled for 24 hours; later they are fed into peeling machine for required size of thickness below 2 mm sheets, which are further fed into cutting machine, which is specified size die cutting for sticks or spoons. In this process no chemicals are added and also the wood is not compressed, but directly peeled from logs and packed in bulk poly bag and shipped to the applicant.

4.2 The applicant imports aforesaid explained semi-finished wooden spoons and wooden sticks; sort them into multiple grades i.e. some are sorted by machines and some are sorted manually; bundles them through machines, as per customer's requirement, packed into cartons and dispatches the same to ice cream factories as they are used for food industry to stuff food and for human consumption. The applicant further submits that they are holders of FSSAI Licence Number-10019043002688 & FSSC22000 certified industry.

5. **Applicant's Interpretation of Law:** The applicant contends that their products i.e. wooden ice cream sticks and wooden ice cream spoons merit classification under HSN 4421 91 90, as neither any chemical is added to the wood nor the wood is compressed. Further the applicant has not



furnished any competing classification. The applicant contends that their products are exigible to GST at the rate of 12%.

PERSONAL HEARING PROCEEDINGS HELD ON 21.02.2023

6. Sri. P. Ragupathy, Partner of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

7. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in *pari-materia* and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

8. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

9. The Applicant imports the semi-finished wooden sticks and wooden spoons; process the same in different stage like round edging, polishing, screening, sorting, bundling and packing them for dispatching to customers in diary industry, which are used as ice cream sticks/spoons. The applicant contended that their products merit classification under HSN code 44219190 and seeks ruling on the issue of classification of their products and the GST rate applicable thereon.

10. We proceed to examine the classification of the impugned products. In this regard we invite reference to Explanations (iii) and (iv) appended to the Notification No. 01/2017- Central Tax (Rate), dated 28.06.2017, which are relevant to determination of Classification of a product & are as under:

(iii) *"Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).*

(iv) *The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule*



shall, so far as may be, apply to the interpretation of this notification.

Accordingly we make a reference to the Section Notes and Chapter Notes of the relevant Chapters of the Customs Tariff and also the corresponding Harmonised Commodity Description and Coding System Explanatory Notes of World Customs Organisation (WCO).

11. Chapter 44 of the first schedule to the Customs Tariff Act, 1975 covers **wood and articles of wood; wood charcoal**. Chapter Note 1 specifies some exclusions from this chapter and it is observed that the impugned products are not covered under the said exclusions. Further this chapter covers unmanufactured wood, semi-finished products of wood and, in general, articles of wood. These articles of wood, except certain kinds specified in Note 1 to this chapter, are grouped under the headings 44.14 to 44.21, which cover manufactured articles of wood, whether made of ordinary wood or of particle board or similar board, fibreboard, laminated wood or densified wood, as specified in Note 3 to this Chapter.

12. We observed that the impugned products i.e. wooden sticks and wooden spoons are made of specific wood European white Birch (Betula Pendula) taken from Siberian forest and thus they are qualified to be articles of wood. The applicant contended that the impugned products merit classification under HSN code 4421 91 90, however the heading 4421 pertains to other articles of wood such as cloth hangers; articles such as spools, cops, bobbins etc., for cotton machinery, jute machinery and other machinery; and also covers parts of wood. From the above it is seen that the subject articles, i.e., wooden sticks and wooden spoons do not merit classification under the said tariff heading.

13. In view of the above, we proceed to examine the alternate classification for the impugned products. We observed that the heading 4419 covers tableware and kitchenware of wood and specifically 4419 90 covers tableware and kitchenware of other wood i.e. other than bamboo wood. Further HSN explanatory notes provides that the heading 4419 covers spoons, crumb-scoops in addition to other articles. The impugned products being the wooden spoon and wooden stick qualify to be covered under spoons and crumb-scoops respectively. Thus the more specific classification of the impugned products would be 4419 90 90 as tableware made up of wood other than bamboo.

14. Now we proceed to examine the rate of GST applicable to the impugned products. Notification No.1/2017-Central Tax(Rate) dated



28.06.2017, as amended, specifies GST rate of 12% on the impugned products i.e. wooden sticks and wooden spoons, in terms of Sl.No.99B of Schedule II to the Notification supra, which reads as

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
99B *	4419	Tableware and Kitchenware of wood

*as inserted vide Notification 6/2018 Central Tax (Rate) dated 25.01.2018

15. In view of the foregoing, we pass the following

R U L I N G

The products i.e. wooden ice cream sticks and wooden ice cream spoons merit classification under HSN code 4419.90.90 and thus are exigible to GST @ 12%, in terms of Sl.No.99B of Schedule II to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended.



(Dr. M.P. Ravi Prasad)

Member

MEMBER

Karnataka Advance Ruling Authority
Place: Bengaluru,
Bengaluru - 560 009

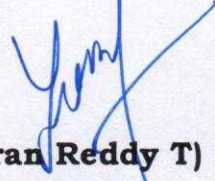
Date : 13-04-2023

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-27, Bengaluru.
5. Office Folder.



(Kiran Reddy T)

Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

