
 सत्यमेव जयते	<b>APPELLATE AUTHORITY FOR ADVANCE RULING, RAJASTHAN GOODS AND SERVICES TAX NCR BUILDING, STATUE CIRCLE, C-SCHEME JAIPUR – 302005 (RAJASTHAN) Email :aarjpr@gmail.com</b>	 राज्य कर बाजार
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**ORDER NO. 01/2026-27 DATED - 02/04/2026**

Before the AAAR comprising of:

1. Sh. Manish Kumar, Member (Central Tax)
2. Sh. Kumar Pal Gautam, Member (State Tax)

Name and address of the appellant	M/s Easy Flux Polymers Private Limited, 704, Mungram Funsquare, Durga Nursery Road, Udaipur (Rajasthan) – 313001
GSTIN/ UID of the appellant	GSTN – 08AADCE5250C1Z1
Issue under appeal	Section 97(2) of CGST Act, 2017:- (a) classification of goods (b) applicability of a notification
Date of personal hearing	13.03.2026
Present for the appellant	Shri Ashok Bohra, Director Shri Sh. Rakesh Kumar Mehta, CA & A/R
Details of appeal	Appeal No. RAJ/AAAR/06/2025-26 against Advance Ruling Order No. RAJ/AAR/2025-26/15 dated 17.12.2025

(Proceedings under Section 101 of the Central GST Act, 2017 read with Section 101 of the Rajasthan GST Act, 2017. The provisions of Central GST Act, 2017 and the Rajasthan GST Act, 2017 are *pari-materia* barring a few exceptions. Therefore, unless a specific mention is made to such dissimilar provisions, a reference to the Central GST Act, 2017 should also be read as a reference to corresponding provisions of the Rajasthan GST Act, 2017)

This order relates to an appeal filed under Section 100 of the Central Goods & Services Tax Act, 2017 (hereinafter referred to as 'the CGST Act, 2017') read with Section 100 of the Rajasthan Goods & Services Tax Act, 2017 (hereinafter referred to as 'the RGST Act, 2017') on 09<sup>th</sup> January, 2026 by M/s Easy Flux Polymers Private Limited (hereinafter referred to as 'the appellant') against Order No. RAJ/AAR/2025-26/15 dated 17<sup>th</sup> December, 2025 passed by the AAR, Rajasthan. The appeal has been filed within the prescribed time of 30 days and is within time.

### **BRIEF FACTS OF THE CASE**

The facts of the case are that the appellant holds GST registration No. 08AADCE5250C1Z1 and had filed an appeal stating that the appellant is engaged in



manufacture and supply of compostable plastic bags, which are claimed to be eco-friendly substitutes for conventional plastic bags.

2. As submitted by them, the appellant holds valid CPCB / CIPET / TÜV Rheinland certifications, confirming compostability and biodegradability as per ISO 17088 and EN 13432 standards.

3. The appellant submitted that vide Notification No. 09/2025-CTR dated 17<sup>th</sup> September, 2025 (effective from 22.09.2025), the Government inserted Serial No. 319 in Schedule- I, prescribing GST @ 5% for "Paper Sacks/Bags and Biodegradable Bags" under Chapters 39 & 48.

4. As the appellant was of the view that the term "bio-degradable bags" is not defined, they applied for an advance ruling before AAR, Rajasthan, and the AAR, vide Order No. RAJ/AAR/2025-26/15 dated 17<sup>th</sup> December, 2025, gave its ruling as under-

*"Q 1) Classification/HSN: Whether the Applicant's biodegradable bags are classifiable under Chapter 39 (if of plastic/compostable polymer) or Chapter 48 (if of paper), and the appropriate HSN therein.*

*Ans- The biodegradable/compostable bags manufactured by the applicant are classifiable under Chapter 39 – "Plastics and articles thereof," Heading 3923, sub-heading 3923 29 90 (Other sacks and bags, of plastics) as discussed in para 7 ....*

Para 7 is reproduced as under-

*"We find that the bags in question are made from polymer materials and are classifiable under Chapter 39 – Plastics and articles thereof, specifically under heading 3923, being articles for the conveyance or packing of goods. This classification is independent of whether the material is biodegradable or not."*

*Q 2) Rate of tax & applicability of notification: Whether supplies of the said biodegradable bags are covered by the entry "Paper Sacks/Bags and biodegradable bags" (Ch. 39, 48) in Schedule I of Notification 9/2025-CTR, attracting 5% GST (2.5% CGST + 2.5% SGST), w.e.f. 22-Sep-2025.*

*Ans- As discussed in Para 9 .....*

Para 9 is reproduced as under-

*".....we cannot determine whether the applicant's product is biodegradable or compostable, we hold that if the bags supplied by the applicant are biodegradable, then the benefit of Entry No. 319 of Schedule I to Notification No. 9/2025-Central Tax (Rate) dated 17.09.2025, would be available and GST would be payable at the rate of 5% (2.5% CGST + 2.5% SGST). If the product is not biodegradable, then the concessional rate would not apply, and the applicable rate under the general classification for plastic bags under Chapter 39 would apply."*

## APPELLANT'S SUBMISSIONS



5. Being aggrieved with the aforesaid Ruling dated 17<sup>th</sup> December, 2025, the appellant has filed an appeal before this appellate authority stating therein as under-

- (1) The learned AAR erred in law by not conclusively deciding eligibility under Serial No. 319 despite admitting lack of jurisdiction on biodegradability determination.
- (2) The AAR failed to appreciate that CPCB / CIPET certifications conclusively establish biodegradability.
- (3) Compostable bags are a specialized sub-set of biodegradable products; exclusion is legally unsustainable.
- (4) The impugned ruling lacks clear findings and is therefore arbitrary and unsustainable.
- (5) The ruling defeats the policy objective of encouraging eco-friendly alternatives and plastic waste management.
- (6) Every compostable product is biodegradable. ISO 17088 requires biological decomposition into CO<sub>2</sub>, water and biomass, establishing biodegradability beyond doubt.
- (7) GST law does not define "biodegradable bags"; hence technical meaning from expert statutory bodies must be adopted.
- (8) Having acknowledged that biodegradability determination lies with environmental authorities, the AAR ought to have accepted such certifications instead of denying concessional rate.
- (9) The appellant is duly certified by the Central Pollution Control Board, Ministry of Environment, Forest & Climate Change, Government of India, vide Certificate dated 01.03.2023, issued under the Plastic Waste Management Rules, 2018, authorising the appellant as a manufacturer for manufacturing and selling compostable plastic carry bags in India. The certificate mandates compliance with IS/ISO 17088 and conclusively recognises the Appellant's products as compostable and biodegradable in nature.
- (10) The Government of Rajasthan, vide Gazette Notification dated 31.12.2021, has expressly permitted the use of biodegradable / compostable plastic carry bags conforming to IS 17088, while continuing the ban on conventional plastic carry bags. This establishes legislative recognition that compostable plastic bags are environmentally compliant and legally distinct from conventional plastic bags.
- (11) The Rajasthan State Pollution Control Board has, through official communication, confirmed that carry bags made from biodegradable / compostable plastic are permitted under the Plastic Waste Management Rules and are aligned with environmental policy objectives.
- (12) The appellant holds a valid Producer Registration Certificate issued by Rajasthan Pollution Control Board under Rule 13(2) of the Plastic Waste Management Rules, 2016, recognising the Appellant as a compliant producer under the Extended Producer Responsibility (EPR) regime.
- (13) Once biodegradability and compostability are certified by CPCB / SPCB, no authority under GST law can disregard or re-examine such technical determination. The AAR itself admits lack of jurisdiction on this aspect and therefore could not have denied the concessional GST benefit.
- (14) The appellant annexed following documents in support of their submission-

- TÜV Rheinland Test Report (EN 13432 / ISO 16929) evidencing 100% disintegration, heavy metal compliance and plant toxicity pass



- CIPET Test Certificate confirming compliance with ISO 17088:2021 standards for compostable plastics.
- Central Pollution Control Board (CPCB) Certificate dated 01.03.2023 issued under Plastic Waste Management Rules, 2018, authorising the Appellant as *Manufacturer* for manufacturing and selling compostable plastic carry bags in India.
- Rajasthan State Pollution Control Board / State Government Notifications (Rajasthan Gazette dated 31.12.2021) permitting biodegradable / compostable plastic carry bags conforming to IS 17088.
- Producer Registration Certificate (EPR Registration) issued by Rajasthan Pollution Control Board under Rule 13(2) of Plastic Waste Management Rules, 2016.

(15) On combined reading of Notification No. 09/2025-CTR, technical certifications, and admissions in the impugned order, the Appellant's product squarely qualifies as biodegradable bags taxable at GST @ 5%.

### PERSONAL HEARING

6. Personal hearing in the matter was held on 13.03.2026. Shri Ashok Bohra, Director of the appellant and Shri Rakesh Kumar Mehta, CA & Authorised Representative appeared for personal hearing and reiterated the submissions as put forth in appeal. Shri Ashok Bohra emphasized and raised objection that they have furnished test reports and certificates of the Pollution Control Board, still the Advance Ruling Authority did not give ruling conclusively about biodegradability/compostability of their product and eligibility thereof for concessional rate of 5%.

### DISCUSSION AND FINDINGS

7. We have carefully considered the material and evidences available on record, the Order dated 17<sup>th</sup> December, 2025 of the Rajasthan Authority for Advance Ruling, the written submissions of the appellant and also oral submissions made at the time of personal hearing held on 13<sup>th</sup> March, 2026.

8. We observe that as claimed by them, the appellant is engaged in manufacture and supply of compostable plastic bags. The appellant claims that the products are eco-friendly substitutes for conventional plastic bags and for which the appellant holds valid CPCB / CIPET / TÜV Rheinland certifications, confirming compostability and biodegradability as per ISO 17088 and EN 13432 standards. After issuance of the Notification No. 09/2025-CTR dated 17.09.2025 (effective from 22.09.2025), vide which the Government inserted Serial No. 319 in Schedule-I, prescribing GST @ 5% for "Paper Sacks/Bags and Bio-degradable Bags" under Chapters 39 & 48, the appellant was of the view that the term "bio-degradable bags" is not defined, they applied for an advance ruling before AAR, Rajasthan, raising following questions-



*“Q 1) Classification/HSN: Whether the Applicant’s biodegradable bags are classifiable under Chapter 39 (if of plastic/compostable polymer) or Chapter 48 (if of paper), and the appropriate HSN therein.*

*Q 2) Rate of tax & applicability of notification: Whether supplies of the said biodegradable bags are covered by the entry “Paper Sacks/Bags and biodegradable bags” (Ch. 39, 48) in Schedule I of Notification 9/2025-CTR, attracting 5% GST (2.5% CGST + 2.5% SGST), w.e.f. 22-Sep-2025.*

9. The AAR, Rajasthan vide Order No. RAJ/AAR/2025-26/15 dated 17<sup>th</sup> December, 2025, gave its ruling in the matter. As regards first question, the AAR found that *“the bags in question are made from polymer materials and are classifiable under Chapter 39 – Plastics and articles thereof, specifically under heading 3923, being articles for the conveyance or packing of goods. This classification is independent of whether the material is biodegradable or not”*. With reference to the second question, the AAR found that Advance Ruling Authority is not the competent authority to verify or affirm whether the product is biodegradable or compostable, nor can the Authority conclude on the sufficiency or correctness of the certification produced and that the determination of biodegradability or compostability is a scientific and technical matter falling within the jurisdiction of the environmental authorities and not within the scope of this Authority under Section 97(2) of the CGST Act. The AAR, held that *“if the bags supplied by the applicant are biodegradable, then the benefit of Entry No. 319 of Schedule I to Notification No. 9/2025–Central Tax (Rate) dated 17.09.2025, would be available and GST would be payable at the rate of 5% (2.5% CGST + 2.5% SGST). If the product is not biodegradable, then the concessional rate would not apply, and the applicable rate under the general classification for plastic bags under Chapter 39 would apply”*.

10. We further find that the AAR, Rajasthan have discussed the classification of the bags being manufactured by the appellant and found the same classifiable under chapter heading 3923, irrespective of the fact whether the same are bio-degradable or not. The AAR, Rajasthan have also discussed the issue of eligibility of a product for claiming exemption under S. No. 319 of the Notification No. 09/2025-CTR dated 17<sup>th</sup> September, 2025 in the advance ruling dated 17<sup>th</sup> December, 2025 and the appellant has not challenged the findings of the AAR on both of the points. The appellant has only argued that the AAR has erred in law by not deciding conclusively, the eligibility of their products for concessional rate and failed to appreciate the certification establishing bio-degradability of their products. We find that the AAR, Rajasthan have mentioned that Advance Ruling Authority is not the competent authority to verify or affirm whether the product is bio-degradable or compostable, nor can the Authority conclude on the sufficiency or correctness of the certification produced and that the determination of bio-degradability or compostability is a scientific and technical matter falling within the jurisdiction of the environmental authorities and not within the scope of this Authority under Section 97(2) of the CGST Act. Therefore, the moot question to be decided in this appeal is whether the products produced by the appellant can be adjudged as eligible for benefit under S. No. 319 of the Notification No. 09/2025-CTR dated 17<sup>th</sup> September, 2025.



11. We find that on the basis of the certificates and other material it is clearly established that the bags being manufactured by the appellant fall under 'Chapter 39- Plastics and articles thereof'. We further observe that the concessional rate of GST i.e. 5% under S. No. 319 of the Notification No. 09/2025-Central Tax (Rate) dated 17<sup>th</sup> September, 2025 is available to "Paper Sacks/Bags and bio-degradable bags" of Chapter 39 and 48, which implies that availability of exemption to the bags other than made of paper under this notification is restricted to the bags, which are bio-degradable.
12. Now, question arises as to whether bio-degradable nature of any product can be decided at the level of advance ruling forum. We find that competence to determine technical or scientific standards of any product in order to decide its bio-degradability or compostability, lies with the nodal agencies like Pollution Control Board under Plastic Waste Management (PWM) Rules. We observe that the appellant has produced certificates and correspondence of Central Pollution Control Board and Rajasthan Pollution Control Board authorities and also test reports in support of their claim. We have gone through these and noticed that the certificates issued by the Central Pollution Control Board and also the Rajasthan Pollution Control Board are issued under Plastic Waste Management Rules (PWM Rules) to authorize the appellant to manufacture and sell compostable carry bags and commodities. The certificates also prescribe the procedures for the purpose, strict adherence of which is required on the part of the appellant. It is also noticeable that there are penal provisions for deviation or non-compliance of PWM Rules, which indicate that deviation or non-compliance of PWM Rules is possible and for monitoring and action in this regard the pollution control boards are the nodal agencies.
13. As regard the test reports produced by the appellant, we find that from both the test reports i.e. TÜV Rheinland Test Report dated 22.10.2025 and CIPET Test Certificate dated 09.12.2022, it is evident that the samples were drawn by the party. Also the procedure of drawing sample, sample size etc. is also not known. Thus, neutrality in the matter of drawing samples and get it tested by the appellant, is not beyond doubt.
14. We further find that supply is a continuous phenomenon and as the exemption is linked with the nature/characteristics of the product, in order to avail the exemption, the parameters are required to be strictly maintained on a regular basis. Therefore, one time certification of any such product would also not be appropriate.
15. We are agree with the findings of the AAR, Rajasthan that advance ruling authorities do not possess the jurisdiction to determine whether a product meets environmental, technical or scientific standards of bio-degradability or compostability and that determination of bio-degradability of any product is not in the scope of this advance ruling forum. We find that advance ruling authority is preordained forum for interpretation of GST law to answer questions on the issues as prescribed under Section 97(2) of CGST Act, 2017. And therefore, it can only be concluded that if the products of the applicant are bio-degradable, then the same would be eligible for benefit of concessional rate of tax under Entry No. 319 of Schedule I to Notification No. 09/2025-Central Tax (Rate) dated 17<sup>th</sup> September, 2025, otherwise the applicable rate for plastic bags under Chapter 39 would apply.
16. However, we find it appropriate that in order to determine the bio-degradability of the products, in question, and to decide applicability of the



Notification No. 09/2025-Central Tax (Rate) dated 17<sup>th</sup> September, 2025 thereon, the jurisdictional GST field formation may draw samples and get the same tested.

17. In view of the above discussion and findings, we have no reason to interfere in the ruling given by the AAR, Rajasthan vide Order No. RAJ/AAR/2025-26/15 dated 17<sup>th</sup> December, 2025. Accordingly, we pass the following order-

### ORDER

We uphold the Order No. RAJ/AAR/2025-26/15 dated 17<sup>th</sup> December, 2025 passed by the AAR, Rajasthan and reject the appeal filed by the appellant.

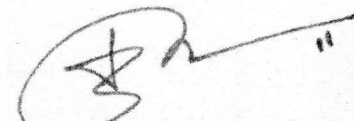
Digitally signed by

MANISH KUMAR

Date: 02-04-2026

19:02:19 Kumar)

Member (Central Tax)



(Kumar Pal Gautam)

Member (State Tax)

### SPEED POST

To

M/s Easy Flux Polymers Private Limited,  
704, Munglam Funsquare, Durga Nursery Road,  
Udaipur (Rajasthan) – 313001

F. No. IV (16)05/AAAR/RAJ/2025-26/105

02.04.2026  
Date- 03-2026  
06.

Copy to:-

1. The Chief Commissioner of CGST (Jaipur Zone), NCR Building, Statue Circle, Jaipur.
2. The Chief Commissioner of SGST, Rajasthan, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, Jaipur-302005.
3. The Pr. Commissioner, CGST Commissionerate, Udaipur.
4. The Secretary, Rajasthan Authority for Advance Ruling, Goods and Service Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, Jaipur-302005.
5. The Deputy/ Assistant Commissioner, Division-Udaipur (North), Udaipur (Rajasthan).
6. The Deputy/ Assistant Commissioner, State Tax Department, Circle-F, Zone Udaipur, Divisional Kar Bhawan, Udaipur(Rajasthan)
7. The web-manager - [www.gstcouncil.gov.in](http://www.gstcouncil.gov.in)
8. Guard File.