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

ADVANCE RULING NO. GUJ/GAAR/R/2026/43
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2026/AR/04)

Date: 05 / 11 /2026

Name and address of the applicant	:	M/s. Greenomers Private Limited, 903, Supath Apartment, Ninth floor, Vijay Cross road, Navrangpura, Ahmedabad-380009
GSTIN of the applicant	:	24AAGCE4587K1Z9
Jurisdiction Office	:	Office of the Assistant Commissioner of State Tax, Unit 08, Range-2, Division-1, Ahmedabad.
Date of application	:	19.01.2026.
Clause(s) of Section 97(2) of CGST/GGST Act, 2017, under which the question(s) raised.	:	(a) & (e)
Date of Personal Hearing	:	29.05.2026
Present for the applicant	:	Shri Maheshkumar K. Patel

Brief facts:

1. M/s. Greenomers Private Limited, located at 903, Supath Apartment, Ninth floor, Vijay Cross road, Navrangpura, Ahmedabad-380009 (hereinafter referred to as the applicant) is registered with the GST Department having GSTIN No.24AAGCE4587K1Z9.

2. The applicant has submitted that they are engaged in the manufacture of Biodegradable and compostable bags used as packing goods bags; that these bags are manufactured from bio-based/biodegradable polymer resins such as polylactic acid (PLA), starch-based polymers, polybutylene adipate terephthalate (PBAT), or other certified compostable bioplastics and are designed to break down under industrial or home composting conditions and do not persist in the environment like conventional polyethylene /plastic bags; that they are used for packaging, carrying, or storing goods. In summary, these are eco-friendly bags made from biodegradable and compostable materials intended for the same use as plastic packing bags but with reduced environmental impact.

3. The applicant has submitted the manufacturing process and Biodegradability status of Biodegradable/Compostable Bags as under:

- These bags are manufactured using a controlled blending and film-forming process. The primary raw materials used in the production are:
  - PBAT (Polybutylene Adipate Terephthalate)
  - Starch

- Calcium Carbonate (CaCO3)
- Additives (less than 2% by weight)
- The additives are used only to improve processing and performance characteristics and do not exceed 2% of the total formulation. The major constituents-PBAT, starch and calcium carbonate-are all recognized as biodegradable materials capable of degradation through natural biological processes under appropriate environmental conditions.

4. The applicant has further submitted that currently, India does not have a designated domestic certification authority that issues internationally recognized biodegradability or compostability certificates in accordance with global standards and accordingly, the product has been submitted for certification to TUV (Technischer Uberwachungsverein), a reputed European certification body recognized internationally for biodegradability and compostability assessment; that as per the results received so far: (i) the product has achieved 71% biodegradation within 120 days. (ii) the biodegradation testing is ongoing as per the applicable international standard. (iii) based on current progress, the product is expected to meet the required criteria, and the final certification is anticipated by the end of January, 2026, subject to completion of testing and formal approval by TUV.

5. The applicant has also submitted that: (i) Definition of Biodegradable (as per International Understanding) is: *"A material that can be broken down by naturally occurring microorganisms (such as bacteria and fungi) into basic natural substances like water, carbon dioxide, and biomass"*. No specific time limit is prescribed for biodegradation under this definition and (ii) Definition of Compostable (as per International Understanding) is: *"A subset of biodegradable materials that degrade under composting conditions within a specified time frame, generally within 180 days, leaving no toxic residue and resulting in compost that is safe for the environment."* The applicant has also given the declaration that based on the material composition and current test results, the manufactured bags are biodegradable in nature and submitted that they are in the process of obtaining formal compostability certification from an internationally recognized certification body and all claims will be updated in accordance with the final certification outcome.

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

(1) Is classification of biodegradable & compostable packing bags under HSN 39079990?

(2) Correct GST rate applicable to the outward supply of such bags.

7. Personal hearing was granted on 29.05.2026 wherein Shri Maheshbhai K. Patel appeared on behalf of the applicant and reiterated the facts & grounds as stated in the application. During the course of hearing, the jury/bench asked the representative of the applicant to submit GPCB & CPCB certificates and additional supporting documents/submission in respect of the biodegradability/compostability of the product.

8. In response to the directions given during the course of personal hearing, the applicant submitted the following documents vide email dated 01.06.2026:

(i) Copy of Consent to Establish (NOC) issued to the applicant by the Gujarat Pollution Control Board for setting up of industrial plant/activities at the manufacturing unit to manufacture "Bio-degradable/Composite Compounds/Granules.

(ii) Copy of Consent Order No.WH-74280 dated 12.07.2024 (valid upto 31.03.2025) issued to the applicant by the Gujarat Pollution Control Board for use of outlet for the discharge of affluent & emission due to operation of industrial plant for manufacture of "Bio-degradable/ Compostable Compounds/Granules".

(iii) Registration certificate for producer issued by the Gujarat Pollution Control Board on date 21.02.2025 (as a producer for disposal of plastic waste generated due to plastic packaging).

(iv) Letter No 18191 dated 17.10.2025 issued by the Gujarat Pollution Control Board granting extension to Consent Order No.WH-74280 upto 31.03.2029.

(v) A copy of Standard Operating Procedure (SOP) for issuing Certificate to manufacturers /sellers of Compostable Plastic Carry Bags & Commodities [under Rule 4(h) of the Plastic Waste Management (PWM) Rules, 2016].

(vi) Undertaking dated 30.05.2025 of the applicant for registration of compostable carry bags commodities.

(vii) Certificate dated 26.05.2026 issued by TUV Rhenland, Germany to the applicant.

(viii) Copy of Analysis Test Report No.1918 dated 11.03.2025 issued by the Institute of Petrochemicals Technology (IPT), Chennai in respect of the applicant's sample of "Compostable film".

It is further noted that the certificate issued by TUV Rheinland, Germany, as referred to at Sr. No. (vii) above, was submitted by the applicant subsequent to the filing of the application for advance ruling and represents the final outcome of the testing and certification process, thereby superseding the earlier anticipated timeline for certification mentioned in the initial application.

8.1 The applicant vide email dated 14.08.2026 has attached a copy of the application dated 29.09.2025 submitted to CPCB along with acknowledgement/documentary proof, evidencing that the matter has already been taken up with the competent statutory authority and that the non-submission of the CPCB certificate by them is not due to any omission or non-compliance on their part, as they have already initiated the prescribed process and are awaiting issuance of the requisite document from CPCB.

Discussion and findings

9. 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.

10. We have considered the submissions made by the applicant in their application for advance ruling, oral submissions made during the course of personal hearing as well as the additional submissions/documents submitted by them after the personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/views in respect of question on which the advance ruling is sought.

11. The applicant has submitted that they are engaged in the manufacture of Biodegradable and compostable bags (used as packing goods bags) that are manufactured from bio-based/ biodegradable polymer resins such as polylactic acid (PLA), starch-based polymers, polybutylene adipate terephthalate (PBAT), or other certified compostable bioplastics and are designed to break down under industrial or home composting conditions and do not persist in the environment like conventional polyethylene/plastic bags. In summary, these are eco-friendly bags made from biodegradable and compostable materials intended for the same use as plastic packing bags but with reduced environmental impact. As per the manufacturing process given by the applicant, the raw materials used such as PBAT (Polybutylene Adipate Terephthalate), starch, calcium carbonate (CaCO3) are all recognized as biodegradable materials capable of degradation through natural biological processes under appropriate environmental conditions. Further additives (less than 2% by weight) are also used and these bags are manufactured using a controlled blending and film-forming process. The applicant has further submitted that their product has been submitted for certification to TUV (Technischer Uberwachungsverein), a reputed European certification body recognized internationally for biodegradability and compostability assessment. The applicant has also submitted that as per the results received so far: (i) the product has achieved 71% biodegradation within 120 days. (ii) the biodegradation testing is ongoing as per the applicable international standard. (iii) based on current progress, the product is expected to meet the required criteria, and the final certification is anticipated by the end of January, 2026, subject to completion of testing and formal approval by TUV.

The aforesaid submission regarding the anticipated date of certification was made by the applicant at the initial stage of filing the application for advance ruling. Subsequently, the applicant has submitted the certificate issued by TUV Rheinland, Germany, vide its subsequent submissions, and the earlier statement regarding the anticipated certification is to be read accordingly.

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

(1) Is classification of biodegradable & compostable packing bags under HSN 39079990?

(2) Correct GST rate applicable to the outward supply of such bags.

13. Since the applicant wants to know whether the biodegradable and compostable bags manufactured by them are classified under HSN 39079990 and also since the primary raw material used in the manufacture of these bags is bio-based/ biodegradable polymer resins such as polylactic acid (PLA), starch-based polymers, polybutylene adipate terephthalate (PBAT), or other certified compostable bioplastics which are all plastic materials, we find it prudent to refer to 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 Polybutylene Terephthalate and polylactic acid find

mention under Tariff Heading 3907 whereas starch-based polymers and compostable bioplastics do not find any mention in any of the headings in Chapter 39. Since the product of the applicant is biodegradable and compostable bags, it cannot be covered under Tariff Heading 3907. We also find that headings from 3901 to 3914 covers various types of plastic raw materials in primary form. We further find that the biodegradable and compostable bags of the applicant do not find any mention in any of the headings from 3915 to 3925. Further, since heading 3926 covers "other articles of plastics and articles of other materials of headings 3901 to 3914, the product of the applicant would aptly fall under heading 3926 only. However, in order to find out the correct classification of the product manufactured by the applicant, we find it prudent to refer to Tariff Heading 3926 as appearing in the Customs Tariff Act, 1975 (51 of 1975). The same are reproduced hereunder:

Heading 3926 as appearing in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975):

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:

--- 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:

--- Aprons:

--- Plastic stickers for garments:

--- Collar stays, patties, butterfly, shoulder-pads and other stays:

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

3926 30 - Fittings for furniture, coach work or the like:

3926 40 - Statuettes and other ornamental articles:

--- Bangles:

--- Beads:

--- Statuettes:

--- Table and other household articles (including hotel and restaurant) for decoration:

--- Decorative sheets:
3926 40 51 ---- Of polyurethane foam
3926 40 59 ---- Other

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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:

--- Lasts, with or without steel hinges; EVA and grape sheets for soles and heels; welts:

--- 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 ----------
--- Retroreflective sheeting of other than of heading 3920:

--- Hangers:

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

13.1 On going through the various sub-headings of Heading 3926, we find that there is no mention of "Biodegradable and Compostable Bags" in any of the sub-headings. We therefore find that the applicant's product would be aptly classifiable under sub-heading 39269099 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and not under sub-heading 39079990 as opined by the applicant. We, therefore, hold that the applicant's product "Biodegradable and Compostable Bags" would be classifiable under sub-heading 39269099 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

13.2 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 has also mentioned that the bags are manufactured by them from bio-based/ biodegradable polymer resins such as polylactic acid (PLA), starch-based polymers, polybutylene adipate terephthalate (PBAT), or other certified compostable bioplastics and are biodegradable and compostable bags, a reference to Entry No.319 of Schedule-I of the aforementioned notification (which covers paper sacks/bags

and biodegradable bags) 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]

13.3 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).

14. 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.

14.1 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.

14.2 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 microplastics 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 microplastic residues behind.

14.3 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.

14.4 The applicant has also submitted the following documents issued to them, in support of the claim that their bags are biodegradable and compostable in nature:(i) Copy of Consent to Establish (NOC) issued by the Gujarat Pollution Control Board for setting up of industrial plant/activities at the manufacturing unit to manufacture "Bio-degradable/Composite Compounds/Granules, (ii) Copy of Consent Order No.WH-74280 dated 12.07.2024 (valid upto 31.03.2025) issued by the Gujarat Pollution Control Board for use of outlet for the discharge of affluent & emission due to operation of industrial plant for manufacture of "Bio-degradable/Compostable Compounds/Granules, (iii) Registration certificate for producer issued by the Gujarat Pollution Control Board on date 21.02.2025 (as a producer for disposal of plastic waste generated due to plastic packaging), (iv) Letter No 18191 dated 17.10.2025 issued by the Gujarat Pollution Control Board granting extension to Consent Order No.WH-74280 upto 31.03.2029, (v) A copy of Standard Operating Procedure (SOP) for issuing Certificate to manufacturers /sellers of Compostable Plastic Carry Bags & Commodities [under Rule 4(h) of the Plastic Waste Management (PWM) Rules, 2016], issued by the Central Pollution Control Board, (vi) Undertaking dated 30.05.2025 of the applicant for registration of compostable carry bags commodities, (vii) Certificate dated 26.05.2026 issued by TUV Rhenland, Germany to the applicant and (viii) Copy of Analysis Test Report No.1918 dated 11.03.2025 issued by the Institute of Petrochemicals Technology (IPT), Chennai in respect of the applicant's sample of "Compostable film".

14.5 The Analysis Test Report No. 1918 dated 11.03.2025 is in respect of a sample (stated to be composite film) submitted by the applicant to the IPT, Chennai. The aforementioned report indicates that : (i) the sample is Polybutylene Adipate Co.Terephtalate (PBAT) composite film. (ii) the disintegration of the sample by passing through 2 mm sieve after 12 weeks in composting condition as per ISO 17088-2021/ISO 17088-2012 found not more than 10% of original dry mass remaining. (iii) the percentage of seed germination is found to be greater than 90% for both monocotyledon and dicotyledon. (iv) the percentage of biomass after an incubation period of 14 days is 96.76%. (v) the percentage of biomass after an incubation period of 56 days is 94.26%. The applicant vide email dated 14.08.2026 has attached a copy of the application dated 29.09.2025 submitted to CPCB along with acknowledgement/documentary proof, evidencing that the matter has already been taken up with the competent statutory authority and that the non-submission of the CPCB certificate by them is not due to any omission or non-compliance on their part, as they have already initiated the prescribed process and are awaiting issuance of the requisite document from CPCB. The applicant has also given the declaration that based on the material composition and current test results, the manufactured bags are biodegradable in nature and that they are in the process of obtaining formal compostability certification from an internationally recognized

certification body also and all claims will be updated in accordance with the final certification outcome.

14.6 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 bags) manufactured by them from bio-based/ biodegradable polymer resins such as polylactic acid (PLA), starch-based polymers, polybutylene adipate terephthalate (PBAT), or other certified compostable bioplastics (as per their submission), classifiable under Chapter Sub-heading No.39269099 of the First schedule to the Customs Tariff 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.

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

RULING

Question -1: Is classification of biodegradable & compostable packing bags under HSN 39079990?

Answer -1: The product mentioned as "Biodegradable & Compostable bags" by the applicant are 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 -2: Correct GST rate applicable to the outward supply of such bags?

Answer - 2: 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)

(Vishal Malani)
Member (CGST)

Place: Ahmedabad
Date: 05/11/2026