

## ***18% GST payable on Crumb Rubber or Granule: The AAR, Maharashtra***

### **Fact of the Case**

The applicant, Green Rubber Crumb Private Ltd. has been producing crumb rubber/granules from used/waste tyres and has submitted during the course of the hearing that the waste/used tyres are not usable because they are worn out tyres due to wear and tear.

The applicant has submitted that Crumb rubber or granules less than 35 mm having a mixture of rubbers mentioned in 4001, falls under 4002. Even if the granule/crumb is manufactured from waste /used tyres it is a finished product and not a waste. Supporting document (Letter MOEF) and therefore does not fall under 4004. MOEF which is a recognized agency to differentiate waste from the finished product has clarified that powder/ granules which are generated as a by-product during the manufacture of a product is waste and hence should be classified as 4004. However, when some powder or granule is made as the main product by processing any waste rubber it is considered a finished product under 4002.

The applicant has sought the advance ruling on the issue in respect of HSN classification of Crumb rubber/granule and applicability of Current duty.

### **Decision of the Case**

The Coram noted that Powders and granules, obtained from such goods of such rubber (other than hard rubber) are definitely not usable as such because of cutting-up, wear or other reasons” which includes worn-out rubber tyres, are covered under Heading 4004.

“In view of the above discussions, we find that the used/ waste tyres, made of rubber are nothing but rubber and rubber goods not usable as such because of cutting up, wear or other reasons from which the subject goods are produced. Thus the impugned goods are squarely covered under the Heading 40.04 of the GST Tariff Act, 2017,” the AAR said.

***The Maharashtra Authority of Advance Ruling (AAR) ruled that 18% GST is payable on Crumb rubber or granule.***