



**STATE GOODS AND SERVICES TAX DEPARTMENT, TAX
TOWERS, KARAMANA, THIRUVANANTHAPURAM**

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Sector Specific Trade Advisory 01/2025 - Wood Industry

The Goods and Services Tax (GST) has brought a major shift in India's taxation system, impacting all sectors, including the wood industry. Understanding the applicability of GST, registration process, and compliance requirements is crucial for traders in the wood industry, including manufacturers, suppliers, and retailers.

I. GST Registration

Traders in the wood industry, including manufacturers, suppliers, and retailers, with an aggregate turnover in a financial year exceeding the GST threshold of INR 40 lakhs for goods and INR 20 lakhs for services / both goods and services, are required to register under GST. A registered person is liable to collect and remit GST at the applicable rate. If the turnover crosses the threshold limit, registration must be taken by filing an online application through the common portal (www.gst.gov.in) within 30 days from when the obligation to register arises. Registration can be done as a regular taxpayer or by opting for the composition scheme.

II. Composition Scheme

The Composition Scheme is a simplified tax compliance scheme under the GST system for registered small taxpayers, to reduce the burden of compliance and make it easier for them to pay taxes. Taxpayers engaged in the business of goods with an aggregate turnover of up to INR 1.5 crores and service providers with an aggregate turnover of up to fifty lakhs in a

financial year are eligible for the Composition Scheme, under which

- GST is to be paid at a fixed rate of 1% of the turnover in the case of goods and at a fixed rate of 6% of the turnover in the case of services
- Tax is not collected from customers.
- Input Tax Credit (ITC) cannot be claimed.
- Interstate outward supply is not permitted.

III. Tax Rates

HSN/Heading	Description	Tax rate
4401	Firewood or fuelwood	Nil
4401	Wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms	5%
4402	Wood charcoal	Nil
4403	Wood in the rough	18%
4407	Wood-sawn or chipped	18%
4412	Plywood, veneered panels, and similar laminated wood	18%

IV. Input Tax Credit (ITC)

ITC is a handy mechanism in GST to avoid double taxation of goods and services, and it lets a registered person to claim credit for the GST that is already paid on the inputs and input services used for the business. Conditions for availing ITC:

- The Taxpayer must possess a valid tax invoice or debit note from the supplier.
- The Taxpayer must have received the goods or services on which GST has been paid.
- The Taxpayer must have received the goods or services in the course of furtherance of their business.
- The taxpayer who has supplied the goods/services should have filed a return and paid the tax to the government.

V. Filing of Returns

All the taxpayers registered under the regular scheme shall file returns in GSTR-1 and GSTR-3B within the time limit prescribed under the Act and Rules. Those opting for the Composition Scheme, are required to file a quarterly statement in GST CMP-08 and an annual return in GSTR-4 within the prescribed time limit. The returns are to be filed through the common portal 'www.gst.gov.in'.

VI. Invoicing and E- way bills

As a supplier in the wood industry, every registered taxpayer must issue a tax invoice or bill of supply (for composition taxpayers) for all supplies. These invoices should include details such as the name and address of the taxable person, GSTIN, invoice number and date, product description, Harmonized System of Nomenclature (HSN) code for wood products, applicable GST rate, taxable value and tax charged for a supply, etc.

In addition to the invoice, every registered person who transports timber/Wood with a consignment value of Rs. 50,000/- and above must generate an E-Way Bill by logging into the 'ewaybillgst.gov.in' portal. When interstate movement of goods is made for job work by a registered person, an e-way bill shall be generated either by the registered trader/manufacturer or the registered job worker irrespective of the value of the consignment.

VII. Non-Compliance

Non-filing of GST returns for a continuous period of 6 months may lead to suspension and cancellation of GST registration. In addition to this, failure to comply with GST regulations can also result in significant penalties, including fines, interest on unpaid taxes, and denial of Input Tax Credit (ITC). Persistent non-compliance may lead to the seizure of goods and documents. Severe cases can result in hefty fines and potential arrest. It is essential to register when the turnover crosses the threshold limit, file accurate returns, and pay taxes on time to avoid these serious penalties and ensure smooth business operations.

VIII. Documents required for the transfer of goods

Sl No.	Mode of transfer/Mode of trade	Type of trader	Documents to be used for transfer of goods/services	Documents to be carried in the vehicle while moving goods
1	Sale/Purchase	Supplier & Recipient are GST Registered Taxpayers	Invoice/e-invoice/ bill of supply issued by the supplier	<ol style="list-style-type: none"> 1. Invoice/e-invoice/bill of supply (QR code containing invoice reference number in case of e-invoice) 2. e-waybill *
2	Sale/Purchase	Supplier is GST registered Taxpayer & Recipient is unregistered trader/public	Invoice/bill of supply issued by the supplier	<ol style="list-style-type: none"> 1. Invoice/bill of supply 2. e-waybill*
3	Sale/Purchase	Supplier is unregistered trader/public & Recipient is GST registered Taxpayer	Payment voucher issued by the recipient	<ol style="list-style-type: none"> 1. Delivery challan 2. e-waybill*
4	Sale/Purchase	Supplier & Recipient are unregistered trader/public	Any supporting document	<ol style="list-style-type: none"> 1. Any documents proving the genuineness of the supplier and recipient 2. e-way bill**

5	Job Work	Supplier & Jobworker are GST Registered Taxpayers	Delivery Challan	<ol style="list-style-type: none"> 1. Delivery challan 2. e-waybill*
6	Job Work	Supplier is GST registered Taxpayer & Recipient is unregistered job worker	Delivery Challan	<ol style="list-style-type: none"> 1. Delivery challan 2. e-waybill*
7	Manufacturing service	Supplier is unregistered trader/public & Recipient is GST registered Job worker	Delivery Challan	<ol style="list-style-type: none"> 1. Delivery challan 2. e-waybill*
8	Other than supply	Supplier & Recipient are unregistered job worker/public	Any supporting document	<ol style="list-style-type: none"> 1. Any documents proving supplier and recipient/letter/ payment or receipt voucher 2. e-way bill**

* E-waybills are to be generated in the situations mentioned in Sl.No 6 above. A hard copy of e-waybill is not necessary. You may keep either a hard copy or an electronic form or the e-waybill number.

** An unregistered person may generate an e-way bill from the e-way bill portal by giving his/her details and vehicle details for the movement of goods for own use or as part of the supply. This will enable the person for hassle-free movement of goods.

Disclaimer: It is published in an endeavor to build the capacity of all stakeholders and facilitate awareness about GST in the state. As per the queries from the trade and other bodies, the Department shall make efforts to publish a series of issue specific advisories.

All taxpayers/professionals are advised to go through the laws for their statutory compliance. This advisory is only for awareness and not for any legal interpretation of laws.

ABRAHAM RENN S IRS
SPECIAL COMMISSIONER

Signed by
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