

A S MOLOOBHOY PRIVATE LIMITED

Appellate Authority for Advance Ruling — Maharashtra

MAH/AAAR/SS-RJ/20/2018-19 dated 14.02.2019

Q Questions Before the Authority

- Whether the supply of goods mentioned in para B are classifiable as Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907 under entry 252 of Schedule 1 of CGST Notification No. 01/2017-Central Tax (Rate) dated 28th June, 2017 and liable to GST @ 5%.

F Facts

The appellant is engaged in the sale and distribution of marine equipment and provides life-saving and fire-fighting services to the marine industry. They sought a ruling on whether various imported parts and equipment supplied to ships qualify as essential parts of a ship, thereby attracting a concessional GST rate of 5% under entry 252 of Schedule 1 of Notification No. 01/2017-Central Tax (Rate). The original Advance Ruling Authority had classified some items as essential parts while excluding others, leading to this appeal.

H Ruling

Classification of AIS, NAVTEX, and SART	Covered by Sr. No. 252 of Notification No. 1/2017-Central Tax (Rate) at 5% GST.	Held to be essential components of the GMDSS system.
Classification of Fish Finder, SONAR, VDR, and Two Way Walkie-Talkie	Not covered by Sr. No. 252 of Notification No. 1/2017-Central Tax (Rate).	Held not to be essential parts of a ship.

The Appellate Authority modified the original order, ruling that Automatic Identification System (AIS), NAVTEX, and Search and Rescue Transponder (SART) are essential parts of a ship and thus covered by entry 252 of Notification No. 1/2017-Central Tax (Rate). However, it upheld the exclusion of Fish Finder, SONAR, Voyage Data Recorder (VDR), and Two Way Walkie-Talkie, concluding they do not qualify as essential parts of a ship for the purpose of the concessional tax rate.

R Reasoning

The authority applied the principle that only items essential and integral to the functioning of a ship qualify as parts under entry 252. It determined that equipment forming part of the Global Maritime Distress and Safety System (GMDSS), such as AIS, NAVTEX, and SART, are mandatory under international maritime conventions and thus essential for a ship to be seaworthy. Conversely, it found that Fish Finders, SONAR, VDR, and Walkie-Talkies are either specific to certain vessel types or not integral to the basic functioning of a ship, and therefore do not qualify for the concessional rate. The decision relied on the interpretation of the term 'parts' in the

context of the **essential function of the ship** .

P Provisions Relied On

Section 99 of the Maharashtra Goods and Services Tax Act, 2017

Section 100 of the Central Goods and Services Tax Act, 2017

Section 101 of the Central Goods and Services Tax Act, 2017

Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017

! For the Practitioner

This ruling provides a **clear distinction** between mandatory safety equipment (GMDSS components) and auxiliary or application-specific equipment for the purpose of GST classification. Practitioners can use this to argue for the 5% concessional rate for critical navigation and safety gear, while acknowledging that specialized or non-integral equipment will likely face higher tax rates. It does not settle the classification of all marine equipment, as each item's necessity to the ship's basic function remains a **fact-specific determination** .

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> mah.aaar ssrj.20-2018-19 14.02.19.pdf

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