

A S Moloobhoy Private Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 14/2018-19/B- 71

Dated 18.07.2018

Q Questions Before the Authority

- Whether the supply of goods [as listed in Annexure I-A of this ARA application] is classifiable as "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 897" under entry 252 of Schedule 1 of GST Notification No. 01/2017-Central tax (rate) dated 28th June, 2017 as amended and liable to GST @ 5% (CGST-2.5% and SGST-2.5%) or IGST @ 5% or not.

F Facts

The applicant is engaged in the supply and distribution of marine distress signals, navigation and communication equipment (NAVCOM), life-saving and fire-fighting appliances, and related maintenance services for ships. The applicant imports various marine goods and equipment spares to supply to vessels. A dispute arose regarding whether these goods qualify as parts of ships eligible for the concessional GST rate of 5% under Entry 252 of Schedule I.

H Ruling

Classification and GST rate on supply of marine equipment spares listed in Annexure I-A under Entry 252 of Schedule I

GST @ 5% applies only to goods used in essential equipment items A, B, C, D, E, G, H, I, K, M, and S; other listed items are liable at standard tariff rates.

Entry 252 of Schedule I of Notification No. 01/2017-Central Tax (Rate) applies only to goods essential to a vessel's seaworthiness and fundamental operation.

The Authority held that only those goods and spares used in essential marine equipment—specifically GPS, Echo Sounder, RADAR, ECDIS, Gyroscope, Doppler Speed Log, MF/HF, VHF, SAT-C/FBB, SSAS, EPIRB, and BANWAS (items A, B, C, D, E, G, H, I, K, M, and S)—are classifiable as **essential parts of a vessel** eligible for GST at 5% under Entry 252 of Schedule I. Goods used in other listed equipment (such as AIS, NAVTEX, VDR, NDB, Fish Finder, SONAR, LSA/FFA, SART, Anemometer, and Walkie Talkies) are treated as additional equipment rather than ship parts and do not qualify for the 5% concessional rate.

R Reasoning

Since 'parts' is not defined in GST legislation, the Authority relied on dictionary definitions and judicial precedents to hold that a part is an essential component without which the primary article would be incomplete or unable to function. It examined each marine equipment type functionally to distinguish essential components from supplementary equipment. Systems critical for vessel navigation, position-tracking, and primary communication (such as RADAR, GPS, Gyro, VHF, EPIRB, SSAS) constitute **essential parts of ships** under Entry 252.

Conversely, standalone safety, auxiliary operational, or convenience equipment (such as Walkie-Talkies, Fish Finders, NAVTEX, and SART) are auxiliary items whose components do not qualify as parts of a ship.

P Provisions Relied On

Entry 252 of Schedule I of Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017

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

Headings 8901, 8902, 8904, 8905, 8906, 8907 of the Customs Tariff Act, 1975

Section 98 of the Central Goods and Services Tax Act, 2017

Section 98 of the Maharashtra Goods and Services Tax Act, 2017

! For the Practitioner

This ruling establishes a functional essentiality test to determine whether marine equipment spares qualify as **essential parts of a vessel** under Entry 252 for concessional 5% GST. Statutory compulsion under maritime safety regulations does not automatically qualify equipment as a part of a ship. Practitioners must assess whether the specific component is structurally or functionally indispensable to the ship's operation and seaworthiness.

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 -> maha-gst-ara-14-b-71 dt. 18.07.18 asmpl.pdf

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