M/s. Alekton Engineering Industries Pvt. Ltd.

Authority for Advance Ruling — Tamil Nadu

ORDER No. 18 / AAR / 2019 Dated **16.04.2019**

Q Questions Before the Authority

- Whether the Triple Screw Pumps and their parts manufactured by the Applicant and supplied to the India Navy for commissioning in its Vessels and Warships are parts of 'All types of Vessels & Warships'?
- Whether Sl. No. 252 of Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017 and Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 is applicable to such supply?
- Whether Triple Screw Pumps and parts thereof falling under Chapter Heading 8413 can be treated as parts of HSN 8901, 8902, 8904, 8905, 8906, 8907, attracting IGST at 5% as per Schedule I (Sl. No. 252) of Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017?
- Whether the same goods attract CGST 2.5% plus SGST 2.5% as per Schedule I (Sl. No. 252) of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017?

F Facts

The Applicant manufactures Triple Screw Pumps and parts, classified under Chapter Heading 8413, and supplies them to the Indian Navy under Purchase Orders placed through the Defence Machinery and Design Establishment (DMDE), Secunderabad. The pumps (Forced Lubrication, Emergency Lube Oil, DG Lube Oil Transfer and Triple Screw Pumps) circulate lubricating oil and are to be installed as parts of naval vessels and warships. The Applicant has been invoicing these supplies at 5% IGST, contending that they fall under the 5% entry for parts of vessels.

H Ruling

Whether the pumps and parts supplied to the Indian Navy are parts of 'All types of Vessels & Warships'	**Yes. They are parts of 'All types of Vessels & Warships'.**	Applies to Forced Lubrication Pumps, Emergency Lube Oil Pumps, DG Lube Oil Transfer Pumps and Triple Screw Pumps, with spares and parts, supplied to the Indian Navy for installation in its vessels and warships.
Whether Sl. No. 252 applies, attracting IGST at 5%	****5% IGST** under Sl. No. 252 of Schedule I to Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017.**	Based on the goods being parts of vessels classifiable under Chapter 8906 and themselves classifiable under Chapter 8413.

Whether Sl. No. 252 applies, attracting CGST and SGST	****2.5% CGST and 2.5% SGST** under Sl. No. 252 of Schedule I to Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 and the corresponding Tamil Nadu notification.**	The Tamil Nadu notification is cited as G.O. (Ms) No. 62 dated 29.06.2017 (II(2)/CTR/532(d-4)/2017).

The Authority held that the pumps and parts supplied to the Indian Navy for its vessels and warships are parts of 'All types of Vessels & Warships'. It further held that the supplies are covered by Sl. No. 252 of Schedule I to the Central, State and Integrated Tax (Rate) notifications, attracting **5% IGST** or **2.5% CGST and 2.5% SGST** .

R Reasoning

The Authority first noted that the entry-level classification of goods is governed by the Customs Tariff headings, Chapter and Section Notes, and General Explanatory Notes, as incorporated by Explanation (iii) and (iv) to the Central Tax (Rate) notification. It held that the pumps are classifiable under Chapter Heading 8413 by their nature, since the Explanatory Notes to Section XVII state that parts of vessels are classified in their own chapters where Chapter 89 makes no provision. On the facts, the Purchase Orders, certificates and invoices showed that the goods were meant for and used as parts of Navy vessels and warships. The goods were therefore covered by Sl. No. 252 (parts of goods of headings 8901, 8902, 8904, 8905, 8906 and 8907) and not by Sl. No. 250.

P Provisions Relied On

- Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017, Schedule I, Sl. No. 252
- Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, Schedule I, Sl. No. 252 and Sl. No. 250
- G.O. (Ms) No. 62 dated 29.06.2017 (Tamil Nadu notification II(2)/CTR/532(d-4)/2017), Sl. No. 252
- Explanations (iii) and (iv) to Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 (meaning of 'Chapter' and 'heading…
- Customs Tariff Act, 1975, Chapter Heading 8413 and its Explanatory Notes (Parts)
- Customs Tariff Act, 1975, Chapter 89 Explanatory Notes (Parts and Accessories) and Chapter 8906

! For the Practitioner

This order is useful for marine and naval equipment suppliers who invoice pumps and parts for installation in vessels or warships, since it confirms the 5% IGST and 2.5% plus 2.5% rates under Sl. No. 252. It also supports the view that identifiable vessel parts keep their own Chapter 84 classification and are still covered by the Sl. No. 252 entry. The order rests on the specific end use and Navy purchase documents, so it does not decide the rate for pumps sold to commercial or power-sector buyers, which the Applicant said it classifies under Chapter 8413 at the standard rate.

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 -> tn-18-aar-2019-alekton_eipl.pdf

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