M/s. Hyva India Pvt. Ltd.

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-96/2018-19/B-20, Mumbai Dated **18.02.2019**

Q Questions Before the Authority

- What is the appropriate classification and rate of GST on the supply of 'Hydraulic Kit' cleared to dealers, distributors or OEMs as such from the applicant's factory, comprising the hydraulic cylinder and wet kit (with or without pump)?

F Facts

The applicant manufactures hydraulic cylinders and valves and buys other 'wet kit' parts from vendors, which it repacks into loose sets and dispatches unassembled to dealers, distributors, body builders and OEMs. Where it supplies OEMs, it fits a body to the OEM chassis and clears the body with the kit as a complete product, which it treats as Chapter 87.07 at 28%. The advance ruling question concerns only kits cleared as such to dealers, distributors or body builders.

H Ruling

Classification and GST rate of Hydraulic Kit (hydraulic cylinder and wet kit, with or without pump) cleared to dealers, distributors or OEMs as such	**Heading 8412 (other engines and motors)**	The rate is the rate applicable to heading 8412 in the Schedule at the relevant time. No percentage is stated in the answer.

The Authority held that hydraulic kits are classifiable as 'other engines and motors' under heading 8412 of the Customs Tariff. The GST rate is the rate applicable to that heading in the Schedule at the relevant time, and the order does not state a percentage. The Authority also held that the kits are not covered by the motor vehicle parts headings 8708, 8714 or 8716.

R Reasoning

The Authority relied on the HSN Explanatory Note to heading 8412, group (B), which covers hydraulic systems comprising a hydraulic power unit, cylinders and connecting pipes or hoses forming a functional unit under Note 4 to Section XVI. It treated the kit as such a system and therefore classified it under 8412. It then examined headings 8708, 8714 and 8716 and found that the three conditions for parts and accessories of motor vehicles were not met, because the kit is not suitable for use solely or principally with motor vehicles and is more specifically covered by heading 8412. It also noted that Section XVII Note 2(e) excludes parts of machines in headings 8401 to 8479 from the parts-and-accessories headings.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

Section 97 and Section 98 of the CGST Act, 2017 and the MGST Act, 2017

Customs Tariff Act, 1975: Chapter 84, heading 8412

HSN Explanatory Note to heading 84.12, group (B) (Hydraulic power engines and motors, item (6) on hydraulic systems)

Note 4 to Section XVI of HSN

HSN Explanatory Notes to headings 8708, 8714 and 8716

Note 2(e) to Section XVII

! For the Practitioner

This order supports classifying hydraulic kits under heading 8412 for supplies to dealers, distributors and body builders, and it rejects the motor vehicle parts headings and the alternative heading 8479. It does not state the GST rate, so the practitioner must check the rate schedule for heading 8412 at the relevant time. The order binds only the applicant. It also does not clearly resolve the treatment of body-plus-kit supplies to OEMs, which the applicant treats as Chapter 87.07 at 28%.

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 -> ara_order_96_2018_maharashtra_hyva_ipl.pdf

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