M/s. Intek Tapes Private Limited, No. 38, Road No. 5, Bommasandra Industrial Area, Bengaluru - 560 099 (GSTIN 29AAACI5571P1ZX)

Authority for Advance Ruling — Karnataka

Advance Rulings No. KAR.ADRG 44/2019, Dated 17th September 2019 Dated **17.09.2019**

Q Questions Before the Authority

- What is the applicable rate of tax on supply of Kapton Polyimide Film Adhesive Tape to Indian Railways for use in its railway locomotives? The applicant contends the goods fall under heading 8607 (parts of railway or tramway locomotives, 5%), while the applicant's existing classification is heading 8546 (electrical insulators of any material, 18%).

F Facts

The applicant manufactures pressure sensitive adhesive tapes by importing polyimide film sold under the DuPont brand name KAPTON and coating it with silicone adhesive. The resulting Kapton Polyimide Adhesive Tape is sold to various industries and also to Indian Railways, where it is used as an insulator in armature coil winding of traction motors fitted in locomotives. The applicant classifies the product under heading 8546 at 18% GST but argues that, as it is used in railway locomotives, it should be treated as a part under heading 8607 at 5%.

H Ruling

Rate of tax on supply of Kapton Polyimide Film Adhesive Tape to Indian Railways for use in its railway locomotives	****18%**, under heading 8546 (Electrical Insulators of any material)**	Heading 8607 (parts of railway locomotives, 5%) rejected. The goods are used across many industries, are not solely for railway use, and function primarily as insulators, so they are not parts of locomotives.

The Authority ruled that the rate of tax on supply of Kapton Polyimide Film Adhesive Tape to Indian Railways for use in railway locomotives is the rate applicable to goods under **heading 8546 (Electrical Insulators of any material), which is 18%** . The product is not a part of railway locomotives and is not classifiable under heading 8607, because it is not solely suited for railway use and its primary function is as an insulator.

R Reasoning

The Authority accepted that the goods fall under heading 8546 and considered whether heading 8607 could also apply. Relying on Note 2 and Note 3 to Section XVII, it held that goods under Chapter 85 (electrical machinery and equipment) are not covered by Chapter 86, and that a part or accessory of Chapters 86 to 88 must be suitable for use solely or principally with the articles of those chapters. The applicant's own product catalogue showed use in electrical, electronics, printing, packaging and leather industries, so the tape was not solely for railways. The Authority also found that the tape's primary function is as an insulator, so it is not a part of locomotives. The applicant's Rule 3(a) of the General Rules of Interpretation argument, and its reliance on case

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

law on insulation tapes, did not alter this conclusion.

P Provisions Relied On

- Section 97 of the CGST Act, 2017, and the KGST Act, 2017 (advance ruling application)
- Section 98(4) of the CGST Act, 2017 and Section 98(4) of the KGST Act, 2017 (order)
- Rule 104 of the CGST Rules, 2017 and KGST Rules, 2017
- Section XVII Notes 2 and 3 (Vehicles, Aircraft, Vessels and Associated Transport Equipment), as reproduced in the order
- HSN heading 8546 (Electrical Insulators of any material)
- HSN heading 8607 (Parts of railway or tramway locomotives or rolling stock)
- Rule 3(a) of the General Rules of Interpretation under the Customs Tariff Act, 1975 (argued by the applicant)

! For the Practitioner

This ruling helps suppliers of insulation tapes to railways and other users, because it confirms that such tapes remain classifiable under heading 8546 at 18% and are not treated as locomotive parts under heading 8607 at 5%. It rests on the finding that the product serves many industries and is primarily an insulator. The order does not decide how a tape supplied exclusively for railway use would be treated, or the classification of other railway components. It also does not address the rate on any product not described as an insulation tape.

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 -> kar_aar_44_2019_itpl_17.09.19.pdf

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