M/s Laxmi Rubber Industries, H-84, Road No. 5A, RIICO Bindayaka, Jaipur, Rajasthan 302012 (GSTIN 08AACFL1715B1ZX)

Authority for Advance Ruling — Rajasthan

Advance Ruling No. RAJ/AAR/2019-20/02, Date of Ruling 16.04.2019 Dated **16.04.2019**

Q Questions Before the Authority

- Considering Note Nos. 1, 2 and 3 of Section XVI and Note No. 2 of Chapter 84, and applying the rules of interpretation of HS codes, are vulcanized rubber items (Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets) falling under heading 4016 taxable as specific rubber items at 18% GST, or as components of sprinkler/drip irrigation systems at 12% GST under heading 84249000?

F Facts

The applicant manufactures and trades in rubber parts for sprinkler and drip irrigation systems used in agriculture, namely rubber rings, gaskets and seals, foot batten washers and grommets made of vulcanized rubber. The applicant states these parts fit only sprinkler/drip irrigation equipment and have no other use, and sells them to sprinkler manufacturers, parts sellers, traders and consumers. The jurisdictional officer agreed the items are components of sprinkler/drip irrigation systems and should be taxed at 12%.

H Ruling

Vulcanized rubber rings/gaskets/seals, foot batten washers and grommets, supplied separately (classification and rate)	**Heading 4016; GST 18% (CGST 9% + SGST 9%)**	Not classifiable under 84249000 at 12%. The ruling is confined to these parts when supplied separately; complete sprinkler/drip systems including laterals remain within Entry 195B at 12%.

The Authority ruled that the rubber rings/gaskets/seals, foot batten washers and grommets manufactured and supplied by the applicant are classifiable under **Chapter Heading 4016** and attract **GST at 18% (CGST 9% + SGST 9%)** . It held that these parts, when supplied separately, are not covered by Entry 195B of Notification 01/2017 and so do not qualify for the 12% rate.

R Reasoning

The Authority relied on the Section XVI note 1(a), which excludes articles of a kind used in machinery or for other technical uses, of vulcanized rubber other than hard rubber, and held that the applicant's items therefore fall under heading 4016. It then examined Entry 195B of Schedule II to Notification 01/2017 (inserted by Notification 06/2018), read with Circular 81/55/2018-GST dated 31.12.2018, which covers sprinklers and drip irrigation systems including laterals at 12%. It held that this entry covers complete systems only, so separately supplied rubber parts fall outside it even though they are used solely in such systems. The order also records the jurisdictional officer's contrary view that the items fall under 84249000 at 12%, which the Authority did not accept.

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

P Provisions Relied On

- Section 97(2)(a) of the CGST/SGST Act, 2017 (classification ruling)
- Section 99 and Section 100 of the CGST/RGST Act, 2017 (appeal to Appellate Authority within 30 days, as noted on the order)
- Section XVI, Note 1(a) of the HSN (Chapter 84 scope exclusion for vulcanized rubber articles, heading 4016)
- Entry 195B of Schedule II to Notification No. 01/2017-CT(Rate) dated 28.06.2017, inserted by Notification No. 06/2018 dated…
- Circular No. 81/55/2018-GST dated 31.12.2018, paragraph 4
- HS heading 4016 and HS heading 8424 / subheading 84249000 (as cited in the order)

! For the Practitioner

This ruling helps suppliers of standalone rubber sealing parts for irrigation equipment, who should expect 18% rather than 12% on those parts when sold separately. It confirms that the 12% rate under Entry 195B and Circular 81/55/2018-GST applies to complete sprinkler/drip systems including laterals, not to their individual rubber components. It does not decide the rate for parts sold as part of a complete system, and it is an advance ruling binding only on the applicant. The order does not show that the Section XVI Notes 2 and 3 or Chapter 84 Note 2, which the question mentions, were analysed in detail.

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 -> raj.aar-2019-20_02-laxmi_rubber_ind.pdf

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Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com