

M/s. Lyophilization Systems India Private Limited

Authority for Advance Ruling — Telangana

TSAAR Order No. 5/2018 Date. 02-07-2018

Dated **02.07.2018**

Q Questions Before the Authority

- (i) The rate of tax applicable as on 15.11.2017 on the Lyophilizers- Machinery for the plant which is being cleared under chapter heading 8419.

F Facts

The applicant manufactures Lyophilizers (freeze-drying machinery) primarily used in the pharmaceutical industry for producing vaccines and life-saving injectables, as well as in food processing. The machinery operates via cooling and vacuum pressure to remove moisture through sublimation, changing temperature during the process. Prior to 15.11.2017, the applicant paid GST at 28% (14% CGST + 14% SGST) as heading 8419 was not specified at a lower rate; however, following Notification No. 41/2017-Central Tax (Rate), customers insisted on paying 18% GST (9% CGST + 9% SGST).

H Ruling

Applicable rate of GST as on 15.11.2017 on Lyophilizers cleared under heading 8419

CGST 9% + TGST 9%

Classified under tariff heading 8419

The Authority ruled that Lyophilizers are classifiable under **Tariff heading 8419** (specifically 84198990) of the GST Tariff. Consequently, effective 15.11.2017, the tax rate leviable on the supply of Lyophilizers under heading 8419 is **9% CGST + 9% SGST** (total 18% GST).

R Reasoning

The Authority analyzed the technical operation of Lyophilizers and held that freeze-drying is a process involving a change of temperature (cooling, drying, condensing) for material treatment. Applying Section XVI and Chapter 84 notes of the Customs Tariff Act, 1975, the goods are classifiable under Tariff item 84198990. Under Notification No. 41/2017-Central Tax (Rate) dated 14.11.2017, Entry No. 320 of Schedule III was amended to cover machinery or plant under heading 8419 used for treatment of materials by temperature change at a rate of 9% CGST and 9% SGST.

P Provisions Relied On

Section 97(1) of TGST Act, 2017

Rule 103 of CGST/TGST Rules, 2017

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 41/2017-Central Tax (Rate) dated 14.11.2017

Chapter Heading 8419 / Tariff Item 84198990 of Customs Tariff Act, 1975

! For the Practitioner

This ruling confirms that industrial Lyophilizers (freeze-dryers) fall under **HSN Heading 8419** and qualify for the reduced rate of **18% GST** (9% CGST + 9% SGST) under Schedule III, S.No. 320 post the November 2017 amendment. It provides clarity for pharma and capital equipment manufacturers regarding the correct classification and rate reduction under Notification No. 41/2017-CT(R).

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 -> [tsaar_05-2018_telangana.pdf](#)

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