

JOTUN INDIA PRIVATE LIMITED

Authority for Advance Ruling — Maharashtra

Order NO.GST-ARA- 29/2017-18/B-35, Mumbai

Dated 19.05.2018

Q Questions Before the Authority

- Whether marine paints supplied by the applicant, would be considered to be part of ship and accordingly be then classified under SI no 252 of Schedule 1 of Notification No 1/2017 of Central Tax (Rates) dated June 28, 2017?

F Facts

The applicant manufactures and supplies specialized marine paints used on ships for corrosion prevention and anti-fouling protection. The applicant contended that since anti-fouling paint is mandatory under the Merchant Shipping Act, 1958 for a ship to be seaworthy, paint forms an essential component of a ship. Based on this, the applicant sought to classify marine paints under Entry 252 of Schedule I of Notification No. 1/2017-Central Tax (Rate) at 5% GST as 'parts of ship', instead of Chapter 3208/3209 at 28% GST.

H Ruling

Classification of marine paints as parts of ship under Entry 252 of Schedule I

Answered in the negative

Marine paints are consumables taxable at 28% under CTH 3208/3209

The Maharashtra AAR held that marine paints **cannot be classified as parts of a ship**. Consequently, marine paints are not covered under Entry 252 of Schedule I of Notification No. 1/2017-Central Tax (Rate) and remain taxable at **28% GST** under Chapter Heading 3208/3209.

R Reasoning

The AAR examined judicial precedents and dictionary meanings to define a 'part' as an integral structural component without which the whole article is incomplete and cannot exist. Marine paints are consumable items applied to surfaces that get consumed over time and do not form an independent or separable structural part of a vessel. The authority concluded that statutory compliance requiring anti-fouling coating under marine safety laws does not convert a consumable material into a structural part of a ship.

P Provisions Relied On

Notification No. 1/2017-Central Tax (Rate) (Entry 252 of Schedule I, Entry 20 of Schedule IV)

Customs Tariff Act, 1975 (Headings 3208, 3209, 8901 to 8907)

Merchant Shipping Act, 1958 (Sections 356P, 356Q, 356R, 356X)

Section 98 of CGST Act, 2017 / MGST Act, 2017

! For the Practitioner

This order settles that **consumables and surface coatings are not parts** of ships or machinery, even if statutorily mandated for operational use. Practitioners cannot claim concessional GST entry rates reserved for 'parts' of vessels or capital goods on raw materials, paints, or general maintenance consumables.

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 -> mah aar 29 2017-18 b-35 jotun india pvt ltd.pdf

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Pune (HQ)

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

Delhi

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

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

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

Gurugram

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

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