

M&I MATERIALS INDIA PRIVATE LIMITED

Authority for Advance Ruling — Maharashtra

GST-ARA-23/2017-18/B-31, Mumbai, dt. 09/05/2018

Dated **09.05.2018**

Q Questions Before the Authority

- What is the correct Harmonized System of Nomenclature (HSN) code and the applicable GST rate for our products MIDEL eN 1204 (rapeseed oil based dielectric transformer fluid) and MIDEL eN 1215 (soya oil based dielectric transformer fluid) in terms of Notification No. 1/2017-Central Tax (Rate) dated 28 June 2017?

F Facts

The applicant imports and sells MIDEL eN 1204 (rapeseed oil based) and MIDEL eN 1215 (soya oil based), which are chemically modified vegetable oil-based dielectric transformer fluids used for insulation and cooling in transformers. The products consist of over 98.5% natural triglyceride ester blend and less than 1.5% performance-enhancing additives. The applicant sought an advance ruling on whether the products qualify for a 5% GST rate under Entry 90 or Entry 88 of Schedule I, or fall under Entry 27 of Schedule II of Notification No. 1/2017-Central Tax (Rate).

H Ruling

HSN code and GST rate for MIDEL eN 1204 and MIDEL eN 1215 dielectric transformer fluids

Tariff Heading 1518, Entry 27 of Schedule II, taxable @ 12% GST (6% CGST + 6% SGST)

Classified as inedible preparations of vegetable oils under Tariff Heading 1518

The Authority held that the impugned products fall under **Schedule Entry 27 of Schedule II** of Notification No. 1/2017-Central/State Tax (Rate) under **Tariff Heading 1518**. Consequently, the products are subject to GST at the rate of **12%** (6% CGST and 6% SGST).

R Reasoning

The AAR observed that the products are not mere vegetable oils or fats in their natural or simple modified state, but are specialized industrial dielectric transformer fluids. While part 1 of Tariff Heading 1518 (covered by Schedule I Entry 90) requires that vegetable oils retain their original fundamental structure, part 2 covers inedible mixtures or preparations of vegetable fats or oils. By adding performance-enhancing additives and adapting the vegetable oil base to serve as transformer dielectric fluid, a distinct commodity is formed. Therefore, the products constitute **inedible preparations of vegetable oils** under part 2 of Heading 1518, covered specifically by **Entry 27 of Schedule II**.

P Provisions Relied On

Section 96, CGST Act, 2017

Section 98, CGST Act, 2017

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 (Schedule I Entry 88, Schedule I Entry 90, Schedule II Entry 27)

Customs Tariff Act, 1975 (Heading 1516, Heading 1518)

! For the Practitioner

This ruling establishes that modified vegetable oil-based industrial fluids formulated with additives (such as dielectric transformer fluids) do not qualify for the concessional 5% GST rate under Schedule I. When vegetable oil bases are adapted into specialized functional preparations, they are classifiable as **inedible preparations under Schedule II (12% GST)** under Tariff Heading 1518.

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 23 2017-18 b-31 m and i materials india pvt ltd.pdf

Prepared 17-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

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