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Authority for Advance Ruling — Tamil Nadu

ORDER No. 30/ARA/2019 Dated **25.07.2019**

Q Questions Before the Authority

- What is the rate of tax on circulating oil systems / lube systems (described in the order as 'Oil Lubrication Systems')?
- What is the HSN code for the said circulating oil lubrication system?

F Facts

The applicant is a manufacturer of circulating oil lubrication systems used to lubricate, cool and flush bearings, slideways and gearboxes of machines. Each system comprises a mild steel tank with partitions and strainer, plus pumps, filters, heat exchangers, isolation and check valves, gauges, control valves and instrumentation, with most components bought out. Systems are designed to the buyer's requirements, integrated on a common base, tested and shipped for installation at the client's plant.

H Ruling

The Authority rejected the application without ruling on the rate of tax or the HSN code. Its reason was that the technical details of the supply, for which classification and rate were sought, had not been produced despite repeated opportunities to do so. The jurisdictional Commissioner's comments, which placed the system under Chapter 8413 at 28% GST, were recorded but were not adopted as a ruling.

R Reasoning

The applicant undertook at the hearing of 09.04.2019 to furnish a technical write-up, usage details, drawings and component descriptions for each configuration a buyer may choose, along with purchase orders and invoices. It did not furnish these, and it failed to appear on the adjourned dates (19.06.2019 and 24.07.2019) despite extensions granted on natural justice grounds. The Authority held that these details were necessary to determine classification and the applicable rate, and so it declined to rule. The order cites Section 98 CGST/TNGST Act as the basis of the proceedings and Rule 104 CGST Rules as the basis for the application fee. The Commissioner's view that the goods fall under heading 8413 (pumps for internal combustion piston engines, subheading 841330) at 28% is recorded in the order, but it was a comment and was not the Authority's decision.

P Provisions Relied On

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

Section 98 of the CGST Act 2017 (and corresponding TNGST Act provision): advance ruling proceedings

Rule 104(1) of the CGST Rules 2017 and SGST Rules 2017: application fee

Principles of natural justice (applied in granting further hearings; no statutory section cited)

Chapter 8413 / subheading 841330 (cited in the Commissioner's comments only, not adopted in the ruling)

! For the Practitioner

This order does not settle the GST rate or HSN for circulating oil lube systems, because the Authority declined to decide. It is useful mainly as a warning that an advance ruling application will be rejected if the technical file (drawings, component lists, configuration-wise write-ups, sample invoices) is not produced in full and on time. Practitioners should check the Commissioner's view of heading 8413 at 28%, which the order records but does not endorse, and should not treat it as a precedent for either rate.

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 -> tn_aar_30_2019_prism_fluids_llp.pdf

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