RISHAB INDUSTRIES

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-34/2019-20/B-04, Mumbai Dated **15.01.2020**

Q Questions Before the Authority

- Whether transformers supplied to Indian Railways can be classified as 'Parts of railway or tramway locomotives or rolling stock' under HSN 8607 and thereby subjected to GST @ 5%, or whether the transformers shall be categorized under HSN 8504 and subjected to GST @ 18%?

F Facts

The applicant manufactures transformers, magnetic components and panels. Its RDSO-approved transformers are housed in stainless steel enclosures and fitted underslung beneath LHB passenger coaches, where they supply power for fans, AC, lights and charging points. On 22.08.2019 the applicant received a purchase order from the Rail Factory, Tilak Bridge, for 9 KV 750V/415V/190V AC three-phase dry-type distribution transformers for LHB coaches.

H Ruling

Whether transformers supplied to Indian Railways fall under HSN 8607 (parts of railway rolling stock) at 5%, or under HSN 8504 at 18%	****HSN 8504**, covered under Sr. No. 375 of Schedule III, taxable at **18%** GST**	The order's stated answer; the rate is as printed in the answer. The order does not treat the transformers as parts under HSN 8607.

The authority held that transformers supplied to Indian Railways for LHB coaches are covered under HSN 8504 and Sr. No. 375 of Schedule III of Notification 1/2017-CT(Rate) dated 28.06.2017, and are therefore taxable at **18% GST** . The supply to railways does not bring them within HSN 8607 or the 5% rate.

R Reasoning

The authority read Chapter 86 and heading 8607 as covering bogies, axles, wheels, brakes, hooks and coupling gear, and found that electrical transformers are not within it. It relied on Note 2(f) to Section XVII, which excludes electrical machinery (Chapter 85) from the expressions 'parts' and 'parts and accessories', and on Note 2 to Chapter 86. It then applied Circular No. 30/4/2018-GST dated 25.01.2018, under which only Chapter 86 goods supplied to railways get the reduced rate, while other goods attract the general rate even when supplied to railways. Because heading 8504 names electrical transformers specifically, the authority agreed with the jurisdictional officer that the specific heading governs.

P Provisions Relied On

Section 97 and Section 98 of the CGST Act, 2017 and the MGST Act, 2017

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

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Sr. No. 375 of Schedule III

Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Sr. No. 241 of Schedule I (as cited in the order)

Sr. No. 205G of Notification 14/2019 dated 30.09.2019 (as cited in the order)

Circular No. 30/4/2018-GST dated 25.01.2018

Customs Tariff Act, 1975, headings 8504 and 8607

GST Tariff Section XVII, Note 2(f)

Chapter 86, Note 2

Rule 3 of the Rules of Interpretation, Schedule I (as referred to in the jurisdictional officer's submission)

Satlaj Coach Products Pvt. Ltd., AAR/GST/PB/09 dated 29.08.2019 (cited by the officer)

! For the Practitioner

This ruling helps suppliers of electrical equipment fitted to railway coaches who might otherwise claim the 5% rate under heading 8607. It settles that transformers for LHB coaches fall under HSN 8504 at 18%, and it confirms the Circular 30/4/2018 approach that a railway supply does not by itself carry the Chapter 86 rate. It does not decide the classification of other electrical or electronic items fitted to coaches, and it is an advance ruling binding only on the applicant. The order's rate references for heading 8607 are inconsistent (5%, 12%, and 6% plus 6% in the scanned schedule), so the current rate entry should be checked against the notification before relying on it.

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_34_2019-20_b-04_15.01.2020_ri.pdf

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