M/s Sutlej Coach Products Pvt. Ltd.

Authority for Advance Ruling — Punjab

ORDER NO. AAR/GST/PB/009, dated 29/08/2019 (order number handwritt… Dated **29.08.2019**

Q Questions Before the Authority

- Classification and GST rate on 'Railway Seat & Parts Thereof' exclusively used by Railways (i.e. M/s RCF).

F Facts

The applicant manufactures and supplies railway seats to M/s Rail Coach Factory (RCF), Kapurthala, and earlier paid central excise at 12.5% under HSN 9401. After GST came into force on 01-07-2017, the applicant took 18% under HSN 9401, while RCF's view was that the supply attracts 5% under HSN 8607 as part of railway rolling stock. RCF did not cooperate with the applicant in resolving the dispute.

H Ruling

Classification and GST rate of 'Seats for Railway Coaches' manufactured for M/s Rail Coach Factory	****Heading 9401, GST 18%****	Paragraph 8 of the reasoning places the product under sub-heading 94018000 (other seats). The operative ruling does not separately address 'parts thereof' despite the question wording.

The authority ruled that the 'Seats for Railway Coaches' manufactured by the applicant for M/s Rail Coach Factory **fall under Heading 9401 and attract GST at 18%** . The ruling is confined to seats and does not separately decide the rate or classification of parts of railway seats.

R Reasoning

The authority held that Heading 8607 covers railway parts such as bogies, axles and wheels, and does not clearly classify seats. Chapter Note 2 to Chapter 86 of the Customs Tariff does not include seats, so seats fall outside Chapter 86. Heading 9401 is treated as exhaustive for seats and covers seats fitted in railway coaches, and the order applies Rule 3(a) of the Interpretation Rules to prefer the more specific heading. The authority also relied on a 1990 CBEC circular treating railway coach seats as classifiable under 9401, and on the Supreme Court principles in Wood Polymers and OK Play that trade parlance matters only where the tariff rules do not give a conclusive answer.

P Provisions Relied On

Section 97(2)(a) of the CGST Act, 2017 and the corresponding PGST Act, 2017 provision (classification of goods as a permis…

Heading 9401 (seats and parts thereof), including sub-heading 94018000

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

Heading 8607 (parts of railway or tramway locomotives or rolling-stock)

Chapter Note 2 to Chapter 86, Indian Customs Tariff

Rule 3(a) of the Rules for Interpretation of the Customs Tariff, applied to GST tariff

CBEC Circular No. 15/90-CX.1 dated 07.05.1990

CCE v. Wood Polymers Ltd (1998) 97 ELT 193 (SC)

OK Play (India) Ltd v. CCE (2005) 180 ELT 300 (SC)

GST Council Scheme of Classification of Services (sub-heading lists for 9401 and 8607)

! For the Practitioner

A railway coach component supplier to RCF can cite this ruling to support 18% under Heading 9401 for seats, against RCF's 5% under 8607 position. It is a reasoned Punjab AAR decision on a contested point, but it binds only the applicant, and the reasoning rests on an extensive analysis of tariff notes. It does not decide the rate for parts of seats, or any other railway component classified under 8607, and it does not resolve the position with RCF itself.

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 -> pb_aar_09_2019_scppl_29.08.2019.pdf

Prepared 07-11-2026.

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