M/s Tool & Gage Co., A-6, Talkatora Industrial Estate, Lucknow-226 011 (GSTN 09AAFFT7280E1ZY)

Authority for Advance Ruling — Uttar Pradesh

Order No. 44(v), Date: 11.11.2019 (Authority for Advance Ruling, Uttar Pr… Dated **11.11.2019**

Q Questions Before the Authority

- What is the correct classification of seats and berths for railway running stock (coaches) under the GST Tariff?

F Facts

The applicant is a partnership firm registered as a regular manufacturer and dealer, which makes locomotive and coach (rolling stock) parts to railway drawings approved by RDSO or DLW Varanasi. It now proposes to fabricate seats and berths to Indian Railways/RDSO drawings of ICF, MCF and RCF, which it says will be made to railway specifications and used solely in coaches. The applicant contends these items fall under heading 8607 as coach work, relying on Chapter Note 2 to Chapter 86 and on other suppliers' railway purchase orders. The jurisdictional GST officer reported that tariff sub-heading 86079910 is the correct classification.

H Ruling

Classification of seats and berths for railway running stock (coaches)	****Chapter 86.07 of the GST Tariff****	Applies only to seats and berths manufactured as per the specific design and layout provided by the Railways and supplied to the Railways only and nowhere else. The reasoning refers to sub-heading 86079910 (Parts of Coach work of railways running stock), so the heading to which the ruling is tied is not fully consistent within the order.

The Authority held that seats and berths manufactured to the specific design and layout provided by the Railways, and supplied to the Railways only and nowhere else, fall under Chapter 86.07 of the GST Tariff. The ruling is valid subject to Section 103(2) and until declared void under Section 104(1) of the CGST Act, 2017.

R Reasoning

The Authority noted that Chapter 86 covers railway rolling stock and parts, and that Chapter Note 2 includes coachwork within heading 8607. Relying on Tribunal decisions under the earlier Central Excise Tariff (including Sri Ram Metal Works, Ramsons Udyog, Sunflex Auto Parts, Mechanico Enterprises, Diesel Components Works and Rail Tech), it held that railway-specific items made to Railway drawings and used solely in coaches are integral parts of the coach and are classified under heading 86.07. It treated the seats and berths as interior fittings of the coach. The ruling is confined to items made to the Railways' specific design and supplied only to the Railways. The application was admitted under Section 97(2)(a) of the CGST Act as a classification question.

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

P Provisions Relied On

Section 97(2)(a) of the CGST Act, 2017 (admissibility of classification question)

Section 103(2) of the CGST Act, 2017 (binding effect of advance ruling)

Section 104(1) of the CGST Act, 2017 (ruling declared void)

Chapter 86 of the GST Tariff, including Chapter Note 2 (heading 8607 covers coachwork)

Tariff heading 8607 and sub-heading 86079910 (Parts of Coach work of railways running stock)

! For the Practitioner

A manufacturer of railway-specific coach fittings can rely on this order for the classification of seats and berths made to Railway drawings and supplied only to the Railways, which is the position the applicant sought to settle. The order does not decide rates, does not cover seats or berths sold to anyone other than the Railways, and does not cover generic seating or fittings. Because it cites both heading 86.07 and sub-heading 86079910, a practitioner should check the full order before relying on the exact sub-heading.

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 -> up_aar_44_11.11.2019_tgc.pdf

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