M/s. WABCO India Limited

Authority for Advance Ruling — Tamil Nadu

ORDER No.10/AAR/2018 DATED : 27.09.2018 (Tamilnadu Advance Rulin… Dated **27.09.2018**

Q Questions Before the Authority

- Whether the Electrical Wiring Harness, primarily an electrical wire with connectors at both ends, manufactured by the Applicant falls under HSN tariff item 8544 for which the rate prescribed vide Notification No. 1/2017-Central Tax (Rate) dated 28 June 2017, read with 41/2017-Central Tax (Rate) dated 14 November 2017, is 9%?
- Whether the said rate of Central tax of 9% is applicable to the above product with effect from 1 July 2017?

F Facts

WABCO manufactures brake systems and related parts for heavy vehicles and supplies electrical wiring harnesses for anti-skid braking systems to automobile manufacturers, such as Tata Motors and Ashok Leyland, and to the after-market through distributors. Sample invoices before and after GST described the product under HSN 8708 and 8544 and charged CGST at 14%. After the November 2017 amendment, customers demanded a 9% rate and credit notes for the differential tax on supplies from 1 July to 13 November 2017.

H Ruling

Q1: Whether the wiring harness falls under HSN 8544 and whether the rate is 9%	**Falls under HSN 85443000. Rate was 14% CGST (Sl. No. 161, Sch. IV) for 01.07.2017 to 14.11.2017; 9% CGST (Sl. No. 395, Sch. III) from 15.11.2017. SGST followed the same pattern under G.O. (Ms) No. 62.**	The 9% rate is not applicable for the earlier period. The 14% entry was omitted and the 9% entry was amended by Notification 41/2017 with effect from 15.11.2017.
Q2: Whether 9% applies from 1 July 2017	**No. 9% CGST and SGST apply only with effect from 15.11.2017.**	Tax paid at 14% for 1 July to 14 November 2017 is not addressed beyond stating the rate that applied.

The Authority held that the Electrical Wiring Harness falls under HSN tariff item 85443000 and not under heading 8708. The 14% rate under Schedule IV, Sl. No. 161 applied from 1 July 2017 to 14 November 2017, and the 9% rate under Schedule III, Sl. No. 395 applied from 15 November 2017. The 9% rate therefore applies to the product only with effect from 15 November 2017, not from 1 July 2017.

R Reasoning

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

The Authority relied on Explanations (iii) and (iv) to Notification 1/2017-CT(Rate), which import the Customs Tariff classification and the HSN Explanatory Notes. The HSN notes to Chapter 85 and heading 8544 state that insulated wires and cables remain in 8544 when fitted with connectors, and that this includes sets of such wires. Note 2 to Section XVII excludes electrical items of Chapter 85 from the expression 'parts and accessories', so classification under 8708 was rejected. Condition (c) of the Section XVII parts-and-accessories test also failed, because 85443000 specifically covers wiring sets used in vehicles. The rate followed from the schedule entries as they stood before and after the amendment. Circular 25/88-Cx dated 17.11.1988 was noted as holding that wiring harnesses fall under 8544.

P Provisions Relied On

- Section 98 of the CGST Act, 2017 (advance ruling)
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Schedule III Sl. No. 395 and Schedule IV Sl. No. 161
- Notification No. 41/2017-Central Tax (Rate) dated 14.11.2017 (amending Sl. No. 161 and Sl. No. 395)
- Explanations (iii) and (iv) to Notification No. 1/2017-CT(Rate)
- G.O. (Ms) No. 62 dated 29.06.2017 and G.O. (Ms) No. 157 dated 14.11.2017 (Tamil Nadu SGST equivalents)
- Customs Tariff heading 8544 and tariff item 85443000
- HSN Explanatory Notes to Chapter 85 and heading 8544
- Note 2 to Section XVII and the HSN Explanatory Notes on Parts and Accessories (Section XVII)
- CBEC Circular 25/88-Cx dated 17.11.1988

! For the Practitioner

A practitioner advising an automotive component maker can use this order for the classification of wiring harnesses under 8544 (85443000) rather than 8708, and for the rate timeline of 14% until 14.11.2017 and 9% from 15.11.2017. It does not decide the applicant's argument for a 9% rate from 1 July 2017, and it binds only the applicant. Any dispute over the differential tax for 1 July to 14 November 2017 would need separate resolution, and the order may be appealed to the Tamil Nadu State Appellate Authority within 30 days.

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-10-aar-2018_wabco_india_ltd_1.pdf

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