M/s. Rossi Gear motors India Private Limited

Authority for Advance Ruling — Tamil Nadu

ORDER No. 23/ARA/2019 Dated 22.05.2019 (as printed in the document;… Dated **22.05.2019**

Q Questions Before the Authority

- Under which Customs Tariff heading (CTH) are the 'Gear Motors' supplied by the applicant to be classified: heading 8483 (gear boxes and speed changers) or heading 8501 (electric motors)?
- Whether gear motors can be considered as 'gears' and 'gearings'.
- What is the rate of CGST/SGST applicable on gear motors: (a) 9% under Schedule III, Sl. No. 372; (b) 9% under Schedule III, Sl. No. 369A; or (c) 14% under Schedule IV, Sl. No. 135 of Notification No. 01/2017-CT(Rate) and G.O. (Ms) No. 62 dated 29.06.2017?

F Facts

The applicant manufactures gearboxes and gear reducers. Gearboxes and electric motors are imported from a related party and assembled in India to the buyer's specifications, forming a gear motor, which is a single integrated unit combining a gearbox and an electric motor. The authority relied on the applicant's purchase order and sale invoice, which show a single supply of a geared motor rather than separate supplies of gearboxes and motors.

H Ruling

Classification of gear motors supplied by the applicant	**CTH 8501**	Gear motors are a single supply, and their principal function is conversion of electrical into mechanical energy. Not a mixed supply, so heading 8483 is not applied.
Whether gear motors can be considered 'gears' and 'gearings'	**Not answered**	Held outside the scope of Section 97(2). The ruling text refers to 'Section 98(2)', which appears to be a typographical error for s.97(2).
Rate of CGST/SGST applicable on gear motors	**9% CGST and 9% SGST**	Under Schedule III, Sl. No. 372 of Notification No. 01/2017-CT(Rate) dated 28.06.2017 and G.O. (Ms) No. 62 dated 29.06.2017. Options (b) and (c) in the question are not adopted.

The authority held that **gear motors are classifiable under CTH 8501** , applying the Section XVI Notes 3 and 4 principal-function test, and that the applicable rate is **9% CGST and 9% SGST under Schedule III, Sl. No. 372** . It declined to answer whether gear motors are 'gears' and 'gearings', holding that the question falls outside the matters listed in Section 97(2).

R Reasoning

The authority reasoned that Chapter 84 Note 3 and Note 4 (Section XVI) apply the principal-function test to

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composite machines, and that the principal function of a gear motor is conversion of electrical energy into mechanical energy. It relied on the HSN Explanatory Notes: those to heading 8483 exclude gearboxes combined with a motor, which are classified with the motor, and those to heading 8501 state that motors remain there even when equipped with gears or gearboxes. It rejected the applicant's mixed-supply characterisation because the purchase order and invoice show a single supply of an integrated, assembled unit. On the rate question, it applied the entry for electric motors and generators at Sl. No. 372 of Schedule III. The question on 'gears' and 'gearings' was not considered because it does not fall within the enumerated categories of advance-ruling questions under s.97(2).

P Provisions Relied On

- Section 97(2) of the CGST Act / TNGST Act (scope of advance rulings)
- Section XVI, Chapter 84 and 85 Notes 3, 4 and 5 (Customs Tariff Act 1975, First Schedule)
- Customs Tariff Heading 8483 and HSN Explanatory Notes to 8483 (gear boxes and other speed changers)
- Customs Tariff Heading 8501 and HSN Explanatory Notes to 8501 (electric motors)
- Notification No. 01/2017-CT(Rate) dated 28.06.2017, Schedule III, Sl. No. 372
- G.O. (Ms) No. 62 dated 29.06.2017 (Tamil Nadu)

! For the Practitioner

This order is useful to manufacturers and importers who assemble or supply geared motors as a single integrated unit, as it treats such supplies under CTH 8501 at 9% CGST and 9% SGST. It rests on a specific fact pattern: a single purchase order and invoice for an integrated product. It does not decide whether gearboxes or gears supplied separately fall under heading 8483, and it leaves the 'gears and gearings' question unanswered, so the point remains open. Under this authority's ruling, it is not binding on other authorities or taxpayers.

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-23-aar-2019-rossi_gmipl.pdf

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