# M/s Sagas Autotec Pvt. Ltd.

Authority for Advance Ruling — Karnataka

**Advance Ruling No. KAR ADRG 90 / 2019** Dated **26.09.2019**

## Q Questions Before the Authority

- What is the HSN classification and the applicable GST rate for the applicant's LPG Conversion Kit for Automobiles?

## F Facts

The applicant manufactures and supplies LPG and CNG conversion kits that let petrol and diesel vehicles run on gas. A kit contains the cylinder, valves, pressure regulators, hoses, flow control and level indication systems, bi-fuel changeover system, and fittings. Because no separate HSN exists for these kits, the applicant classified them along with LPG and CNG cylinders under headings 7311 00 10 and 7311 00 30.

## H Ruling

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| **Classification and GST rate of the LPG Conversion Kit for Automobiles** | **HSN 8409 99 90; 14% under CGST and 14% under KGST** | CGST: serial no. 116 of Schedule IV to Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017. KGST: entry no. 116 of Schedule IV of Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017. The applicant's proposed classification with LPG/CNG cylinders (7311) was not adopted. |

The LPG Conversion Kits are classifiable under **HSN 8409 99 90** . They are covered by **serial no. 116 of Schedule IV** to Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017, so they attract **14% GST** under the CGST Act, 2017. The same 14% rate applies under the KGST Act, 2017 under entry no. 116 of Schedule IV of Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017.

## R Reasoning

The authority treated the kit as an apparatus that supplies alternate fuel to internal combustion engines, and so as a part of those engines. Under Chapter 84 of the Customs Tariff, headings 8407 and 8408 cover the engines, and heading 8409 covers parts suitable for use solely or principally with them. Because the kit in this case is specific to auto rickshaw (three-wheeler) engines, the authority placed it under heading 8409. It relied on the CESTAT Chennai decision in Transenergy Ltd. v. Commissioner, 2009 (233) ELT 218 (Tri), which held that CNG conversion kits fall under heading 8409 as the more specific heading than the motor vehicle heading. The 14% rate then follows from serial no. 116 of Schedule IV.

## P Provisions Relied On


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

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| Section 97 and Section 98(4) of the CGST Act, 2017 | Section 97 and Section 98(4) of the KGST Act, 2017 |

Chapter 84 of the Customs Tariff Act, 1975, headings 8407, 8408 and 8409 (including 8409 99 90)

Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017, Schedule IV, serial no. 116

Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017, Schedule IV, entry no. 116

CESTAT Chennai decision in Transenergy Ltd. v. Commissioner, 2009 (233) ELT 218 (Tri)

## ! For the Practitioner

Manufacturers and dealers of LPG or CNG conversion kits can use this ruling to support HSN 8409 99 90 and a 14% rate under both the CGST and KGST Acts. The order does not decide the classification of the LPG or CNG cylinder itself, and it is binding only on the applicant. Because the reasoning was tied to kits for auto rickshaw engines, a practitioner should check whether the same analysis fits kits for other vehicle types 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 -> kar_aar_90_2019_26.09.2019_sapl.pdf

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