

Shandong Heavy Industry India Pvt. Ltd

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 44/2017-18/B- 51, Mumbai, dt. 15/6/2018

Dated **15.06.2018**

Q Questions Before the Authority

- Whether the classification of Marine Diesel Engine falling under TSH 8408 of Customs Tariff Act, 1975 as adopted to GST attracting 28% of IGST (14% CGST + 14% SGST) as per Schedule IV (Sr. No. 115) of Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017 is correct or not?
- Whether the classification of Gear Box falling under TSH 8483 of Customs Tariff Act, 1975 as adopted to GST attracting 28% of IGST (14% CGST + 14% SGST) as per Schedule IV (Sr. No. 135) of Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017 is correct or not?
- Whether the goods falling under TSH 8408, 8409 and 8483 of Customs Tariff Act, 1975 as adopted to GST can be treated as 'parts of heading of 8902, 8904, 8905, 8906 and 8907' attracting 5% of IGST (2.5% CGST+ 2.5% SGST) as per Schedule I (Sr. No. 252) of Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017 or not?

F Facts

The applicant imports, assembles, and tests Marine Diesel Engines (TSH 8408), Gear Boxes (TSH 8483), and parts thereof (TSH 8409). These items are supplied to dealers and shipyard manufacturers for use in fishing vessels, ships, boats, and trawlers covered under Chapter 89 of the Customs Tariff Act, 1975. The applicant sought clarity on the classification and GST rate applicability, specifically whether these items qualify for the concessional 5% rate as parts of vessels.

H Ruling

Classification and GST rate of Marine Diesel Engines under TSH 8408

Answered in the affirmative (classified under TSH 8408, attracting 28% IGST under Sr. No. 115, Schedule IV)

General classification without considering end-use as vessel parts

Classification and GST rate of Gear Boxes under TSH 8483

Answered in the affirmative (classified under TSH 8483, attracting 28% IGST under Sr. No. 135, Schedule IV)

General classification without considering end-use as vessel parts

Treatment of items under TSH 8408, 8409, and 8483 as parts of Chapter 89 vessels attracting 5% GST

Answered in the affirmative (attracts 5% IGST under Sr. No. 252, Schedule I)

Subject to the condition that the goods are used in specified Chapter 89 vessels; if used for other purposes, general TSH rate applies

The AAR held that Marine Diesel Engines and Gear Boxes are generally classified under Chapter 84 attracting 28% GST under Schedule IV of Notification No. 01/2017-Central Tax (Rate). However, when supplied for actual use as **parts of vessels** falling under headings 8901, 8902, 8904, 8905, 8906, and 8907, they attract a **concessional GST rate of 5%** under Sr. No. 252 of Schedule I. This concessional rate applies only if the goods are used for eligible vessels and not diverted to other uses.

R Reasoning

The AAR observed that Marine Diesel Engines and Gear Boxes are specifically listed under TSH 8408 and TSH 8483 respectively, which generally attract 28% GST under Schedule IV. However, Sr. No. 252 of Schedule I of Notification No. 01/2017-Central Tax (Rate) prescribes a 5% GST rate for parts of goods falling under Chapter 89 headings (8901, 8902, 8904, 8905, 8906, and 8907) falling under 'Any Chapter'. Based on General Rules for Interpretation of Customs Tariff and end-use considerations, engines and gearboxes supplied specifically as components for manufacture or repair of eligible marine vessels qualify under Sr. No. 252 of Schedule I. If the goods are diverted or used for purposes other than specified Chapter 89 vessels, the rate corresponding to their general tariff heading (28%) applies.

P Provisions Relied On

TSH 8408, TSH 8409, TSH 8483 of the Customs Tariff Act, 1975

Headings 8901, 8902, 8904, 8905, 8906, 8907 of the Customs Tariff Act, 1975

Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 (Schedule I Sr. No. 252; Schedule IV Sr. Nos. 115, 135)

Rule 3 of General Rules for the Interpretation of Customs Tariff

! For the Practitioner

This ruling establishes that general machinery components like marine engines and gearboxes classified under Chapter 84 can avail of the **concessional 5% GST rate** under Entry 252 of Schedule I when supplied as parts of Chapter 89 vessels. Tax practitioners can advise marine equipment suppliers to maintain **strict end-use documentation** proving integration into eligible vessels to defend the 5% tax position against general 28% GST demands.

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 -> mah aar 44 2017-18 b-51 15.06.2018 shiipl.pdf

Prepared 19-10-2026.

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