M/s VTS TF Air Systems Pvt. Ltd.

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 113/2019, dated 30-09-2019 (Authority o… Dated **30.09.2019**

Q Questions Before the Authority

- Whether the Air Handling Unit is classifiable under 8414 80 90 or under 8415 90 00.
- Whether the Ventilation Unit is classifiable under 8414 80 90 or under 8415 90 00.

F Facts

The applicant manufactures and distributes Air Handling Units (AHUs) and Ventilation Units for use in central air conditioning systems. The AHU contains a temperature controller and heat exchangers and handles both air circulation and temperature control, and no chillers are supplied with it. The Ventilation Unit has a pre-filter, fan section and controls, has no temperature control, and can be supplied independently of an air conditioner.

H Ruling

Air Handling Unit: 8414 80 90 or 8415 90 00	**HSN 8415 90 00**	Ruling is confined to AHUs supplied by the applicant. The AHU has built-in temperature control and is used in a central air conditioning system.
Ventilation Unit: 8414 80 90 or 8415 90 00	**HSN 8414 59 10 (air circulator)**	Ruling treats the unit as an air circulator under heading 8414 because it lacks temperature control and creates air circulation through exhaust and filtered fresh-air intake.

The Authority ruled that the Air Handling Units supplied by the applicant are classifiable under **HSN 8415 90 00** as parts of air-conditioning machines. It ruled that the Ventilation Units are classifiable under **HSN 8414 59 10** as air circulators. The order does not state a GST rate for either product.

R Reasoning

The Authority held that the AHU, which is admittedly used in central air conditioning and has temperature control, falls within heading 8415 (air-conditioning machines with a motor-driven fan and elements for changing temperature and humidity). It treated the AHU as a part covered by the specific entry 8415 90 00 rather than the residual entry 8414 80 90. The Authority rejected the applicant's reliance on 8414 80 90, noting that the heading 8414 80 entry covers gas compressors, free-piston generators, turbochargers and similar items, and does not cover the AHU. For the Ventilation Unit, which has no temperature control, the Authority accepted the applicant's description of exhaust and filtered fresh-air intake and classified it as an air circulator under 8414 59 10. The order reproduces Section XVI Note 2(a) and the applicant's submissions on the HSN explanatory notes and the CBEC circular, but its findings rest on the wording of headings 8414 and 8415 and the specific 8415 90 00 parts entry.

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

P Provisions Relied On

- Section 97 of the CGST Act, 2017 and the corresponding KGST Act, 2017 (advance ruling application)
- Section 98(4) of the CGST Act, 2017 and the corresponding KGST Act, 2017 (order)
- Customs Tariff Act: heading 8414 (including 8414 59 10 and 8414 80 90) and heading 8415 (including 8415 90 00)
- Section XVI, Note 2(a) of the Customs Tariff Act, as quoted in the submissions
- Notification No. 1/2017 dated 28.06.2017, Schedule III, entry 317B, as cited by the applicant
- CBEC Order No. 58/1/2002-CX dated 15.01.2002, as cited by the applicant
- Explanatory notes to HSN on parts of air conditioners, as cited by the applicant

! For the Practitioner

A practitioner dealing with HVAC equipment can cite this ruling for the position that AHUs with temperature control are classed under 8415 90 00 and ventilation units without temperature control are classed under 8414 59 10. The ruling binds only the applicant under section 103 of the CGST Act, but it indicates how the authority reads the two headings. The order does not decide the GST rate applicable to either product, the eligibility of any exemption notification, or the position of AHUs without temperature control, so the full order should be read before relying on it for rate purposes.

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_113_2019_vts_tf_aspl_30.09.19.pdf

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