# M/s Xiaomi Technology India Private Limited, Orchid - Block E, Embassy Tech Village, Devarabisanahahalli, Marathalli Outer Ring Road, Bangalore - 560 103

Authority for Advance Ruling — Karnataka

**Advance Ruling No. KAR ADRG 01/ 2019, dated 22nd January, 2019** Dated **22.01.2019**

## Q Questions Before the Authority

- Whether the "Power Bank", traded by the Applicant, is classifiable under Heading 8504 40 90 as 'Static Converter - Others'?

## F Facts

The applicant trades electrical and electronic goods, including power banks sold under the 'Mi Power Bank' brand through distributors and retailers, and has been classifying them under 8504 40 90 since the pre-GST regime. The applicant describes the product as having three components: a lithium-ion polymer battery, a circuit containing a charge management system and a voltage boost converter, and an outer shell. It argued that the power bank is essentially a static converter because the battery alone cannot charge a device without the converter.

## H Ruling

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|---|---|---|
| **Whether the Power Bank traded by the applicant is classifiable under 8504 40 90 as 'Static Converter - Others'** | **Classifiable under Heading 8507 as an Accumulator, and not as a Static Converter** | The ruling does not state a GST rate. The rates of 18% and 28% appear only in the applicant's submissions. |

The authority ruled that the Power Bank traded by the applicant is classifiable under Heading 8507 as an accumulator, and not as a static converter. It held that the principal function of the power bank is to store and supply electrical energy, with the battery as its core component and the charging and voltage boost circuitry as ancillary.

## R Reasoning

The authority compared the power bank with the UPSS, which the applicant relied on through the CEGAT decision in Luminous Electronics and Circular 104/2003-Cus. It found that a UPSS is classified as a static converter because its principal function is DC-to-AC conversion, and a battery is not essential to it, whereas a power bank cannot function without its battery. It then relied on the HSN Explanatory Note to heading 85.07, which covers accumulators whether or not they include ancillary components and even if designed for a specific device. It also noted that Notification 24/2018-Central Tax (Rate), effective 01.01.2019, places lithium-ion power banks under Sl. No. 376AAA of heading 8507. The applicant's reliance on Section Notes 3 and 4 to Section XVI and General Rule 3(b) was not accepted.


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
- Section 98(4) of the CGST Act, 2017 and the corresponding Section 98(4) of the KGST Act, 2017
- Rule 104 of the CGST Rules, 2017 and the KGST Rules, 2017
- Customs Tariff Act, 1975, Chapter 85 (headings 8504 and 8507)
- Section Note 3 and Section Note 4 to Section XVI of the Customs Tariff Act, 1975
- General Rule 3(b) of the General Rules for Interpretation of the Customs Tariff
- HSN Explanatory Notes to headings 85.04 and 85.07
- Notification No. 24/2018-Central Tax (Rate) dated 31.12.2018, effective 01.01.2019, Sl. No. 376AAA
- Circular No. 104/2003-Cus dated 9-12-2003
- Luminous Electronics Pvt. Ltd. v. CCE, New Delhi, [2001 (129) ELT 605] (CEGAT, as upheld by the Supreme Court)

## ! For the Practitioner

The ruling is useful for a practitioner dealing with power banks, because the authority settles their classification under heading 8507 as accumulators and rejects the static converter argument based on the UPSS analogy. It is a ruling on one applicant's question, and it does not bind other authorities or cover other products with a converter-based design. Note that the authority relied on Notification 24/2018-Central Tax (Rate), which was issued after the application was filed, so the notification's effect should be checked separately for any period before 01.01.2019.

### 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_01_2019_xiaomitechnologyindispvtltd.pdf

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