

GUJARAT AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX A/5, RAJYA KAR BHAVAN, ASHRAM ROAD, AHMEDABAD – 380 009.	
---	---

ADVANCE RULING NO. GUJ/GAAR/R/2018/5
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2017-18/AR/12)

Date : 20.03.2018

Name and address of the applicant	:	M/s. Rapid Electrodes Pvt. Ltd. C-6, Survey No. 189 Paiki, Ghayal Compound, Udhana Main Road, Surat – 394210.
GSTIN of the applicant	:	24AAFRCR3474H1ZC
Date of application	:	13.09.2017
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(a) classification of any goods or services or both; (c) determination of time and value of supply of goods or services or both; (e) determination of the liability to pay tax on any goods or services or both; (f) whether applicant is required to be registered under the act;
Date of Personal Hearing	:	30.11.2017
Present for the applicant	:	Shri Rajesh Brahmkshatriya, CTP

The applicant, M/s. Rapid Electrodes Pvt. Ltd., has submitted that the Company is carrying out manufacturing, assembling, fitting, repairing, renovation and installation of all kinds of 'Earthing Products' for electrical and electronic equipments, used for earthing purpose in industries, common buildings and other places. The materials required for manufacturing of 'Earthing Products' consists of Mild Steel (MS) and Stainless Steel (SS), in solid rods and pipes of various sizes. The applicant is also carrying on business in Back Fill Compound (BFC). The applicant manufactures Earthing Pipe, Earthing Rods, Lightning Arrester and Back Fill Compound. The applicant also provides installation work for Earthing and Lightning Arresters fitting and renovation.

2. The applicant has raised the question of determination of classification of the products manufactured and service provided by them.

3. The Central Goods and Services Tax & Central Excise Commissionerate, Surat has opined that Earthing Pipe, Earthing Rods and Lightning Arresters may be classified

under Chapter Heading 8535 and Backfill Compound obtained by mixing of various chemical / natural products can be appropriately classified under Chapter Heading 3824. It is also informed that the service of Electrical Installation is covered under Service Accounting Code 995461.

4. We have considered the submissions made by the applicant in the application for advance ruling as well as at the time of personal hearing. We have also considered the views of Goods and Services Tax & Central Excise Commissionerate, Surat.

5.1 In respect of the product 'Lightning Arrester', it has been submitted by the applicant that the inputs for this product are Solid Iron Rods and Iron Strip, which are inspected for any damages, cut to sizes and machined on lathe machine for proper dimensions. The base of Lightning Arrester is fabricated and made so that the rod with other fitment fits with it. After inspection, the apparatus is sent for Electroplating of either Zinc or Copper as per vendor requirements. The coating thickness is measured with thickness meter and after inspection, the apparatus is cleaned and packed for dispatch.

5.2 We observe that the Tariff Heading 8535 covers the products 'Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, fuses, **lightning arresters**, voltage limiters, surge suppressors, plugs and other connectors, junction boxes), for a voltage exceeding 1,000 volts". Thus, the product 'Lightning Arrester' is specifically covered under Tariff Heading 8535.

6.1 In respect of 'Earthing Pipe', it has been submitted by the applicant that to manufacture this product, they purchase hollow Iron Pipes and Iron Strips, which are cut to size as per vendor requirements and then a piece of Iron Strip is placed inside the pipe. The Iron Strip is first cut to size a longer in length than pipe and holes are drilled for connection. After the strip is placed inside the pipe, one end of it is sealed by electric welding. This welding is again machined on lathe machine to clear any burrs. Then the pipe with strip is filled with a mixture of bentonite, wood charcoal and graphite powder. After filling, the other end is also sealed by electric welding. Then the whole piece which they call as apparatus is sent for trimming, polishing, grinding etc. After processing, the apparatus is sent for electroplating of either Zinc or Copper as per vendor requirement. The coating thickness is measured with thickness meter and after inspection, the apparatus is cleaned and packed for dispatch.

6.2 It is observed from the manufacturing process and the submissions of the applicant that the product 'Earthing Pipe' is specifically processed to make usable solely and principally for lightning arrester system and it is placed below ground level and connected with the Lightning Arrester system. We observe that 'parts suitable for use solely or principally with the apparatus of headings 8535, 8536 or 8537' are covered under Tariff Heading 8538. Accordingly, the product 'Earthing Pipe' merit classification under Tariff Heading 8538.

7.1 It has been submitted that inputs for manufacturing product 'Solid Rod Earthing' is Solid Iron Rod, which is inspected for any damages and cut into different sizes as per vendor requirements. Thereafter, in one end, the terminal is made by machining on

milling machine and lathe machine, then connection hole is drilled for connection. The other end is processed and machined in a conical shape. Different pieces are machined at both ends and male and female threads are made for easy fitting. After inspection, the apparatus thus made is sent for electroplating.

7.2 It is observed from the manufacturing process and submissions of the applicant that the 'Solid Rod Earthing' are solid iron rods of required size, which are machined at both ends for easy fitting. Tariff Heading 7215 covers 'Other bars and rods of iron or non-alloy steel' which covers the product 'Solid Rod Earthing'. Had the product 'Solid Rod Earthing' been such as usable solely and principally for lighting arrester system, it would have been classifiable under Tariff heading 8538, however nothing is available on record to suggest so.

8.1 In case of product 'Back Fill Compound', it is submitted by the applicant that they purchase different items like, Bentonite Powder, Wood Charcoal Powder and Graphite Powder which are mixed in Ribbon Blender machine in different ratios as per vendor requirements. After mixing, the mixed product is filled in fresh plastic bags of 25 kg each and is ready for dispatch. The applicant has opined that the said product may be classifiable under Heading 2508 or 2805.

8.2 It is observed that the product 'Back Fill Compound' is prepared by mixing Bentonite Powder, Wood Charcoal Powder and Graphite Powder. Tariff Heading 3824 covers 'Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included'. Accordingly, the product 'Back Fill Compound' merit classification under Tariff Heading 3824.

8.3 It is further observed that Tariff Heading 2508 covers 'Other clays (not including expanded clays of heading 6806), andalusite, kyanite and sillimanite, whether or not clacined; mullite; chamotte or dinas earths. Bentonite (Core or other – including processed and ground) is covered under Tariff Heading 2508. However, as per Note 1 of Chapter 25, the headings of this Chapter do not cover products that have been obtained by mixing. As the product 'Back Fill Compound' is obtained by mixing Bentonite Powder, Wood Charcoal Powder and Graphite Powder, the same would not fall under Tariff Heading 2508 in view of the said Note 1 of Chapter 25. Tariff Heading 2805 covers 'Alkali or alkaline-earth metals; rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed; mercury'. The applicant has not submitted anything indicating how the product 'Back Fill Compound' can be termed as 'Alkali or alkaline earth-metals or rare-earth metals etc. or mercury, to be covered under Tariff Heading 2805. Therefore, the said product would not fall under Tariff Heading 2805.

9. The applicant also provides service of installation of Earthing System. 'Electrical installation services including Electrical wiring & fitting services, fire alarm installation services, burglar alarm system installation services' fall under Service Accounting Code 995461. Accordingly, the Service Accounting Code 995461 covers the service of installation of 'Earthing System' provided by the applicant.

10. In view of the foregoing, we rule as under –

RULING

Following goods and services supplied by M/s. Rapid Electrodes Pvt. Ltd. (GSTIN No. 24AAF3474H1ZC) are classifiable as under -

- (i) The product 'Lightning Arrester' is classifiable under Tariff Heading 8535.
- (ii) The product 'Earthing Pipe' is classifiable under Tariff Heading 8538.
- (iii) The product 'Solid Rod Earthing' is classifiable under Tariff Heading 7215.
- (iv) The product 'Back Fill Compound' is classifiable under Tariff Heading 3824.
- (v) The service of installation of Earthing System is classifiable under Service Accounting Code 9954.

(R.B. Mankodi)
Member

(G.C. Jain)
Member

Place : Ahmedabad
Date : 20.3.2018.