



HARYANA AUTHORITY FOR ADVANCE RULING,  
GOODS AND SERVICES TAX,  
HARYANA VANIJYA BHAWAN, PLOT NO 1-3, SECTOR 5,  
PANCHKULA-134151 (HARYANA)



ADVANCE RULING NO.HAR/HAAR/R/2019-20/12  
(In Application No.: 12/2019-20, dated 01.08.2019)

Name & Address of the Applicant	:	M/s El-Chico Clutch Pvt. Ltd., Plot No. 252, Sector-24, Faridabad, Haryana.
GSTIN of the Applicant	:	06AABCE4079P1Z7
Date of Application	:	01.08.2019
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the question(s) raised.	:	Clause(a)- classification of any goods or services or both.
Date of Personal Hearing	:	10.10.2019
Present for the Applicant	:	Sh. Virender Kumar Sharma (Advocate)

Memo No.: 1052

Dated: 28.08.2020

1. The applicant is a person registered under the CGST/HGST Act, 2017 with GSTIN 06AABCE4079P1Z7. It is engaged in the manufacture and supply of products such as Starter Ring Gear Flywheel Assembly, Starter Ring Gear and Universal joint Cross (U.J. Cross) etc.

2. **Applicant's submission:**

2.1 The Goods with description namely Starter Ring Gear Flywheel Assembly, Starter Ring Gear and Universal joint Cross (U.J. Cross) falling under HSN 8708 are taxable in Schedule IV @ 28% as per Notification No.1/2017-Central Tax (Rate) as amended vide Notification No. 24/2018-Central Tax (Rate), dt. 31-12-2018.

2.2 The tax rate in respect of Transmission shafts (including cam shafts and crank shafts) and cranks (excluding crankshaft for sewing machine); gear boxes and other speed changers, including torque converters; **flywheels** and pulleys, including pulley blocks; clutches and shaft couplings (including **universal joints**) covered under HSN 8483 was **reduced from 28% to 18%** vide Notification No. 24/2018-Central Tax (Rate), dt. 31-12-2018.

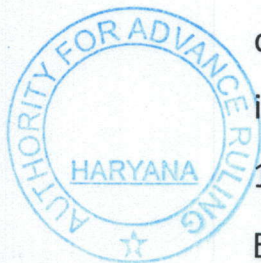


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*[Signature]*



- 2.3 The heading no. 8483 also contains classification of goods used for transmission which includes pulley, gear boxes, **flywheel, universal joints**, etc.
- 2.4 The rate of tax for Chapter heading No. 8483 is 18% vide Schedule III, but it is 28% for chapter heading No. 8708 vide Schedule IV of Notification No. 1/2017-Central tax (Rate) dated 28.6.2017. Heading 8708 covers **Parts and accessories of the motor vehicles of headings 8701 to 8705**. The Applicant is manufacturing and supplying, besides others, **Starter Ring Gear Flywheel Assembly, Starter Ring Gear, Universal Joint Cross (U.J. Cross)** which are used in tractors and other four wheelers.
- 2.5 Since flywheels, gears and universal joints are covered under headings 8483 and 8708 falling under Schedule III and IV of Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 respectively having different tax rates as discussed above, therefore, the dispute has arisen as to under which heading the Applicant should classify its goods for the purpose of charging of tax under GST.
- 2.6 The Central Government has notified applicable rates of Central tax vide Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, as amended. There are six Schedules appended to the said Notification prescribing different rates of GST on goods manufactured and supplied by the manufacturers or traded by the traders.
- 2.7 The Explanation no. IV of the said Notification says that if there is any dispute relating to classification of goods or when the goods merit classification under more than one Chapter Heading, then the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of the above said Notification. Thus, for deciding correct



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classification of goods Section/Chapter Notes given in above said Customs Tariff Act are to be followed.

- 2.8 The applicant has relied upon various judicial pronouncements and decisions of Tax Tribunals to support the view that parts and accessories which are primarily used in motor vehicles of headings 8701 to 9705 will be classified under heading 8708 and parts and accessories to be used in machinery, mechanical appliances and electrical appliances will be classified under headings 8483 or 7318 as the case may be.

3. **Question(s) on which advance ruling is required:**

- 3.1 Whether parts namely Starter Ring Gear Flywheel Assembly, Starter Ring Gear and Universal joint Cross (U.J. Cross) supplied for use in motor vehicle is classifiable under HSN 8708 or 8483.
- 3.2 What is the applicable rate of GST i.e. 28% or 18% on parts namely Starter Ring Gear Flywheel Assembly, Starter Ring Gear and Universal joint Cross (U.J. Cross) used in motor vehicles.

4. **Discussion:**

- 4.1 The applicant is a manufacturer and supplier of motor vehicle parts namely Starter Ring Gear Flywheel Assembly, Starter Ring Gear and Universal joint Cross (U.J. Cross). The main issue raised by the applicant before this Authority is whether the products manufactured by the applicant are covered under heading 8708 or heading 8483.
- 4.2 The heading 8708 covers parts and accessories of motor vehicles of heading 8701 to 8705 and the heading 8483 covers Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; **gears** and gearing; ball or roller screw; gear boxes and other speed changes, including torque converters; **flywheels** and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints). It is evident from bare reading of heading 8708 and heading 8483





that the product manufactured and supplied by the applicant fall under both the headings.

4.3 As per explanatory notes to Section XVII of the HSN, parts and accessories of the vehicles, aircraft or equipment concerned should be classified under headings of section XVII, only if they comply with following conditions:

- (a) They must not be excluded by the terms of Note 2 to Section XVII
- (b) They must be suitable for use solely or principally with the articles of Chapters 86 to 88 and
- (c) They must not be more specifically included elsewhere in the Nomenclature.

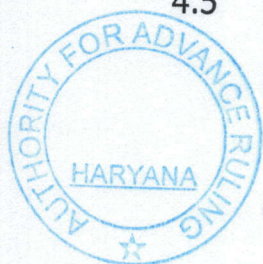
4.4 In this regard, it is important to refer to Volume 5 of the Explanatory Notes of World Custom Organization. Explanation to heading 87.08 at point (F) of the said notes provide that parts and accessories of this heading exclude internal parts of engine such as crank shafts, cam shafts and flywheels of heading 84.83.

4.4.1 Explanation to heading 87.08 reads as under:

*Parts and accessories of this heading include:*

*(F) "other transmission parts and components (for example, propeller shafts, half-shafts, half-shafts; gears, gearing, plain shaft bearings; reduction gear assemblies; universal joints). But the heading **excludes** internal parts of engines, such as connecting rods, push rods and valve lifters of heading 84.09 and crank shafts, cam shafts and **fly-wheels of heading 84.83**".*

4.5 In light of the above discussion, the articles Starter Ring Gear and Universal joint Cross (U.J. Cross) are covered under heading 8708 and not under heading 8483 whereas the article Starter Ring Gear Flywheel Assembly is covered under 8483.



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**5. Ruling:**

- 5.1 The articles Starter Ring Gear and Universal joint Cross (U.J. Cross) are classified under heading 8708 and tariff items 8708 99 00 (other), taxable at 28% (CGST 14% and HGST 14%) whereas the article Starter Ring Gear Flywheel Assembly is covered under 8483; taxable at 18% (CGST 9% and HGST 9%).


Ordered accordingly.

To be communicated.

16.10.2019

Panchkula.



  
(Sangeeta Karmakar)  
Member CGST

  
(Madhubala)  
Member SGST

**Regd. AD/Speed Post**

M/s El-Chico Clutch Pvt. Ltd.,  
Plot No. 252, Sector-24, Faridabad, Haryana.

Copy to:

1. The Commissioner of Central Goods & Services Tax, Faridabad, GST Bhawan, New C.G.O. Complex, N.H. 4, Faridabad.
2. Deputy Excise and Taxation Commissioner (ST), Faridabad (West).
3. Assistant Commissioner, CGST, GST Bhawan, New C.G.O. Complex, N.H. 4, Faridabad.

c/c