



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/2018-19/48
(In Application No.: 48/2018-19, dated 08.01.2019)

Name & Address of the Applicant	:	M/s Jamna Auto Industries Ltd., E-46, Jai Spring Road, Industrial Area, Yamuna Nagar, Haryana.
GSTIN of the Applicant	:	06AAACJ3929N1ZA
Date of Application	:	08.01.2019
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	:	26.03.2019
Present for the Applicant	:	Sh. Tarun Sharma (C.A) and Ankit Awal (C.A)

Memo No. : 41 / AETC (ADR)
Dated : 11/02/2020

1. **Brief facts:**

1.1 The applicant is a registered taxpayer in the State of Haryana, dealing in manufacturing and supply of goods such as nuts, bolts, springs, bushes etc.

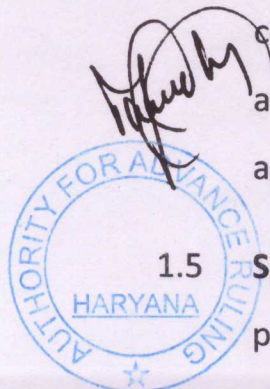
1.2 The issue in the present application relates to classification of U-bolt, Centre Bolt, Spring Pin and Bush (hereinafter collectively referred to as "Product") manufactured and supplied by the Applicant. The brief description of the products is given below.

1.3 **U-bolt** is an industrial fastener in the shape of the letter U with two threaded arms (or legs) extending from a curved base. U bolts are typically used in mountings or to provide support where the "u" shape keeps it firmly in place, adding stability to the support. U bolts are generally used as framing fasteners and anchors for foundations and roofs, pipe and conduit holders and bolts for motor and engine shaft components.

1.4 **Centre bolt** is a type of fastener which is used with a nut to fasten two or more goods together. It is a screw-like metal object without a point and is commonly known as nut & bolt. Centre Bolts are available in different sizes and are used in various industries such as construction, automobile, agriculture etc.

1.5 **Spring Pin** is a mechanical fastener that secures the position of two or more parts of a machine relative to each other. The spring action of the pin allows it to compress as it assumes the diameter of the hole. The force exerted by the pin against the hole wall retains it in the hole, therefore a spring pin is considered a self-retaining fastener. Spring pins may be used

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to retain a shaft to another, or to precisely fasten flat faces of mating parts together through symmetric hole locations.

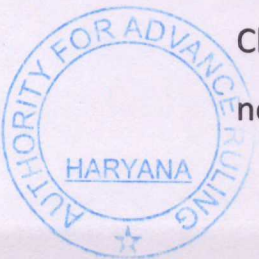
- 1.6 A bushing, also known as a '**bush**', is an independent plain bearing that is inserted into a housing to provide a bearing surface for rotatory applications; this is the most common form of a plain bearing. A bearing is a machine element that constrains relative motion to only the desired motion, and reduces friction between moving parts. A plain bearing is a type of bearing in which the relatively sliding surfaces are cylindrical and in which there is relative angular motion of rotating shaft in the hole. One surface is usually stationary, and the forces acts perpendicularly to the axis of rotation.

2. **Question for Ruling:**

What is the appropriate classification and applicable rate of the Products namely U-Bolt, Screws Bolts and Nuts, Spring Pins and Bushes manufactured and supplied by the Applicant?

3. **Discussion and Findings:**

- 3.1 The applicant submits that **U-Bolt** and **Centre Bolt** in view of Note 2(b) to Section XVII of the Customs Tariff Act, 1975 ("CTA"), are classifiable as 'screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers' under Custom Tariff Heading ("CTH") 7318. Further, in view of being specifically provided by name as customs tariff item 7320 90 20, **spring pins** are classifiable under CTH 7320. The Applicant also submitted that on the basis of the similar functioning and end use of the bush and a simple plain bearing, the **bush** is classifiable as plain shaft bearing under the CTH 8483.
- 3.2 Now, the question arises whether the items **U-Bolt, Centre Bolt & spring pins** manufactured by the applicant are covered under Chapter 73 or Chapter 87; and whether the item **bush** is covered under Chapter 84 or Chapter 87. In order to decide this issue, it is pertinent to refer to relevant notes appended to Section XV and Section XVII.



3.3 **Section XVII Note 2 reads as under:-**

The expression "*parts*" and "*parts and accessories*" do not apply to the following articles, whether or not they are identifiable as for the goods of this Section:

- (b) Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39);
- (e) Machines and apparatus of headings 8401 to 8479, or parts hereof, other than the radiators for the articles of this Section, articles of heading 8481 or 8482 or, provided they constitute integral parts of engines or motors, articles of heading 8483;

3.4 **Section XV Note 2 reads as under:-**

The expression "*parts of general use*" means:

- (a) Articles of headings 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal;
- (b) Springs and leaves for springs, of base metal, other than clock or watch springs (heading 9114);
- (c) Articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, or base metal, of heading 8306.

In Chapters 73 to 76 and 78 to 82 (but not in heading 7315) references to parts of goods do not include references to parts of general use as defined above.

- 3.5 The HSN explanatory notes to CTH 7318 specifically provide that CTH 7318 includes U Bolt. The extract of the relevant portion of the HSN Explanatory notes to CTH 7318 is provided below for easy reference:

"(A) SCREWS, BOLTS AND NUTS

Bolts and nuts (including bolt ends), screw studs and other screws for metal, whether or not threaded or tapped, screws for wood and coach-screws are threaded (in the finished state) and are used to assemble or fasten goods so that they can readily be disassembled without damage.

Bolts and screws for metal are cylindrical in shape, with a close and only slightly inclined thread; they are rarely pointed and may have slotted heads or heads adapted for tightening with a spanner or they may be recessed. A bolt is designed to engage in a nut, whereas screws for metal are more usually screwed into a hole tapped in the material to be fastened and are therefore generally threaded throughout their length whereas bolts usually have a part of the shank unthreaded.

The heading includes all types of fastening bolts and metal screws regardless of shape and use, including U-bolts, bolt ends (i.e.,



cylindrical rods threaded at one end), screw studs (i.e., short rods threaded at both ends), and screw studding (i.e., rods threaded throughout)."

- 3.6 It is submitted on the basis of the HSN explanatory notes that U-Bolt is a type of bolt which is specifically covered under the CTH 7318. Further, it is made of steel. Therefore, these are classifiable under the CTH 7318.
- 3.7 The Centre Bolt in question fulfills the description as given the HSN explanatory note. The Centre Bolt is threaded and is designed to engage with a nut. Accordingly, as the Centre Bolt fulfills the description of a bolt under CTH 7318 and is made of steel, it is also classifiable under CTH 7318.
- 3.8 A conjoint reading of the above discussed notes suggest that the articles falling under heading 7318 do not fall under the expression parts and parts and accessories of motor vehicles. Accordingly, the articles falling under 7318 will be covered exclusively under this category for tariff purpose.
- 3.9 The relevant entry for the spring pin is as under:-

7320	Springs and leaves for springs, of iron or steel
7320 90	Other
7320 90 20	Spring Pins

- 3.10 The classification of goods under Customs tariff is governed by the General Rules of Interpretation. Rule 1 of these rules provides that classification of goods shall be determined according to the terms of the CTH of the tariff schedule and any relative section or chapter notes.

- 3.11 Spring Pins are specifically covered under tariff item 73209020. Spring Pins manufactured and supplied by the Applicant are made up of various types of steel. Further, Spring Pin is in the nature of a spring and hence provided under the sub-heading "Other", covered under the CTH 7320 which covers springs and leaves for springs, of iron or steel. Accordingly, Spring Pins are classifiable under CTH 7320.

- 3.12 Now, the two competing CTH which are being considered for determining the classification of the **Bush** are CTH 8483 and CTH 8708. Relevant entries have been reproduced below: -



Chapter / Heading / Subheading / Tariff item	Description of Goods
8483	Crank shafts for sewing machine, bearing housings; plain shaft bearings ; gears and gearing; ball or roller screws.
8483 30 00	Bearing Housings, not incorporating ball or roller bearings, plain shaft bearings .

Chapter / Heading / Subheading / Tariff item	Description of Goods
8708	Parts and accessories of the motor vehicles of CTH 8701 to 8705.
8708 80 00	Suspension systems and parts thereof (including shock absorbers)

3.13 CTH 8708 comprise of parts and accessories of the motor vehicles of CTH 8701 to 8705. The HSN explanatory notes to CTH 8708 specifically provides that parts and accessories are classifiable under CTH 8708, when they fulfill two conditions viz. the item is identifiable as being suitable for use solely or principally with the above-mentioned vehicles of this CTH and are not excluded by the provisions of the Notes to Section XVII. The extract of the relevant portion of the HSN explanatory note is provided below:

"This heading covers parts and accessories of the motor vehicles of headings 87.01 to 87.05, provided the parts and accessories fulfill both the following conditions:

- (i) *They must be identifiable as being suitable for use solely or principally with the above-mentioned vehicles; and*
- (ii) *They must not be excluded by the provisions of the Notes to Section XVII (see the corresponding General Explanatory Note)."*

3.14 In the WCO Explanatory notes at page No. XVII-8708-1 (Page 31 of compilation); Parts and Accessories specifically included in chapter 87 have been discussed. Para (F) of the Parts and Accessories of the motor vehicles of heading 87.01 to 87.05 is reproduced below:



Parts and accessories of this heading include:

(F) "Other transmission parts and components (for example, propeller 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 flywheels of heading 84.83".

3.15 As per explanatory note to heading 8708, **plain shaft bearings** are included in parts and accessories of motor vehicles of headings 87.01 to 87.05 hence, classifiable in heading 8708.

4. **Ruling:**

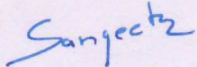
4.1 The items U-Bolt and Centre Bolt fall under Tariff Heading 7318 15 00 are taxable at the rate of 18%.

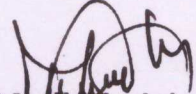
4.2 Spring Pin fall under Tariff Heading 7320 90 20 taxable @ 18%.

4.3 The item Bush is covered under Tariff Heading 87089900 taxable at 28%.

Ordered accordingly.
To be communicated.

29.03.2019
Panchkula.


(Sangeeta Karmakar)
Member CGST


(Madhubala)
Member SGST

Regd. AD/Speed Post

M/s Jamna Auto Industries Ltd.,
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Yamuna Nagar, Haryana.



Copy to:

- o/c
1. The Commissioner of Central Goods & Services Tax S.C.O. No. 407-408, Sector-8, Panchkula.
 2. Yamuna Nagar Division, 1572/A, 1st Floor, Court Road, Jagadhri, Yamuna Nagar (Haryana).
 3. Deputy Excise and Taxation Commissioner (ST), Yamuna Nagar.