THE AUTHORITY FOR ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009

Advance Ruling No. KAR ADRG 15/2024
Date : 21-05-2024

Present:

1. Dr. M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes . . . . Member (State)

2. Sri. Kiran Reddy T
Additional Commissioner of Customs & Indirect Taxes . . . .Member (Central)

1.	Name and address of the applicant	M/s. TURBOTECH PRICISION ENGINERRING PRIVATE LIMITED, Survey No.8/2, Honnasandra Village, Kasaba Hobli, Nelamangala Taluk, Bengaluru Rural District, Karnataka – 562123,
2.	GSTIN or User ID	29AACT6674J1ZS
3.	Date of filing of Form GST ARA-01	23-02-2024
4.	Represented by	Sri. Sumith Rathi, C A & Authorised Representative
5.	Jurisdictional Authority – Centre	The Commissioner of Central Tax, Bengaluru North-West Commissionerate, Bengaluru.
6.	**Jurisdictional Authority – State**	ACCT, LGSTO-66, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2902240063965 dated 14.02.2024.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017

M/s. Turbotech Precision Engineering Private Limited (herein after referred to as 'Applicant'), Survey No.8/2, Honnasandra Village, Kasaba Hobli, Nelamangala Taluk, Bengaluru Rural District, Karnataka – 562123, having GSTIN 29AABCK6367L1ZY, have filed an application for Advance Ruling under Section 97 of

CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act.

2. The applicant won a supply order from the "Defence Bioengineering and Electromedical Laboratory" (referred to as DEBEL) for supply of specified numbers of **"EDF Thrusters with Battery Pack for Jet Suit"** in accordance with the specification given in the annexure to the supply order. Jet Suit (also referred as flight suit) is a wearable flight system consists of a harness fitted with the **Electrically Ducted Fan (referred as "EDF") based Thrusters** mounted at various critical points to provide the lift that supports the weight of the user and all the accessories. The system will also consist of airbag-based flight suits and helmets integrated with the displays to protect the wearer's body & head against impacts and transmit critical flight parameters to the user. As per the supply order, the proposed configuration of the wearable flight system has a requirement of 6 **EDF thrusters** within an individual static thrust of approximately 25 kgs at MSL resulting in a cumulative static thrust of approximately 150 kgs. The system is also proposed to have self-contained rechargeable **Battery Pack** to cater to the electrical requirement of the EDF thrusters and various accessories.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

a) What is the classification of goods and/or service for the supply of "EDF Thrusters with Battery Pack for Jet Suit" made by the applicant to the DEBEL?

b) What is the applicable HSN code on such supplies of "EDF Thrusters with Battery Pack for Jet Suit" made by the applicant to the DEBEL?

c) What is the applicable rate of tax under the Central Goods and Services Tax Act, 2017 and Karnataka State Goods and Services Tax Act, 2017 on the such supplies of "EDF Thrusters with Battery Pack for Jet Suit" made by the applicant to the DEBEL?

4. **Admissibility of the Application**: The applicant sought to know the classification of their supplies "EDF Thrusters with Battery Pack for Jet Suit" and the applicable rate of tax. The said issues are concerning "Classification of any goods or services or both" and "Determination of the liability to pay the tax on any goods or services or both", which are covered under Sections 97(2)(a) & 97(2)(e) respectively of the CGST Act 2017 and hence the instant application is admissible

5. **BRIEF FACTS OF THE CASE**: The applicant furnishes the following facts relevant to the issue:

5.1 The applicant is a private limited company incorporated under the Companies Act 2013 (erstwhile The Companies Act 1956) located at No.80/2,

Honnasandra village, Kasaba Hobli, Nelamangala, Bengaluru 562123. Registered under the Central Goods and Services Tax Act, 2017 as well as Karnataka State Goods and Services Tax Act, 2017 with GST number **29AAACT6674J1ZS** the applicant is rolled in the books of **LGSTO 066** and regular in filing its GST returns and paying taxes thereof.

5.2 The applicant claims to be a leading Turbo machinery, and Mechanical Engineering Company and has developed a range of steam turbines, Gas Turbines and myriad of Turbo-machinery for critical applications in Process, Oil & Gas industries, and in Aerospace industry. The company provides adaptable and affordable turbine solutions for the industrial and Power Generation from the smallest requirement of few Kilowatts to as large as 5.5 MW. In addition, the applicant also has a separate division that continues to work with the Indian Defence. It caters to deliver mission-critical precision engineering systems for the government of India's strategic establishments such as "Naval Science & Technological Laboratory- Vizag," "Hindustan Aeronautics Ltd," and "DRDO-Bangalore," among others.

5.3 Through a tender process, the applicant won a supply order from the "Defence Bioengineering and Electromedical Laboratory" (referred as DEBEL) via its LOI No. DBL/MMG/18/TE/2021-22 dated 11.02.2022. Followed by this, a supply order No.DEBEL/22AT0062/BMI/21-22/LP dated 11.02.2022 was issued by the "Defence Bioengineering and Electromedical Laboratory" to the applicant. As per the term of supply order, the applicant should supply specified numbers of **"EDF Thrusters with Battery Pack for Jet Suit"** in accordance with the specification given in the annexure to the supply order.

5.4 Jet Suit (also referred as flight suit) is a wearable flight system consists of a harness fitted with the **Electrically Ducted Fan (referred as "EDF") based Thrusters** mounted at various critical points to provide the lift that supports the weight of the user and all the accessories. The system will also consist of airbag-based flight suits and helmets integrated with the displays to protect the wearer's body & head against impacts and transmit critical flight parameters to the user.

5.5 As per the supply order of the DEBEL, referred supra, the proposed configuration of the wearable flight system has a requirement of 6 **EDF thrusters** within an individual static thrust of approximately 25 kgs at MSL resulting in a cumulative static thrust of approximately 150 kgs.

5.6 The system is also proposed to have self-contained rechargeable **Battery Pack** to cater to the electrical requirement of the EDF thrusters and various accessories.

5.7 As per the specification given in the annexure to the supply order, the said supplies should be completed in 2 milestones namely T1 and T2.

The applicant is required to supply following items by milestone T1

Sl No	Items	Qty
a)	25Kgs EDF Thrusters with accessories	16Nos
b)	2 Kw hr battery pack with charger	4 Nos
c)	EDF performance mapping and test reports	1set
d)	Battery pack performance test report	1set

Further, the applicant is required to supply following items by milestone T2

Sl No	Items	Qty
a)	25Kgs EDF Thrusters with accessories	26Nos
b)	2 Kw hr battery pack with charger	4 Nos
c)	EDF performance mapping and test reports	1set
d)	Battery pack performance test report	1set

5.8 The applicant is also required to carry out specified performance evaluation test of the EDF Thrusters and Battery packs before supplying the materials to the DEBEL and submit the performance mapping and test report along with supplies made at each milestone, as mentioned supra.

5.9 The applicant is also responsible for following as a part of supply of EDF Thrusters with Battery Pack for Jet Suit:

a. All the necessary fixtures, rigs for the performance evaluation.

b. Interface for data feeds from the EDF controllers and BMS for onward transmission to the helmet mounted display for the user.

c. The throttle control switch being positioned on right/left hand for use of the user.

d. Designing, fabricating and supplying suitable mounting brackets for the EDFs, Battery pack and the speed controllers based on the technical inputs from the DEBEL.

e. An emergency quick release devise to jettison the battery back away from the wearer's body during emergencies.

f. Necessary wiring from the battery pack to speed controllers, EDFs and to Throttle Controls.

g. An external emergency kill switch provisioned to cut off EDF power in case of any inadvertent scenarios.

5.10 The applicant craves leave and reserves its right to vary, amend, alter and/or add to these facts and to produce such oral and documentary evidence and file such compilation of documents as may be necessary at the time of hearing of the application for advance ruling.

6. **Applicant's Interpretation of Law:**

6.1 **Statement of Interpretation/ Understanding of Law By The Applicant**

As per Section 2(1) of the Aircraft Act, 1934;

> *"aircraft" means any machine which can derive support in the atmosphere from reactions of the air, [other than reactions of the air against the earth's surface] and includes balloons, whether fixed or free, airships, kites, gliders and flying machines;*

6.2 Jet-pack suits also known as Jet suits or jet-powered suits or flight suit are wearable devices that can facilitate human flight. They are advanced pieces of technology that combine elements of aviation and personal propulsion systems. Jet suits typically consist of multiple jet engines or thrusters mounted on various parts of the body, such as the arms, legs, and back. The jet engines or thrusters generate a powerful thrust that propels the user through the air, allowing them to achieve vertical take-off and controlled flight. By adjusting the angle and intensity of the thrust, users can enable the flight as desired. The system will also consist of airbag-based flight suits and helmets integrated with the displays to protect the wearer's body & head against impacts and transmit critical flight parameters to the user. On reading of the above definition of Aircraft under The Aircraft Act, 1934 Jet Suits can safely be classified as an Aircraft.

6.3 In accordance with notification 01/2017 Central Tax (Rate) dated 28th June 2017 read with notification 18/2021-Central Tax (Rate) dated 28th December 2021, supply of aircraft falling under HSN code 8802 or 8806 is covered under entry number 244 of Schedule I of the notification, and supply of Parts of goods of heading 8802 or 8806 (except parts of items covered in Sl. No. 383 in Schedule III) is covered under entry number 245 of schedule I of the notification. Both such entries namely entry number 244 and entry number 245 are subject to CGST at the rate of 2.5%.

Accordingly, an updated schedule of CGST rate is:

Sl No	Chapter/Heading / Subheading / Tariff item	Description of Goods	Rate
244	8802 or 8806	Other aircraft (for example, helicopters, aeroplanes) except the items covered in Sl. No. 383 in Schedule III, other than for personal use	2.5%
245	8807	Parts of goods of heading 8802 or 8806 (except parts of items covered in Sl. No. 383 in Schedule III)	2.5%

6.4 Entry number 383 in Schedule III of notification 18/2021-Central Tax (Rate) dated 28th December 2021 covers supply of *"Closed-circuit television (CCTV), transmission apparatus for radio-broadcasting or television, whether or not incorporatingreception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders including goods in the form of unmanned aircraft falling under 8806 [other than two-way radio (Walkie talkie) used by defence, police and paramilitary forces,etc.]"* falling under the HSN Code 8525 or 8806.

Accordingly, the supplies made by the applicant under the supply order to DEBEL should be classified either under entry number 244 or entry number 245 of the notification 01/2017 Central Tax (Rate) dated 28th June 2017 read with notification 18/2021-Central Tax (Rate) dated 28th December 2021.

6.5 The supply order received by the applicant is for supply of specified quantity of **"EDF Thrusters with Battery Pack for Jet Suit"** in accordance with the specification given in the annexure to the supply order. In order to complete the supply of EDF Thrusters and Battery Packs for Jet Suit, the applicant is required to carry out specified performance evaluation test of the EDF Thrusters and Battery packs and submit the performance mapping and test report along with supplies made.

6.6 The applicant is also responsible to ensure following supplies as a part of supply of EDF Thrusters with Battery Pack for Jet Suit:

- All the necessary fixtures, rigs for the performance evaluation.
- Interface for data feeds from the EDF controllers and BMS for onward transmission to the helmet mounted display for the user. **(providing helmet is not in the scope of supply)**
- The throttle control switch being positioned on right/left hand for use of the user.
- Designing, fabricating and suppling suitable mounting brackets for the EDFs, Battery pack and the speed controllers based on the technical inputs from the DEBEL.
- An emergency quick release devise to jettison the battery back away from the wearer's body during emergencies.
- Necessary wiring from the battery pack to speed controllers, EDFs and to Throttle Controls.
- An external emergency kill switch provisioned to cut off EDF power in case of any inadvertent scenarios.

6.7 As can be understood from the above, the hardware being supplied by applicant to DEBEL is sub-level ancillary equipment to the overall product. The

overall product is an all-electric experimental personal air-mobility device. The applicant is supplying the batteries, thrusters and throttle controller sub-systems as part of our contract. **Therefore, the said supplies made by the applicant under the supply order from DEBEL should be classified as supply of "Parts of goods of heading 8802 or 8806 (except parts of items covered in Sl. No. 383 in Schedule III)" under entry number 245 of notification 01/2017 Central Tax (Rate) dated 28th June 2017 read with notification 18/2021-Central Tax (Rate) dated 28th December 2021. Accordingly, the said supply should be subject to tax at the rate of 2.5% under the Central Goods and Services Tax Act, 2017 and at the rate of 2.5% under the Karnataka State Goods and Services Tax Act.**

6.8 The applicant craves leave and reserves its right to vary, amend, alter and/or add to these interpretation and to produce such oral and documentary evidence and file such compilation of documents as may be necessary at the time of hearing of the application for advance ruling.

PERSONAL HEARING PROCEEDINGS HELD ON 14.03.2024

7. Sri. Sumith Rathi, Chartered Accountant & Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

10. The applicant, under order from the "Defence Bioengineering and Electromedical Laboratory" (referred to as DEBEL) for supply of specified numbers of **"EDF Thrusters with Battery Pack for Jet Suit"** in accordance with the specification given in the annexure to the supply order, intend to supply the same and thus seeks advance ruling in respect of the classification of the said goods and the rate of GST applicable thereon.

The applicant submitted that 'Jet Suit' (also referred as flight suit) is a wearable flight system consists of a harness fitted with the **Electrically Ducted Fan (referred as "EDF") based Thrusters** mounted at various critical points to provide the lift that supports the weight of the user and all the accessories. The system will also consist of airbag-based flight suits and helmets integrated with the displays to protect the wearer's body & head against impacts and transmit critical flight parameters to the user.

Further, Jet-pack suits also known as Jet suits or jet-powered suits or flight suit are wearable devices that can facilitate human flight. They are advanced pieces of technology that combine elements of aviation and personal propulsion systems. Jet suits typically consist of multiple jet engines or thrusters mounted on various parts of the body, such as the arms, legs, and back. The jet engines or thrusters generate a powerful thrust that propels the user through the air, allowing them to achieve vertical take-off and controlled flight. By adjusting the angle and intensity of the thrust, users can enable the flight as desired. The system will also consist of airbag-based flight suits and helmets integrated with the displays to protect the wearer's body & head against impacts and transmit critical flight parameters to the user.

As per the supply order, the proposed configuration of the wearable flight system has a requirement of 6 **EDF thrusters** within an individual static thrust of approximately 25 kgs at MSL resulting in a cumulative static thrust of approximately 150 kgs. The system is also proposed to have self-contained rechargeable **Battery Pack** to cater to the electrical requirement of the EDF thrusters and various accessories.

11. The applicant is also required to carry out specified performance evaluation test of the EDF Thrusters and Battery packs before supplying the materials to M/s DEBEL and submit the performance mapping and test report along with supplies made at each milestone, as mentioned supra.

12. The applicant, admittedly, is also responsible for the following as a part of supply of EDF Thrusters with Battery Pack for Jet Suit:

a. All the necessary fixtures, rigs for the performance evaluation.

b. Interface for data feeds from the EDF controllers and BMS for onward transmission to the helmet mounted display for the user(providing helmet is not in the scope of supply)

c. The throttle control switch being positioned on right/left hand for use of the user.

d. Designing, fabricating and supplying suitable mounting brackets for the EDFs, Battery pack and the speed controllers based on the technical inputs from the DEBEL.

e. An emergency quick release devise to jettison the battery back away from the wearer's body during emergencies.

f. Necessary wiring from the battery pack to speed controllers, EDFs and to Throttle Controls.

g. An external emergency kill switch provisioned to cut off EDF power in case of any inadvertent scenarios.

13. In view of the foregoing, the impugned supply of EDF Thrusters involves EDF Thrusters and Battery packs along with the performance mapping and test report. It is an admitted fact that the applicant does not manufacture the EDF thrusters and battery packs but procures domestically or imports them. The important aspect of the supply involved is the performance of the said EDF thrusters and thus the supply will be done on acceptance of the performance mapping and test report by the recipient, of the impugned supply. Therefore the applicant is involved in supply of EDFs i.e. Electrical Ducted Fans along with Battery packs and the accessories such as mounting brackets, wiring etc.,

14. In view of the foregoing, we proceed to examine the classification of the impugned product. In this regard we invite reference to Explanations (iii) and (iv) appended to the Notification No. 01/2017- Central Tax (Rate), dated 28.06.2017, which are relevant to determination of Classification of a product & are as under:

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(iv) 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 this notification.

Accordingly we make a reference to the Section Notes and Chapter Notes of the relevant Chapters of the Customs Tariff and also the corresponding Harmonised Commodity Description and Coding System Explanatory Notes of World Customs Organisation (WCO).

15. The applicant seeks advance ruling on the classification of goods i.e. "EDF Thrusters with Battery Pack for Jet Suit", to be supplied to the DEBEL along with relevant HSN code and the GST rate applicable thereon. The applicant contends that the impugned supply is meant for 'Jet Suite', which qualifies to be an aircraft, in terms of Aircraft Act, 1934 as other aircraft and thus the supply

becomes parts of aircraft and accordingly classifiable under HSN code 8802 or 8806 and the impugned supply is classifiable under HSN 8807 as parts of goods of heading 8802 or 8806 (except parts of items covered in Sl. No. 383 in Schedule III)." Therefore, the impugned supply attracts GST @ 5% in terms of entry number 245 of notification 01/2017 Central Tax (Rate) dated 28th June 2017 read with notification 18/2021-Central Tax (Rate) dated 28th December 2021. However from the definition of 'aircraft' as per per Section 2(1) of the Aircraft Act, 1934;

> *"aircraft" means any machine which can derive support in the atmosphere from reactions of the air,* ***[other than reactions of the air against the earth's surface]*** *and includes balloons, whether fixed or free, airships, kites, gliders and flying machines;*

In the instant case, the Electric Ducted Fan(EDF) thrusters based Jetsuit apparently derives support in atmosphere by generating thrust against earth's surface. Hence they are not covered in the definition of 'aircraft'. Also the applicant has not brought on record any DGCA(Directorate General of Civil Aviation) licence/ registration/exemption (of the recipient of supplies), which is a mandatory requirement for operating an 'aircraft' in terms of the Aircraft Act, 1934 and regulations made thereunder. Hence the contention of applicant that the Jetsuit is aircraft and the EDF thrusters with battery pack is part of aircraft is not acceptable.

16. EDF is a type of propulsion system commonly used in electric radio-controlled (RC) planes and some small drones. EDFs are designed to mimic the appearance and function of jet engines, that are powered by electric motors and are typically more compact. They consist of a ducted fan, which is essentially a fan enclosed in a cylindrical housing (the duct). The product EDF i.e. "Electric Ducted Fan", works on electric current drawn from the battery. The principle involved in the process is that the fan sucks air in and expels it at high speed, the result being that the object attached to it is propelled forward. It can be used in many applications such as model jet engines etc., and thus it merits classification as a fan being ducted i.e. enclosed / covered by a metallic sheet, but not as a part of other aircraft. Further, the general rules for the interpretation of the harmonised system, under rule 3 specifies that when by application of Rule 2 (b) or for any other reason, goods are prima facie, classifiable under two or more headings, classification shall be effected under rule 3(a) / 3(b) / 3(c) and rule 3(a) specifies that t*he heading which provides the most specific description shall be preferred to headings providing the more general description.* Therefore the impugned product specifically classifiable as a fan, enclosed by a metal sheet. Thus we proceed to examine the classification of the product as a fan.

17. Section XVI of the Customs Tariff covers Machinery and Mechanical Appliances; Electrical Equipment; Parts thereof; Sound Recorders and Reproducers, Television Images and Sound Recorders and Reproducers, and Parts and

Accessories of such articles; Chapter 84 covers Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof and heading 84.14 covers Air or vacuum pumps, air or other gas compressors and ***fans***; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters; gas-tight biological safety cabinets, whether or not fitted with filters. Heading 8414.59 covers Fans Other(with output exceeding 125 W), and 84145990 covers Fans Others. Relevant extract of Customs Tariff Act 1975 is reproduced here below:

Tariff Item	Description of Goods
8414 51	**- Fans :** --Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W:
8414 51 10	--- Table fans
8414 51 20	--- Ceiling fans
8414 51 30	--- Pedestal fans
8414 51 40	--- Railway carriage fans
8414 51 90	--- Other
8414 59	**--Other :**
8414 59 10	--- Air circulator
8414 59 20	--- Blowers, portable
8414 59 30	--- Industrial fans and blowers
8414 59 90	**--- Other**

On perusal of the above tariff items, the EDF (Electric Ducted Fan) Thrusters are classifiable under CTH 84145990.

18. Entry Number 317B of Schedule III to the Notification 1/2017-Central Tax (Rate) dated 28.06.2017, as amended, specifies the GST rate of 18% for the goods falling under 8414, having description *Air or vacuum pumps, air or other gas compressors and **fans**; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters; Gas-tight biological safety cabinets, whether or not fitted with filters [other than bicycle pumps, other hand pumps and parts of air or vacuum pumps and compressors of bicycle pumps.* In the instant case the impugned product merits classification 8414 5990, as a fan and thus attracts 18% GST in terms of the entry number 317B supra.

19. In view of the foregoing, we pass the following

RULING

a) The supply of goods i.e. "EDF Thrusters with Battery Pack for Jet Suit" made by the applicant to the DEBEL, merits classification as Fan Others category.

b) The applicable HSN code of "EDF Thrusters with Battery Pack for Jet Suit" made by the applicant to the DEBEL is 8414.5990

c) The applicable rate of GST on supply of "EDF Thrusters with Battery Pack for Jet Suit" is 18%

(Dr. M.P. Ravi Prasad)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

(Kiran Reddy T)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place : Bengaluru.

Date : 21-05-2024

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bengaluru North-West Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-66, Bengaluru.
5. Office Folder.

Authority For Advance Ruling