

(समक्ष अग्रिम विनिर्णय प्राधिकारी उत्तराखण्ड(माल और सेवा कर)
BEFORE THE AUTHORITY FOR ADVANCE RULINGS FOR THE STATE OF UTTARAKHAND
(Goods and Services Tax)

Present:

श्री अनुराग मिश्रा(सदस्य)

Shri Anurag Mishra (Member)

श्री रामेश्वर मीणा (सदस्य)

Shri Rameshvar Meena (Member)

The 27th day of April, 2022

अग्रिम विनिर्णय संख्या. 04 /2022-23

Ruling No: 04 /2022-23

in

आवेदन संख्या . 11/2021-22

Application No: -11/2021-22

1	आवेदक Applicant	M/s Ultra Tech Suspension Private Limited, Plot No.- 29, IIE SIDCUL, Sector-11, Pantnagar, Rudrapur, Udham Singh Nagar, Uttarakhand - 263153.
2	अधिकारिता अधिकारी Jurisdictional Officer	-----
3	आवेदक की ओर से उपस्थित Present for the Applicant	Sh. Rohit Arora, Advocate
4	अधिकारिता अधिकारी की ओर से उपस्थित Present for the Jurisdictional Officer	None
5	Concerned Officer	Mrs. Preeti Manral, Deputy Commissioner, SGST-Dehradun
6	आवेदन प्राप्ति की तिथि Date of receipt of application	03.02.2022
7	सुनवाई की तिथि Date of Personal Hearing	12.04.2022 (Through video Conferencing)

नोट: इस अग्रिम विनिर्णय की प्राप्ति के 30 दिन के अन्दर उत्तराखण्ड माल और सेवाकर अधिनियम 2017 की धारा-99 के अन्तर्गत गठित अग्रिम विनिर्णय अपीलप्राधिकारी के समक्ष धारा- 100(1) के अन्तर्गत अपील दायर की जा सकती है।

Note: An appeal against this ruling lies before the appellate authority for advance ruling under Section 100(1) of the Uttarakhand Goods and Services Tax Act, 2017, constituted under Section 99 of the Uttarakhand Goods and Services Tax Act, 2017, within a period of 30 days from the date of service of this order.

AUTHORITY FOR ADVANCE RULING
GOODS & SERVICE TAX
UTTARAKHAND

PROCEEDINGS

1. This is an application under Sub-Section (1) of Section 97 of the Central Goods & Service Tax Act, 2017 and Uttarakhand State Goods & Service Tax Act, 2017 (hereinafter referred to as CGST/SGST Act) and the rules made there under filed by M/s Ultra Tech Suspension Private Limited, Plot No.- 29, IIE SIDCUL, Sector-11, Pantnagar, Rudrapur, Udham Singh Nagar, Uttarakhand - 263153 (herein after referred to as the "applicant"), a company registered under the Companies Act, 2013 and registered with GSTIN-05AAACU7370A1ZP under the CGST Act, 2017 read with the provisions of the UGGST Act, 2017.

2. In the application dated 03.02.2022 the applicant submitted that they are a manufacturer and supplier of goods such as nuts, bolts and springs etc. and the present application relates to classification of U-bolt, Front Spring Bolt, and Spring Pin. The brief description of the goods in question is as under;

i. 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.

ii. Front Spring 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. Front Spring Bolts are available in different sizes and are used in various industries such as construction, automobile, agriculture etc.

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

3. In view of the above facts, 'the applicant' is seeking an advance ruling as to what is the appropriate classification and applicable rate of the goods namely U-Bolt, Front Spring Bolts & Spring Pins manufactured and supplied by the Applicant?

4. At the outset, we would like to state that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions; therefore, unless a mention is

specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the SGST Act.

5. The Advance Ruling under GST means a decision provided by the authority or the appellate authority to an applicant on matters or on questions specified in sub-section (2) of section 97 or sub section (1) of section 100 in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant.

6. As per the said sub-section (2) of Section 97 of the Act advance ruling can be sought by an applicant in respect of:

- (a) Classification of any goods or services or both
- (b) Applicability of a notification issued under the provisions of this Act,
- (c) Determination of time and value of supply of goods or services or both,
- (d) Admissibility of input tax credit of tax paid or deemed to have been paid
- (e) Determination of the liability to pay tax on any goods or services or both
- (f) Whether the applicant is required to be registered
- (g) Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both within the meaning of that term.

6.2 In the present case applicant has sought advance ruling on Classification of goods, therefore, in terms of said Section 97(2)(a) of CGST/SGST Act, 2017, the present application is hereby admitted.

7. Accordingly opportunity of personal hearing was granted to the applicant on 12.04.2022. Sh. Rohit Arora, Advocate, on behalf of the applicant appeared for personal hearing on the said date and re-iterated the submission already made in their application. Ms. Preeti Manral, Deputy Commissioner, SGST-Dehradun, Concerned Officer from State Authority was also present during the hearing proceedings. She presented the facts and requested the authority to decide the case on merits.

8. From the record submitted by the applicant we find that applicant is registered in Uttarakhand with GSTIN bearing no. 05AAACU7370A1ZP. Before proceeding in the present case, we would first go through the submissions filed by the applicant and the same is summarized as under:

8.2 The brief description of the goods under question, manufactured by the applicant is as under.

- i. U-bolt- U-bolt is an industrial fastener, made of steel, 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.

ii. Front Spring Bolt - Front Spring Bolt is a type of fastener, made of steel, 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. Front Spring Bolts are available in different sizes and are used in various industries such as construction, automobile, agriculture etc. The Front Spring Bolt is threaded and is designed to engage with a nut.

iii. Spring Pin- 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 to retain a shaft to another, or to precisely fasten flat faces of mating parts together through symmetric hole locations. Spring Pins manufactured and supplied are made up of various types of steel and specifically covered under tariff item 7320.

9. We also find that the applicant has submitted that U-Bolt and Front Spring Bolt are classifiable as 'screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers' under Customs Tariff Heading ("CTH") 7318 in view of Note 2(b) to Section XVII of the Customs Tariff Act, 1975 ("CTA") and Spring Pins are classifiable under CTH 7320 90 20, in view of being specifically provided by name under said heading.

10. Now, the question arises whether the goods U-Bolt, Front Spring Bolt & Spring Pins manufactured by the applicant are covered under Chapter 73 or Chapter 87. In order to decide this issue, it is pertinent to refer to the relevant notes enumerated in **SECTION XV - BASE METALS AND ARTICLES OF BASE METAL** and **SECTION XVII - VEHICLES, AIRCRAFT, VESSELS AND ASSOCIATED TRANSPORT EQUIPMENT of the GST Tariff-Goods**.

10.2 For better perspective the relevant portion of "**SECTION XV - BASE METALS AND ARTICLES OF BASE METAL- Note 2**" is reproduced as under:

- "2. Throughout this Schedule, 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".

10.3 Likewise the relevant portion of "**SECTION XVII - VEHICLES, AIRCRAFT, VESSELS AND ASSOCIATED TRANSPORT EQUIPMENT- Note 2**" is reproduced as under:

"2. 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 :

(a)

(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);

(c)

(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";

11 From the plain reading of above two Section Notes, we are of the opinion that at SECTION XV the expression "*parts of general use*" has been defined to include (a) Articles of Headings 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal; and (b) Springs and leaves for springs, of base metal, other than clock or watch springs (Heading 9114) but in SECTION XVII the expression "*parts*" and "*parts and accessories*" has been excluded for Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV). Further, 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.

11.2 In view of the above inclusion and exclusion clauses it is apparent that any goods of base metals for general use shall be classified with the respective base metals group and not in the group of functionality as we find that the HSN explanatory notes to CTH 7318 specifically provide that CTH 7318 includes U Bolt. 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".

11.3 We observe that 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) and find that as per the HSN explanatory notes, U-Bolt which is made of steel, is a type of bolt which is specifically covered under the CTH 7318, therefore, we hold that these are classifiable under the CTH 7318.

11.4 We are also of the opinion that the Front Spring Bolt in question, which is also made up of Steel, fulfils the description as given in the HSN explanatory note and is designed to engage with a nut is also classifiable under CTH 7318.

12 Further, we are of the opinion that the classification of goods under Customs tariff is governed by the General Rules of Interpretation and 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. We observe that the relevant entry for the Spring Pins is as under :-

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

12.2 We find that Spring Pins manufactured and supplied by the applicant are made up of various types of steel and are in the nature of a spring and hence provided under the sub-heading "Other", covered under the CTH 7320 which aptly covers springs and leaves for springs, of iron or steel. Accordingly, we are of the view that the Spring Pins are classifiable under Tariff Item 7320 90 20.

13 Further we find that Hon'ble Supreme Court of India in the case of G.S. Auto International Ltd. Versus CCE, Chandigarh 2003 (152) E.L.T. 3 (S.C.), held as that:

"Classification of goods - Commercial parlance theory vis-a-vis function/use of goods - Classification of goods to be determined by commercial identity test and not by functional test - Goods to be classified as to how they are referred in the market by those who deal with them, be it for the purpose of selling, purchasing or otherwise - Words used by the legislation must be given their popular sense".

"26. A conjoint reading of the Notes, referred to above, would show that the expression "parts of general use" throughout the Schedule, means, inter alia, articles of Heading No. 73.18 and similar articles of other base metal; and the expression 'part and accessories' in Chapter Heading 87.08 does not apply to parts or accessories which are not suitable for use solely or primarily with articles of Chapter Heading 87.08 which pertains to parts and accessories of motor vehicles of Chapter Heading Nos. 87.01 to 87.05. For the purposes of classification under Chapter Heading 87.08, the test to be applied is: whether the goods are suitable for use solely or primarily with articles of Chapter Heading Nos. 87.01 to 87.05; if the answer is in the affirmative, the goods will be classifiable under Chapter Heading 87.08, but if the answer is in the negative, they would have to be classified under Chapter Heading No. 73.18. Having regard to the finding that the goods in question

cannot but be regarded as parts of automobiles, it has to be held that they are suitable for use primarily with articles of Chapter Heading Nos. 87.01 to 87.05. It follows that the goods in question cannot be treated as falling under Chapter Heading No. 73.18 and that they can properly be classified under Chapter Heading No. 87.08 of the Central Excise Tariff Act, 1985".

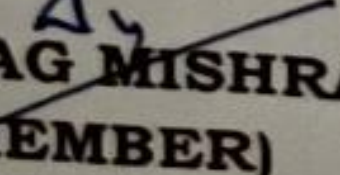
13.2 Further, we find that similar stand has been taken by the AAR, Haryana in the case of M/s Jamna Auto Industries Ltd. 2021 (47) G.S.T.L. 414 (A.A.R. - GST - Haryana), wherein U-Bolt and Centre Bolt has been held to be classifiable under Heading 7318 and Spring Pins has been held to be classifiable under Heading 7320 90 20 respectively of the Customs Tariff and taxable @ 18%.

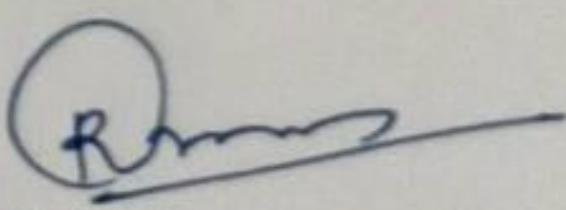
14. Further we observe that since in the Commercial parlance the goods in question are known as Nuts and Bolts namely U-bolt, Front Spring Bolt, and Spring Pin and not by any other name and as held by Hon'ble Supreme Court that the Classification of goods is to be determined by commercial identity test and not by functional test i.e. as to how they are referred to in the market by those who deal with them, be it for the purpose of selling, purchasing or otherwise, they are to be classified as a generic product. Hence we are of the view that if the generic goods as known in commercial parlance find specific mention in a particular Tariff Head and is also not covered in exclusion clause in any chapter note; the classification of goods has to be determined by commercial identity test and not by functional test.

15. In view of the discussions held above, we rule as under:

RULING

- (i) The goods U-Bolt and Front Spring Bolt made up of Steel, manufactured and supplied by the applicant fall under the Tariff Heading 7318 15 00 and are taxable at the rate of 18%;
- (ii) The goods Spring Pin made up of Steel, manufactured and supplied by the applicant fall under the Tariff Heading 7320 90 20 and is taxable @ 18%.


ANURAG MISHRA
(MEMBER)


RAMESHVAR MEENA
(MEMBER)

**AUTHORITY FOR ADVANCE RULING
GOODS & SERVICE TAX: UTTARAKHAND
OFFICE OF THE COMMISSIONER, SGST, UTTARAKHAND
LADPUR RING ROAD, UPPER NATHANWALA, DEHRADUN**

F. No.: 11/S.Tax-UKD/GST/Sec-97/2021-22/DDN/ 487 —

/Date: 27/04/2022

Copy to:

1. The Chief Commissioner, CGST, Meerut Zone, Meerut for information please.
2. The Commissioner, SGST, Commissionerate, Uttarakhand for review please.
3. The Commissioner, CGST, Commissionerate, Dehradun for review please.
4. The Assistant Commissioner, Range-II, Rudrapur for information and necessary action.
5. The Assistant Commissioner, Sector-03, Rudrapur for information and necessary action.
6. The Concerned Officer, CGST, Dehradun.
7. The Concerned Officer, SGST, Dehradun.
8. The Appellate Authority of Advance Ruling, Uttarakhand for information please.
9. Guard File.