

GIB/KN/SAGAS AUTOTECH/26.09.2019/AAR-290

Advance Ruling Category : Classification

State : Karnataka

Order No.: GIB/KN/SAGAS AUTOTECH/26.09.2019/AAR-290

Name of Entry :
Sagas Autotech Pvt. Ltd

Date : 26-09-2019

Breif Issue :

Issue And Fact Of The Case:

The applicant has sought ruling in respect of the classification of LPG conversion kit for Automobiles.

The applicant manufactures LPG and CNG conversion kits, which will be retrofitted on to the in-use vehicles and as per Rule 26 of the Central Motor Vehicles Rules, these products are to be approved by any one of the testing agency.

The applicant states that there is no separate HSN code for CNG / LPG conversion kits. The CNG / LPG conversion kits cannot be without cylinder and LPG / CNG cylinder is of no use without other parts of the conversion kits. The HSN Code for CNG Cylinder is 7311 00 30 and the HS Code for LPG Cylinder is 7311 00 10.

The LPG/CNG conversion kit is an apparatus / part that provides alternate fuel into the internal combustion engines of and hence can be considered as parts of said internal combustion engines, which are parts of motor vehicles.

In the instant case the product conversion kit is specific to a particular engine i.e. auto rickshaw (three wheeler). Therefore it could be considered that the impugned kit is a part suitable for use solely or principally with engines of auto rickshaw, which falls under tariff heading 8407 or 8408.

Hon'ble CESTAT, Chennai in the case of TRANSENERGY LTD. VERSUS COMMISSIONER OF CENTRAL EXCISE, CHENNAI [has held that the CNG Conversion Kits providing alternate fuel charging system to internal combustion engines are engine parts and though internal combustion engine are parts of motor vehicles of heading 8708 of the Central Excise Tariff, Heading 8409 ibid is being more specific, the kits are classifiable under heading 8409

Decision of Advance Ruling Authority :

Decision:

The LPG Conversion Kits are classifiable under HSN 8409 99 90 and the same are covered under serial no.116 of Schedule IV to the Notification No.01/2017 – Central Tax (Rate) dated 28.06.2017 and hence liable to tax at 14% under the CGST Act, 2017 – Similarly the said kits are liable to tax at 14% under the KGST Act 2017 under entry no. 116 of Schedule IV of Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017.