

GIB/MH/Rishab/15.01.2020/AAR-389

Advance Ruling Category : Classification and Rate

State : Maharashtra

Order No.: GIB/MH/Rishab/15.01.2020/AAR-389

Name of Entry :

M/S. Rishab Industries

Date : 15-01-2020

Breif Issue :

Facts & Issue Of The Case :

The applicant M/s. RISHAB INDUSTRIES filed an application under Section 97 of the **Central Goods and Services Tax Act, 2017** and the **Maharashtra Goods and Services Tax Act, 2017** . It engaged in manufacture of Transformers, Magnetic Components & Panels for various Industries has developed Transformers for railways as per the design specifications provided by them and approved by the Research Design and Standards Organisation (RDSO).

The applicant, seeking an advance ruling in respect of :

“Whether transformers supplied to Indian Railways can be classified as ‘Parts of railway or tramway locomotives or rolling stock’ under HSN ‘8607’ and thereby subjected to GST@ 5% or the transformers shall be categorized under HSN 8504 and subjected to GST@ 18%?”

According to applicant, Transformers fall under the HSN 8504 – ‘Electrical Transformers, Static Convertors (E.g.: Rectifiers) and Inductors’ which is taxed @ 18%. There is another HSN 8607 – **Parts of railway or tramway locomotives or rolling-stock**; such as Bogies, bissel-bogies, **axles and wheels, and parts thereof** which is taxed @ 5%.

Transformers used in Railway coaches, cannot be called as parts of railway bogies under Chapter Headings 8607 of the Tariff, due to the specific HSN available for transformer and therefore, the Entry no.241 of Schedule I of Notification No. 1/2017 C.T. (Rate) dt. 28.06.2017 does not applies to subject Transformers.

Decision of Advance Ruling Authority :**Decision :**

It held that the subject Transformers, manufactured and supplied for use in railway, locomotives are classifiable under HSN 8504 and not under HSN 8607. Hence, rate of tax thereon is applicable as per the Sr. no. 375 of Schedule III of the **Notification 1/2017 C.T. (Rate) dt. 28.06.2017** @ 18% under GST ACT w.e.f 01.7.2017.

Thus, **“Transformers’ supplied to Indian Railways, by the applicant, are covered under HSN ‘8504’ and Sr. No. 375 of Schedule III of the Notification 1/2017 Central Tax (Rate) dated 28.06.2017 and therefore subjected to GST@ 18%.**