

**AUTHORITY FOR ADVANCE RULING, TAMILNADU**  
**INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX, DOOR NO.32,**  
**5<sup>TH</sup> FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,**  
**CHENNAI - 600 003.**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF**  
**THE GOODS AND SERVICES TAX ACT, 2017.**

1. Ms. Manasa Gangotri Kata, I.R.S.,  
 Additional Commissioner/Member,  
 Office of the Commissioner of GST & Central Excise, Chennai -34
2. Thiru Kurinji Selvaan V.S., M.Sc., (Agri.), M.B.A.,  
 Joint Commissioner (ST) / Member  
 Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-3

**ORDER No.15 /AAR/2020 DATED 20.04.2020**

GSTIN Number, if any / User id		33AAAJH0260P1ZA
Legal Name of Applicant		M/s Heavy Vehicles Factory
Registered Address/Address provided while obtaining user id		The General Manager, Heavy Vehicles factory, HVF Estate, Avadi, Tiruvallur District-600054 Tamil Nadu
Details of Application		GST Application SI.No. 35/2018 dated: 29.06.2018
Concerned Officer		State : Deputy Commissioner(ST)-II, Large Taxpayers Unit, Chennai- 600 008. Centre : Chennai Outer-Division-Poonamallee
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Manufacturing
B	Description (in Brief)	Applicant procures some parts of Tank from outside vendors on the specification given by applicant for which classification is sought
Issue/s on which advance ruling required		Classification of goods
Question(s) on which advance ruling is required		1. Whether Tank and all Tank parts supplied by applicant is considered under the HSN code "87100000-Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles"? 2. Whether parts manufactured specifically by applicant for TANK shall be considered under 87100000? 3. Whether parts and accessories supplied by their vendor specifically manufactured for Tank

	<p>Parts and the same is not supplied to any other company will come under the HSN 87100000?</p> <p>4. Whether tank parts of the following shall be considered under 87100000 or not:-  O Ring; U Drill; Accumulator Assembly; Adaptor Assembly; Angle piece; Armature Assembly; Armor Steel Plate; Assembly Fixture; Assembly Bracket; Axial Bearing; Axle; Ball Bearing; Band Assembly; Base Assembly; Battery; Bearing Bush; Bellows; Bevel Gear; Booster Assembly; Boss Assembly; Bracket Assembly; Bush, bushing; Casing Assembly; Clamp Assembly; Clip Assembly; Collar Assembly; Connector Assembly; Cover Plate; Diode; Dowel Pin; Electrical Wire used in Tank; End Mill; Fanuc Fuse; Fixture for Assembly; Flange; Gasket Assembly; Gasket Rubber; All type of Gauge; Gear Box; Gusset Plate; Hinge Assembly; Hose Assembly; All type of Hydraulic items used in tank; Insert carbide; Jig Drill; Knob Assembly; Latch Assembly; Leather washer; Lock Assembly; Mandrel Assembly; Milling Fixture; Needle Bearing; Nozzle Assembly; Oil Seal; Panel Assembly; Pipe Assembly; Planet Pinion; Plate Assembly; Plug Gauge; Retainer Steel; Rib Assembly; Shaft Assembly; Shim; Sleeve Assembly; Spacer; Spindle Steel; All types of spring; Stiffener; Stop Steel; Stopper Steel; Strap Assembly; Strip Assembly; Sub-Assemblies; Support Assembly; Thyristor; Torsion Bar; Tube Assembly; Turret; Twist Drill; Valve Assembly; Washer( Rubber made or Steel made); Wedge; Worm Wheel, Worm Gear, Worm Shaft; Yoke Assembly.</p> <p>5. If the vendor is supplying parts under an HSN code other than 87100000, is it necessary that it has to be supplied under the same HSN code on what the vendor is charging?</p>
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**Note : Any Appeal against the Advance Ruling order shall be filed before the Tamilnadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.**

**At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.**

M/s. Heavy Vehicles Factory, HVF Estate, Avadi, Tiruvallur District-600054 (hereinafter called as HVF or Applicant) is a Central Government Department coming under the Ordinance Factory Board, Ministry of Defense, and Government of India and are engaged in the manufacturing Tank and Tank Parts. They are registered under GST vide Registration No. 33AAAJH0260P1ZA. The applicant has sought Advance Ruling on the following:

1. Whether Tank and all Tank parts supplied by the applicant is considered under HSN code "87100000-Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles"?
2. Whether parts manufactured specifically by applicant for TANK shall be considered under 87100000?
3. Whether parts and accessories supplied by their vendor specifically manufactured for tank parts and the same is not supplied to any other company will come under the HSN 87100000?
4. Whether tank parts of the following shall be considered under 87100000 or not:-

O Ring; U Drill; Accumulator Assembly; Adaptor Assembly; Angle piece; Armature Assembly; Armour Steel Plate; Assembly Fixture; Assembly Bracket; Axial Bearing; Axle; Ball Bearing; Band Assembly; Base Assembly; Battery; Bearing Bush; Bellows; Bevel Gear; Booster Assembly; Boss Assembly; Bracket Assembly; Bush, bushing; Casing Assembly; Clamp Assembly; Clip Assembly; Collar Assembly; Connector Assembly; Cover Plate; Diode; Dowel Pin; Electrical Wire used in Tank; End Mill; Fanuc Fuse; Fixture for Assembly; Flange; Gasket Assembly; Gasket Rubber; All type of Gauge; Gear Box; Gusset

Plate; Hinge Assembly; Hose Assembly; All type of Hydraulic items used in tank; Insert carbide; Jig Drill; Knob Assembly; Latch Assembly; Leather washer; Lock Assembly; Mandrel Assembly; Milling Fixture; Needle Bearing; Nozzle Assembly; Oil Seal; Panel Assembly; Pipe Assembly; Planet Pinion; Plate Assembly; Plug Gauge; Retainer Steel; Rib Assembly; Shaft Assembly; Shim; Sleeve Assembly; Spacer; Spindle Steel; All types of spring; Stiffener; Stop Steel; Stopper Steel; Strap Assembly; Strip Assembly; Sub-Assemblies; Support Assembly; Thyristor; Torsion Bar; Tube Assembly; Turret; Twist Drill; Valve Assembly; Washer( Rubber made or Steel made); Wedge; Worm Wheel, Worm Gear, Worm Shaft; Yoke Assembly.

5. If the vendor is supplying parts under an HSN code other than 87100000, is it necessary that it has to be supplied under the same HSN code on what the vendor is charging?

The Applicant has submitted the copy of application in Form GST ARA - 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2. The Applicant has stated that their main activity is manufacturing Tank and Tank Parts. Tank is completely assembled in HVF, whereas some parts of Tank are manufactured separately in HVF and some parts of Tank are procured from outside vendors on the specification given by HVF.

2.1 The applicant is of the view that the HSN code for Tank is under the tariff item "87100000- Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles" under "Section XVII-Vehicles, Aircraft Vessels and associated transport equipments" and liable to tax @ 12% GST as per GST tariff for Goods with the HSN code. The description of goods in the HSN code 87100000 includes parts of such vehicles as well. At the same time, in the explanatory notes to section XVII in point no.2, it is given that, the expression "Parts" and "Parts and accessories" do not apply to the certain articles, whether or not they are identifiable as for the goods for this section. In view of the above, they are doubtful of whether which parts will be coming under HSN 87100000 and which parts will not be coming under this code. Hence, the applicant has sought Advance Ruling to

clarify which parts will be covered under HSN code 87100000. They have also emphasized that the parts and accessories manufactured by them or supplied by outside vendor, all are specifically designed and is not used in any other product.

3. The applicant was heard on 07.08.2018. Shri. H.S.Manoharan, Cost Accountant and Shri. Muthusamy Murugesan, Junior Works Manager of the applicant Company appeared for the hearing. They stated that the parts listed in their application are manufactured by their vendors and these specifically went for Tank T-90, T-72. However, some of the parts may be falling under the exemption to Chapter Note 87100000. They undertook to submit a write-up and technical literature, drawings of each part along with a copy of recent Supreme Court judgment within 2 weeks.

3.1 The applicant vide their letter Lr.No. HVF/MC/040/GST/Advance Ruling/2018-19 dated 15.09.2018 furnished photographs of the following spare parts:

Accumulator Assembly; Angle Piece; U Drill; assembly Bracket; Axial Bearing; Bond Assembly; Bearing Bush; Bellows; Casing Assembly; Clamp Assembly; Clip assembly; collar Assembly; Fanuc Fuse; Flange; Diode; Endmill; Fixture for Assembly; Hinge Assembly; Hose Assembly; Latch Assembly; Mandrel Assembly; Nozzle Assembly; Milling Fixture; Thyristor; Yoke Assembly; Wedge; Tube Assembly; Armature Assembly; Armour Plates; Fixture for Assembly; Boss Assembly; Connector Assembly; Gasket Assembly; Bracket Assembly; Boss Assembly; Rib Assembly; Shaft Assembly; Sleeve Assembly

The applicant however did not furnish any write-up and technical literature or the decision of the Hon'ble Supreme Court mentioned by them.

4. The applicant was extended another hearing and heard on 25.02.2019. S/Shri. H.S.Manoharan, Auditor and A.Kannan, Junior Works Manager of the Applicant Company appeared for the hearing. The representatives stated that some parts of tanks are classifiable under Chapter 87 only and some of these parts are of general use. They furnished the decision of Hon'ble Supreme Court in the case of Commissioner of Central Excise vs. BHEL. They have relied on the decision of Hon'ble Supreme Court in the case of Commissioner

of Central Excise Vs. BHEL [[2018] 90 taxmann.com 297 (SC)] wherein the Apex Court has held that

*"7.....we are of the view that the Primary Authority as well as the First Appellate Authority was perfectly justified in coming to the conclusion that the components of the boilers cleared as parts but essential to put into operation the boilers, would be classifiable under sub-heading 8402.10 and not as claimed by Revenue under sub-heading 8402.90....."*

The above decision is on the question 'whether the essential components/parts of a boiler cleared by the assessee would attract duty under sub-heading '8402.10-All goods other than parts' or '8402.90-Parts'. The Primary Authority and the First Appellate authority relying on the expert opinion of the Technical Adviser (Boilers), Ministry of Commerce and Industry dated 12.09.2003 and HSN note Part V under Section XVI concluded that such components which are essential to classify the boiler as a machine, even if transported as components, must be understood to have been transported as a complete machine, therefore levy of duty should be under sub-heading 8402.10 and not sub-heading 8402.90. They stated that they will submit technical specifications and Purchase Order and purpose of each part in 2 weeks time. The State Authority appeared and submitted that parts of general use cannot be classified under Chapter 87. Classification will depend on each part which requires knowledge of their technical nature.

4.1 HVF vide Letter No.: HVF/MC/Adv.Ruling/2018-19 dated 26.03.2019, furnished the details regarding the Nomenclature, Technical Specifications, Drawings, Material, Usage on Final Product (Armoured Vehicle) in a Tabular form. They further stated that the hard/softcopies of technical drawings could not be shared as HVF is Defense Establishment manufacturing Armoured Vehicles for Indian Army which is coming under Official Secrets Act 1923 and that their representatives will bring the hard copies of drawings, during the hearing for clarifying the technical details.

5. The applicant was heard on 9.4.2019. S/Shri. H.S.Manoharan, Auditor and A.Kannan, Junior Works Manager of the Applicant Company appeared for the hearing. They stated that some of the items are being consumed but other are actually being supplied to their buyers as Spares and Parts. For those items which are being sold as such, they stated that they will give detailed

description, usage, purpose in the tank, photograph, material it is made of and supply invoices for parts within 1 week after which another hearing will be held.

6. The Applicant did not furnish the documents/ details as undertaken by them during the hearing held on 9.4.2019. However, in the interest of natural justice, a final opportunity was extended to HVF to appear with the required details on 21.05.2019. S/Shri. H.S.Manoharan, Auditor and A.Kannan, Junior Works Manager of the Applicant Company appeared for the hearing. They submitted details of 17 products that they either manufacture or trade, being spare parts for use in tank model T-90 & T-72. Some parts called as special tools & accessories are part of maintenance Kit of Tank. The others are spares for replacement of parts in Tank. All are supplied to the Central Army Depot. They stated that all these parts should be classified at HSN 8710 at 12% as parts of tank. The State Jurisdictional Officer submitted in writing that they are parts of general use. The applicant submitted that in the original application classification of 84 parts were sought. However, of these only 17 items are being supplied by them and the rest are items which they receive/procure from vendors. Hence, they stated that classification is sought only for the 17 parts as detailed below:

Casing Assembly; Clip Assembly; Connector Assembly; Dowel Pin; Gasket Assembly; Hydraulic items(All Types); Mandrel Assembly; Needle Bearing; Nozzle Assembly; Panel Assembly; Planet Pinion; Plate Assembly; Retainer Steel; Sleeve Assembly; Stiffner; Support Assembly; Valve Assembly.

6.1 The applicant also submitted the detailed Description of the item, usage, purpose in the functioning of the Tank, photograph, Material involved. They further stated that out of the said 17 items, 5 items namely, Dowel Pin; Gasket Assembly; Retainer Steel; Stiffner and Valve Assembly are purchased from outside HVF and sold as such as spares and they have produced the purchase invoice for these items.

7. The comments of the State Jurisdiction Officer on the ARA application is given below:

(i) Section XVII in Point No.2, has excluded many articles as "Parts" and "Parts and accessories". The classification sought for the articles submitted by the applicant under the Question No.4 given in Para 1 supra are found to be parts of general use, joints etc, which are specifically excluded under section XVII in point No.2 under HSN Code 87100000.

(ii) Also, all such articles whether manufactured by the applicant by himself or purchased from vendors shall be covered under exclusion list under Section XVII in point No.2 of HSN code 87100000.

8. The various submissions made by the applicant were examined. We find that the Advance Ruling sought is to determine

1. Whether Tank and all Tank parts supplied by applicant is considered under the HSN code "87100000-Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles"?

2. Whether parts manufactured specifically by applicant for TANK shall be considered under 87100000?

3. Whether parts and accessories supplied by their vendor specifically manufactured for Tank Parts and the same is not supplied to any other company will come under the HSN 87100000?

4. Whether tank parts of the following shall be considered under 87100000 or not:-

O Ring; U Drill; Accumulator Assembly; Adaptor Assembly; Angle piece; Armature Assembly; Armour Steel Plate; Assembly Fixture; Assembly Bracket; Axial Bearing; Axle; Ball Bearing; Band Assembly; Base Assembly; Battery; Bearing Bush; Bellows; Bevel Gear; Booster Assembly; Boss Assembly; Bracket Assembly; Bush, bushing; Casing Assembly; Clamp Assembly; Clip Assembly; Collar Assembly; Connector Assembly; Cover Plate; Diode; Dowel Pin; Electrical Wire used in Tank; End Mill; Fanuc Fuse; Fixture for Assembly; Flange; Gasket Assembly; Gasket Rubber; All type of Gauge; Gear Box; Gusset Plate; Hinge Assembly; Hose Assembly; All type of Hydraulic items used in tank; Insert carbide; Jig Drill; Knob Assembly; Latch Assembly; Leather washer; Lock Assembly; Mandrel Assembly; Milling Fixture; Needle Bearing; Nozzle Assembly; Oil Seal; Panel Assembly; Pipe Assembly; Planet Pinion; Plate Assembly; Plug



Gauge; Retainer Steel; Rib Assembly; Shaft Assembly; Shim; Sleeve Assembly; Spacer; Spindle Steel; All types of spring; Stiffener; Stop Steel; Stopper Steel; Strap Assembly; Strip Assembly; Sub-Assemblies; Support Assembly; Thyristor; Torsion Bar; Tube Assembly; Turret; Twist Drill; Valve Assembly; Washer( Rubber made or Steel made); Wedge; Worm Wheel, Worm Gear, Worm Shaft; Yoke Assembly.

5. If the vendor is supplying parts under an HSN code other than 87100000, is it necessary that it has to be supplied under the same HSN code on what the vendor is charging?

We take up the questions seriatim. The first three questions seek classification of the Tank and all Tank Parts, whether manufactured specifically by them or supplied by their vendor specifically manufactured for Tank Parts. HVF has stated that their main activity is manufacturing Tank and Tank Parts and according to them Tank and all parts is considered under the HSN code "87100000-Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles". HVF has stated that the 'Parts of Tanks' are classifiable under 87 Chapter only, more specifically under CTH '8710 0000- Tank and other armoured fighting vehicles, motorized, whether or not fitted with weapons and parts of such vehicles".

9. In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, 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 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

**9.1 Chapter Heading 8710 of Customs Tariff states**

8710 00 00	TANKS AND OTHER ARMOURED FIGHTING VEHICLES, MOTORISED, WHETHER OR NOT FITTED WITH WEAPONS, AND PARTS OF SUCH VEHICLES	kg.	Free	-
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Chapter 87 is under Section XVII.

**Section Note 2 to Section XVII**

states:

2. The expressions "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) joints, washers or the like of any material (classified according to their constituent material or in heading 8484) or other articles of vulcanised rubber other than hard rubber (heading 4016);

(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) articles of Chapter 82 (tools);

(d) articles of heading 8306;

(e) machines and apparatus of headings 8401 to 8479, or parts thereof, other than the radiators for the articles of this Section, articles of heading 8481 or 8482 or, provided they constitute integral parts of engines and motors, articles of heading 8483;

(f) electrical machinery or equipment (Chapter 85);

(g) articles of Chapter 90;

(h) articles of Chapter 91;

(i) arms (Chapter 93);

(k) lamps or lighting fittings of heading 9405; or

(l) brushes of a kind used as parts of vehicles (heading 9603).

**Section Note 3 to Section XVII** states:

3. References in Chapters 86 to 88 to "parts" or "accessories" do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part of accessory.

Explanatory Notes of Harmonised Commodity Description and coding System is a guide to clarify the classification issues. **Explanatory Notes to Section XVII** on the 'Parts and Accessories' as per HSN is given below:

### (III) PARTS AND ACCESSORIES

It should be noted that Chapter 89 makes **no provision** for parts (other than hulls) or accessories of ships, boats or floating structures. Such parts and accessories, even if identifiable as being for ships, etc., are therefore classified in other Chapters in their respective headings. The other Chapters of this Section each provide for the classification of parts and accessories of the vehicles, aircraft or equipment concerned.

It should, however, be noted that these headings apply **only** to those parts or accessories which comply with **all three** of the following conditions :

- (a) They must not be excluded by the terms of Note 2 to this Section (see paragraph (A) below).
- and (b) They must be suitable for use solely or principally with the articles of Chapters 86 to 88 (see paragraph (B) below).
- and (c) They must not be more specifically included elsewhere in the Nomenclature (see paragraph (C) below).

#### (A) Parts and accessories excluded by Note 2 to Section XVII.

This Note **excludes** the following parts and accessories, whether or not they are identifiable as for the articles of this Section :

- (1) **Joints, gaskets, washers and the like**, of any material (classified according to their constituent material or in heading 84.84) and other articles of vulcanised rubber **other than** hard rubber (e.g., mudguard-flaps and pedal covers) (heading 40.16).
- (2) **Parts of general use as defined in Note 2 to Section XV**, for example, cable and chain (whether or not cut to length or equipped with end fittings, other than brake cables, accelerator cables and similar cables suitable for use in vehicles of Chapter 87), nails, bolts, nuts, washers, cotters and cotter-pins, springs (including leaf springs for vehicles) (such goods of base metals fall in Chapters 73 to 76 and 78 to 81, and similar goods of plastics fall in Chapter 39), and locks, fittings or mountings for vehicle coachwork (e.g., made up ornamental heading strips, hinges, door handles, grip bars, foot rests, window opening mechanisms), number plates, nationality plates, etc. (such goods of base metals fall in Chapter 83, and similar goods of plastics fall in Chapter 39).
- (3) **Spanners, wrenches and other tools of Chapter 82.**
- (4) **Bells (e.g., for cycles) and other articles of heading 83.06.**
- (5) **Machines and mechanical appliances, and parts thereof, of headings 84.01 to 84.79, for example :**
  - (a) Boilers and boiler equipment (heading 84.02 or 84.04).
  - (b) Producer gas generators (e.g., for cars) (heading 84.05).
  - (c) Steam turbines of heading 84.06.
  - (d) Engines of all kinds including engines fitted with gear boxes and parts thereof, falling in headings 84.07 to 84.12.
  - (e) Pumps, compressors and fans (heading 84.13 or 84.14).
  - (f) Air-conditioning machines (heading 84.15).

- (g) Mechanical appliances for projecting, dispersing or spraying liquids or powders; fire extinguishers (**heading 84.24**).
  - (h) Lifting, handling, loading or unloading machinery (e.g., hoists, jacks, derricks), moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores (**heading 84.25, 84.26, 84.28, 84.30 or 84.31**).
  - (i) Agricultural machinery of **heading 84.32 or 84.33** (e.g., threshing, seed distributing, mowing, etc., attachments) constructed for mounting on vehicles.
  - (k) Machinery of a kind described in **heading 84.74**.
  - (l) Windscreen wiping mechanisms of **heading 84.79**.
- 6) **Certain other goods of Chapter 84, e.g. :**
- (a) Taps, cocks, valves and similar appliances (e.g., radiator drainage taps, inner-tube valves) (**heading 84.81**).
  - (b) Ball or roller bearings (**heading 84.82**).
  - (c) Internal parts of engines or motors (crank shafts, cam shafts, flywheels, etc.) falling in **heading 84.83**.
- 7) **Electrical machinery or equipment of Chapter 85, for example :**
- (a) Electric motors, generators, transformers, etc., of **heading 85.01 or 85.04**.
  - (b) Electro-magnets, electro-magnetic clutches, brakes, etc., of **heading 85.05**.
  - (c) Electric accumulators (**heading 85.07**).
  - (d) Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (sparking plugs, starter motors, etc.) (**heading 85.11**).
  - (e) Electrical lighting, signalling, windscreen wiping, defrosting, demisting, equipment for cycles or motor vehicles (**heading 85.12**); electrical signalling apparatus for other vehicles (e.g., trains) or for aircraft or ships (**heading 85.31**); electrical defrosters or demisters for such other vehicles, aircraft or ships (**heading 85.43**).
  - (f) Electric heating units for motor or railway vehicles, aircraft, etc. (**heading 85.16**).
  - (g) Microphones, loudspeakers and audio-frequency electric amplifiers (**heading 85.18**).
  - (h) Radio transmitters and receivers (**heading 85.25 or 85.27**).
  - (i) Electrical capacitors (**heading 85.32**).
  - (k) Pantographs and other current collectors for electric traction vehicles, and fuses, switches and other electrical apparatus of **heading 85.35 or 85.36**.
  - (l) Electric filament lamps and electric discharge lamps, including sealed beam lamp units, of **heading 85.39**.

- (m) Other electrical fittings, such as insulated electric wire and cable (including wiring sets) and electrical articles of graphite or other carbon, whether or not fitted with terminals; insulators, insulating fittings (**headings 85.44 to 85.48**).
- (8) **Instruments and apparatus of Chapter 90**, including those used on certain vehicles, such as :
  - (a) Photographic or cinematographic cameras (**heading 90.06 or 90.07**).
  - (b) Navigational instruments and appliances (**heading 90.14**).
  - (c) Instruments and appliances used in medical, surgical, dental or veterinary sciences (**heading 90.18**).
  - (d) Apparatus based on the use of X-rays and other apparatus of **heading 90.22**.
  - (e) Manometers (**heading 90.26**).
  - (f) Revolution counters, taximeters, speed indicators and tachometers and other instruments and apparatus of **heading 90.29**.
  - (g) Measuring or checking instruments, appliances and machines of **heading 90.31**.
- (9) **Clocks** (e.g., instrument panel clocks) (**Chapter 91**).
- (10) **Arms** (**Chapter 93**).
- (11) **Lamps and lighting fittings** (e.g., headlamps for aircraft or trains) of **heading 94.05**.
- (12) **Brushes** (e.g., for road sweeper lorries) (**heading 96.03**).

(B) **Criterion of sole or principal use.**

(1) **Parts and accessories classifiable both in Section XVII and in another Section.**

Under Section Note 3, parts and accessories which are not suitable for use **solely or principally** with the articles of Chapters 86 to 88 are **excluded** from those Chapters.

The effect of Note 3 is therefore that when a part or accessory can fall in one or more other Sections as well as in Section XVII, its final classification is determined by its **principal use**. Thus the steering gear, braking systems, road wheels, mudguards, etc., used on many of the mobile machines falling in Chapter 84, are virtually identical with those used on the lorries of Chapter 87, and since their principal use is with lorries, such parts and accessories are classified in this Section.

(2) **Parts and accessories classifiable in two or more headings of the Section.**

Certain parts and accessories are suitable for use on more than one type of vehicle (motor cars, aircraft, motorcycles, etc.); examples of such goods include brakes, steering systems, wheels, axles, etc. Such parts and accessories are to be classified in the heading relating to the parts and accessories of the vehicles with which they are **principally used**.

**(C) Parts and accessories covered more specifically elsewhere in the Nomenclature.**

Parts and accessories, even if identifiable as for the articles of this Section, are **excluded** if they are covered more specifically by another heading elsewhere in the Nomenclature, e.g.:

- (1) Profile shapes of vulcanised rubber other than hard rubber, whether or not cut to length (**heading 40.08**).
- (2) Transmission belts of vulcanised rubber (**heading 40.10**).
- (3) Rubber tyres, interchangeable tyre treads, tyre flaps and inner tubes (**headings 40.11 to 40.13**).
- (4) Tool bags of leather or of composition leather, of vulcanised fibre, etc. (**heading 42.02**).
- (5) Bicycle or balloon nets (**heading 56.08**).
- (6) Towing ropes (**heading 56.09**).
- (7) Textile carpets (**Chapter 57**).
- (8) Unframed safety glass consisting of toughened or laminated glass, whether or not shaped (**heading 70.07**).
- (9) Rear-view mirrors (**heading 70.09** or **Chapter 90** - see the corresponding Explanatory Notes).
- (10) Unframed glass for vehicle headlamps (**heading 70.14**) and, in general, the goods of **Chapter 70**.
- (11) Flexible shafts for speed indicators, revolution counters, etc. (**heading 84.83**).
- (12) Vehicle seats of **heading 94.01**.

**Parts of general use as defined in Note 2 to Section XV states:**

2.- Throughout the Nomenclature, the expression "parts of general use" means:

- (a) Articles of heading 73.07, 73.12, 73.15, 73.17 or 73.18 and similar articles of other base metals;
- (b) Springs and leaves for springs, of base metal, other than clock or watch springs (heading 91.14); and
- (c) Articles of headings 83.01, 83.02, 83.08, 83.10 and frames and mirrors, of base metal, of heading 83.06.

**The Explanatory Notes to CTH 8710 reads as follows:**

**87.10 - Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons, and parts of such vehicles.**

This heading covers tanks and other armoured fighting "Vehicles, motorised, whether or not fitted with weapons, and" parts of such vehicles.

**Tanks** are armoured fighting vehicles mounted on tracks, and armed with various weapons (guns, machine-guns, flame-throwers, etc.) usually housed in a traversing turret. They are sometimes fitted with a special gyroscopic stabilisation gear to keep the sights on the target, irrespective of the movement of the vehicle. They may also be equipped with anti-mining devices, such as a "flail" (a rotating drum which is carried on arms in front of the tank and to which are attached chains with ball ends) or a number of heavy rollers attached to the front of the tanks.

## PARTS

The heading also covers parts of the above-mentioned vehicles **provided** the parts fulfil **both** the following conditions :

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

Parts of this heading include :

- (1) Bodies of armoured vehicles and parts thereof (turrets, armoured doors and bonnets, etc.).
- (2) Tracks, specially constructed for use with tanks.
- (3) Special road-wheels for armoured cars.
- (4) Propulsion wheels for tank tracks.
- (5) Armour plates, worked to such an extent that they are identifiable as parts of the vehicles of this heading.
- (6) Clutch cables, brake cables, accelerator cables and similar cables, consisting of a flexible outer casing and a moveable inner cable. They are presented cut to length and equipped with end fittings.

The Applicant has stated that their main activity is manufacturing Tank and Tank Parts. Tank is completely assembled in HVF, whereas some parts of Tank are manufactured separately in HVF and some parts of Tank are procured from outside vendors on the specification given by HVF. 'Tanks' supplied by the applicant are classifiable under CTH 87100000 as seen from the above.

10.1 On a joint reading of the above provisions, it is clear that chapter 8710 0000 covers 'Tank and its Parts', provided the Parts satisfy the following conditions, namely:

- a. They must not be excluded by the provisions of the Note 2 to Section XVII
- b. They must be identifiable as being suitable for use solely as principally with such vehicles; and
- c. They must not be more specifically included in elsewhere in the Nomenclature

Therefore only those parts which satisfies the above conditions are to be classified under CTH 8710 0000 and those which do not satisfy both the stipulated conditions as above, are to be covered in the respective CTH.

This view finds support from the decision of Hon'ble Supreme Court in the case of Intel Design Systems (India) Pvt. Ltd. Vs. Commissioner of Customs & C.Ex [2008(223) E.L.T. 135 (S.C.)], wherein the Apex Court has dealt with 'Parts supplied for Tanks'. The relevant paras are given as under:

*"4. As per Rule 1 on Interpretive Rules, classification of excisable goods is to be determined according to the terms of the Heading and in terms of Section/Chapter notes. Note 2(f) to Section XVII (which governs Chapter 87) excludes the goods viz. electrical machinery and equipment (Chapter 85). The goods in question i.e. contractors, switches, control box etc. are the goods used for switching, protecting electrical circuits or for making connections to or in electric circuit. These parts/components are specifically covered under CSH 8536.90. The CBEC Circular relied upon by the assessee is not relevant.*

*5. As per the Explanatory Notes to HSN the parts falling under Chapter Heading 8710 would be covered under the said chapter, provided they fulfill both the conditions i.e. they must be identifiable as being suitable for use solely or principally for such vehicles and that they must not be excluded by the provisions of Notes to Section XVII. The identifiable parts under the said heading bodies of armoured vehicles and parts thereof, cover special road wheels for armoured cars, propulsion wheels for tanks, tracts etc. As per this requirement, the goods should not only be identifiable to be armoured vehicles, but it should so not have been excluded by Notes to Section XVII. The Chapter note 2(f) excludes electrical machinery and equipment falling under Chapter 85. Explanatory Notes to HSN relating to the parts and accessories excluded by Note 2 specify items with reference to specific Chapter Heading as per (7) (a), (k) which excludes photographs and other current collectors for electric traction vehicles, fuses, switches and other electric apparatus of Heading No. 85.35 or 85.36. The items, therefore, manufactured by the appellants are identifiable or are in the nature of goods falling under Chapter Heading 85.36. Since these fall under the category of excluded goods under Chapter Notes, even though they are used specifically solely or principally with the armoured vehicles of Chapter Heading 8710, they are classifiable under Chapter Heading 8536.90 only as held by the adjudicating authority".*

HVF has initially requested to clarify whether the 84 parts as listed in their query No.4 at Para 8 above shall be considered under 8710 0000 or not. Subsequently, during the hearing held on 21.05.2019, they stated that out of these, only 17 items are being supplied by them and the rest are items which they receive/procure from vendors and hence they stated that clarification is now sought for these 17 parts only. These parts are:

Casing Assembly; Clip Assembly; Connector Assembly; Dowel Pin; Gasket Assembly; Hydraulic items(All Types); Mandrel Assembly; Needle Bearing; Nozzle Assembly; Panel Assembly; Planet Pinion; Plate



Assembly; Retainer Steel; Sleeve Assembly; Stiffner; Support Assembly; Valve Assembly.

10.2 HVF has stated that out of the above, Dowel Pin, Gasket Assembly, Retainer Steel, Stiffner and Valve Assembly are purchased and sold as such as spares. The applicant has furnished the invoice of the supplier and their Tax invoice towards supply of these items. On perusal of the purchase Invoices, it is seen that the seller has classified the goods and the HSN is given in the Invoice raised on the Applicant. The applicant supplies the goods as such as spares to Central Vehicle Depot, Ministry of Defence. As seen under Para 9 above, to be considered as 'Parts of Tank' under CTH 8710 0000, the items are to be identified as being suitable for use solely as principally with the Tank and should not be excluded under Section Note 2 and should not be more specifically covered elsewhere in the Nomenclature. Applying the above to each part, the clarification as to whether the said items are to be considered as tank parts under CTH 8710 0000 are discussed as under:

1. **Dowel Pin:** The applicant has stated that the component is in Hull electrical system on mounting of starter generator. It is accurate machined steel pin. It acts as locating and guiding pin. Dowel pins are classifiable in general under Chapter heading 7318. As per Section Note 2 to Section XVII on the 'Parts and Accessories', parts of general use as defined in Note 2 to Section XV includes articles of Chapter 7318 which are excluded from being classified as parts under CTH 87100000. Therefore, **"Dowel Pin" are not classifiable under CTH 87100000.**
  
2. **Gasket Assembly:** The applicant has stated that the component is used in Hull Assembly. It is made up of heat resistant proof fiber material have covered with sheeting screen, i.e. cloth wire net with square mesh. It is used in between engine and firing compartment. Para (A)(1) of **Explanatory Notes to Note 2 of Section XVII** on the 'Parts and Accessories' specifies that gaskets of any material (classified according to their constituent materials or under 8484) are excluded from classification as parts or accessories, whether or not they are identifiable as articles for Section XVII. Therefore, **"Gasket Assembly" is not classifiable under CTH 87100000 as parts.**

3. **Retainer Steel:** The applicant has stated that this component is precision machined. It is made of alloy steel and is used in Hull vision device cleaning system with function as holding/positioning purpose. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**
  
4. **Stiffner:** The applicant has stated that it is a steel strip used in various mountings. It is used as a stiffner in mounting of ERA bracket (Explosive reactive armour) skirts in CIA T72 turrets. Steel strips are more specifically covered in Chapter 72 of the Nomenclature. Hence, **"Stiffner" is not classifiable under CTH 87100000 as parts.**
  
5. **Valve Assembly:** The applicant has stated that it is made up of 1 valve assembly, & 5 components in spring, steel body, packing, union. This is used as controlling device in hydro pneumatic (AIR) system of Tank. It is used in air supply system of tank. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

10.3. With respect to other items, the applicant has furnished detailed description of the item, usage, Purpose in the functioning of the Tank and materials involved. As seen under Para 9 above, to be considered as 'Parts of Tank' under CTH 8710 0000, the items are to be identified as being suitable for use solely as principally with the Tank and should not be excluded under Section Note 2 and should not be more specifically covered elsewhere in the Nomenclature. Applying the above to each part, the clarification as to whether the said items are to be considered as tank parts under CTH 8710 0000 are discussed as under:

- 1. Casing Assembly:** The applicant has stated that it is the assembly of six items, four items are made up of Fabric and two made of Rubber. It acts as a protective casing for conveyor guard under belts for fastening the gasmask. This item is individually assembled in final tank assembly. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**
- 2. Clip Assembly:** The applicant has stated that this item is used on cooling system of tank. It is used for tightening the hoses with pipes. It is made up of steel made Band, Bolt, washer and clamp and is stated as direct material used in Tank. Pipe clips/clamps or fittings are classifiable in general under Chapter heading 7307. As per Section Note 2 to Section XVII on the 'Parts and Accessories', parts of general use as defined in Note 2 to Section XV includes articles of Chapter 7307, which are excluded from being classified as parts under CTH 87100000. Therefore, **"Clip Assembly" are not classifiable under CTH 87100000.**
- 3. Connector Assembly:** The assembly is used on Hull electrical system. It is made-up of five components, copper connectors and rivet, cloth and tape. It is used as connector in mounting of storage batteries equipments. This item is stated as a direct material used in the Tank. Connector assembly is essentially a conductor along with insulating material which is classifiable under 8544. Para (A)(7)(m) of **Explanatory Notes to Note 2 of Section XVII** on the 'Parts and Accessories' excludes 'Other electrical fittings, such as insulated electric wire and cable (including wiring sets) and .....(Headings 85.44 to 85.48) from being classified as parts of articles of this Section XVII. Therefore, **"Connector Assembly" is not classifiable under CTH 87100000 as parts.**

4. **Hydraulic items** (All types): It is the assembly used as Hydraulic Shock absorber in tank. It is made up of five major Assemblies & 19 components of different types. It is used in tank running gear assembly along with torsion bar, support roller etc. This item is stated as a direct material used in the Tank. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**
5. **Mandrel Assembly:** It is used as special tools & Accessories in maintenance kit of tank. It is made of steel pipe and steel pin. It acts as holder for shell after firing. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**
6. **Needle bearing:** It is made up of steel alloy and it is the machined component acting as bearing bushing. It is used in 4<sup>th</sup> planetary gear Oset of Side gear box. Needle Bearing merits classification under CTH 8482. Needle bearings are in general classifiable under chapter 8482. Para (A) (6) (b) of **Explanatory Notes to Note 2 of Section XVII** on the 'Parts and Accessories' excludes 'Ball or roller bearings' of chapter 8482 from being classified as parts of articles of this Section XVII. Therefore, **"Needle bearing" is not classifiable under CTH 87100000 as parts.**
7. **Nozzle Assembly:** It is used in hydro pneumatic cleaning of turret. It is made of pipe, nozzle, washer & strap by soldering method. It is used to generate high speed jet of water & cleaning. This item is stated as a direct material used in the Tank. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for

use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

**8. Panel Assembly:** This is the driver instrument panel made up of 20 assemblies and 98 components. This panel indicates various control parameters like speed, power, temperature, oil & water level etc. It is made up of instruments, connections, cables, knobs, handles & switches. Finally fitted in Tank Hull electrical. This is stated as a direct item used in tanks. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

**9. Planet Pinion:** It is the precision machined components made of alloy steel. It is used in higher assembly 4<sup>th</sup> planetary gear of side gear box. This is stated as a direct item used in Tanks. Planet Pinion are in general classifiable under chapter 8483 as parts of gears. Para (A)(6)(c) of **Explanatory Notes to Note 2 of Section XVII** on the 'Parts and Accessories' excludes 'Internal parts of engines or motors (crank shafts, cam shafts, flywheels etc.) of chapter 8483 from being classified as parts of articles of this Section XVII. Therefore, **"Planet Pinion" excluded from classification under CTH 87100000 as parts.**

**10. Plate Assembly:** It is also made up of special Alloy steel plates by welding and used in Holding/Supplying the external fuel barrels in tank. It is fitted in Hull outer body. It is stated as a direct material used in Tank with specific drawings available. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

11. **Support Assembly:** It is made up of four components by welding. It involves steel pipes and flanges. It is used control linkages of Tank System. It is stated as a direct material used in Tank with specific drawings available. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

12. **Sleeve Assembly:** It is made up of two assembly & two Components (Slipcover & sleeve). It is mainly made up of steel sleeve, fabric cotton cover. It is used in arrangement of SPTA in Turret and is used in Conveyor Deck in front of Gunner's seat. It is stated as a direct material used in Tank with specific drawings available. This item is not excluded by the provisions of Note 2 to Section XVII nor is it more specifically included in elsewhere in the Nomenclature. It is identifiable as being suitable for use solely as principally with Tanks and **as such is classifiable under CTH 87100000.**

11. The last question raised in the application is 'If their vendor is supplying parts under an HSN code other than 8710 0000, is it necessary that it has to be supplied under the same HSN code on what the vendor is charging?'. Classification is uniform irrespective of the supplier or recipient as it depends on the goods. The applicant is required to correctly classify the goods while supplying the goods or while receiving the same.

12. In view of the above, we rule as under:

**RULING**

1. In respect of Questions 1, 2 and 3, Tank is classified under CTH 8710 0000 while parts which satisfies the essential conditions i.e., they must be identifiable as being suitable for use solely or principally with Tanks and must not be excluded by the provisions of the Notes to Section XVII and must not be more specifically included in elsewhere in the Nomenclature are only to be classified as 'Parts' under CTH 8710 0000

2. In respect of Question No. 4,  
Retainer Steel, Valve Assembly, Casing Assembly, Hydraulic items(all types), Mandrel assembly, Nozzle Assembly, Plate assembly, Panel assembly, Support Assembly and Sleeve Assembly are classifiable as parts under CTH 8710 0000 for the reasons stated at Para 10.2 &10.3 above.

Dowel Pin, Gasket Assembly, Stiffner, Clip Assembly, Connector Assembly, Needle Bearing and Planet Pinion are not classifiable under CTH 8710 000 for the reasons stated at Para 10.2 &10.3 above.

3. In respect of Q.No. 5 , Classification is independent of the buyer or seller and depends only on the goods.

*M. Manasa*

Ms. Manasa Gangotri Kata,  
Member, CGST

To  
M/s. Heavy Vehicles Factory,  
HVF Estate, Avadi  
Tiruvallur District 600 054

//SPAD//

*Shri. Kurinji Selvaan.V.S.*

Shri.Kurinji Selvaan.V.S.  
Member, TNGST

AUTHORITY FOR  
ADVANCE RULING

20 APR 2020

GOODS AND SERVICE TAX  
Chennai-6, Tamilnadu

Copy Submitted to:

1. The Additional Chief Secretary/Commissioner of Commercial Taxes,  
II Floor, Ezhilagam, Chepauk, Chennai-5.
2. The Principal Chief Commissioner of GST & Central Excise,  
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.

Copy to:

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2. Office of the Commissioner of GST & Central Excise, Chennai Outer  
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