

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

**Advance Ruling No. KAR ADRG 02 / 2022**

**Dated: 21-01-2022**

Present:

1. Dr.M.P.Ravi Prasad

Additional Commissioner of Commercial Taxes . . . Member (State Tax)

2. Sri. T. Kiran Reddy,

Additional Commissioner of Customs & Indirect Taxes.. . Member (Central Tax)

1.	Name and address of the Applicant	M/s. SEA MEN ASSOCIATES , Door No 20-16-1042, Opposite Railway Goodshed, Bunder, Mangaluru-575001
2.	GSTIN or User ID	29ADOF3460M1ZB
3.	Date of filing of Form GST ARA-01	24-11-2021
4.	Represented by	Sri Adarsha P.G Chartered Accountant
5.	<b>Jurisdictional Authority - Centre</b>	The Principal Commissioner of Central Taxes, Mangalore GST Commissionerate, Mangaluru South Division Range, Pandeshwar Range, Mangaluru
6.	Jurisdictional Authority - State	ACCT, LGSTO-270, Mangaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under the CGST Act vide CIN ICIC21102900071942 Dated 11.10.2021 & Rs.5,000-00 under the SGST Act through DRC 03 vide Debit Entry No DC2911210258316 dated 23-11-2021

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

M/s Sea Men Assocaites, (hereinafter referred to as the 'Applicant') Door No 20-16-1042, Opposite Railway Goodshed, Bunder, Mangaluru-575001 having GSTIN 29ADOF3460M1ZB, have filed an application for Advance Ruling under





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

2. The applicant is a Partnership Firm and is engaged in retail and wholesale supply of goods and accessories relating to marine equipments and ancillary services.

3. The applicant has sought advance ruling in respect of the following questions:

- i. *Rate of GST on supply of Outboard Motors to unregistered fishermen and whether the HSN Code for the same is 8407 or 8408?*

4. **Admissibility of the application:** The question is about “classification of goods or services or both” and “determination of the liability to pay tax on any goods or services or both” and hence is admissible under Section 97(2)(a)(e) of the CGST/KGST Act 2017

5. **Brief Facts of The Case:** The applicant furnishes some facts relevant to the issue:

5.1 The applicant states that they are into the business of retail and whole sale dealers in Goods and Accessories relating to marine equipments and Outboard Motors falling under HSN Code 8407/8408 imported from outside the country at the rate of 28%.

5.2 The applicant states that they are supplying Outboard Marine Motors at the rate of 28% on interstate as well as intrastate supply. He also states that the said Outboard Marine Motors are classified under heading 8902 by other taxpayers and selling the same to fisherman boat and collecting GST at the rate of 5% as per serial number 247 of the Schedule I of the notification No 01/2017-Central Tax (Rate) dated 28.06.2017

5.3 The applicant further contends that they have been supplying 2.5 HP and 5 HP Outboard Marine Motors exclusively for fishing vessel. And also, the applicant has furnished sample copies of invoice pertaining to supply of marine engine spare parts such as Jig hook at the rate of 12% for the tax period up to August 2021 and subsequently classifying the said goods under HSN 9507 at the rate of 5%.

5.4 The applicant has drawn the reference of Circular No.52/26/2018-GST dated 09.8.2018 “which clarifies that the fishing vessels are classifiable under heading 8902, and attract GST @ 5%, as per S. No. 247 of Schedule I of the notification No. 01/2017-Central Tax (rate) dated 28.06.2017. Further, parts of goods of heading 8902, falling under any chapter also attracts GST rate of 5%, vide S. No. 252 of Schedule I of the said notification. The Marine engine for fishing vessel falling





under Tariff item 8408 1093 of the Customs Tariff Act, 1975 would attract a GST rate of 5% by virtue of S. No. 252 of Schedule I of the notification No. 01/2017-Central Tax (rate) dated 28.06.2017. The supplies of marine engine for fishing vessel (being a part of the fishing vessel), falling under tariff item 8408 10 93 attracts 5% GST".

5.5 Further, the applicant relied on AAR ruling issued in the case of M/s South Indian Federation of Fisherman Societies, where in supply of Outboard Motors can be sold to unregistered Fisherman under the above mentioned HSN attracts GST at the rate of 5%.

### **PERSONAL HEARING/PROCEEDINGS HELD ON 26-11-2021**

6. Sri Adarsha P.B, Chartered Accountant and Duly Authorized Representative of the applicant appeared for personal hearing proceedings held on 26-11-2021 before this authority and they reiterated the contentions made in the application and also explained the process in detail.

### **FINDINGS & DISCUSSION**

7. At the outset we would like to make it clear that the provisions of CGST, Act 2017 and SGST, Act 2017 are in *pari-materia* and have the same provisions in like matter 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.

8. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by applicant and his authorized representatives during the hearing. We also considered the issue involved on which advance ruling is sought by the applicant and relevant facts.

9. The transaction relating to the question sought by the applicant is verified. It is an admitted fact that marine engines under Customs Tariff Heading 8407 21 00- Outboard motors –Marine Propulsion engines. Further the Fishing vessels, factory ships and other vessels for processing or preserving fishery products fall under Customs Tariff Heading 8902 and is liable to GST at the rate of 5% as per entry at Sl.No.247 of Schedule I of Notification No.01/2017 Central Tax (Rate) dated:28.06.2017.

9.1 In the instant case, the applicant admitted to be supplying marine engines (HSN 8407 21 00) and spares for fishing vessels (HSN 8902) as parts of the same. As per entry at Sl. No 252 of Schedule I of the Notification No.01/2017 Central Tax (Rate) dated 28.06.2017 goods of any chapter being *parts of goods of headings* 8901, 8902, 8904, 8905, 8906, 8907 attract CGST @ 2.5% as under:





S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate
252.	Any chapter	Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907	2.5%

9.2 Further, the same is also clarified by the CBIC vide Circular No.52/26/2018-GST dated 09.08.2018. The relevant Para 10.1 of the circular reads as under.

**“Applicability of GST on marine engine:** Reference has been received seeking clarification regarding GST rates on Marine Engine. The fishing vessels are classifiable under heading 8902, and attract GST @ 5%, as per Sl.No.247 of Schedule I of the Notification No.01/2017-Central Tax (Rate) dated 28.06.2017. Further, parts of goods of heading 8902, falling under any chapter also attracts GST rate of 5%, vide Sl.No.252 of Schedule I of the said notification. The Marine engine for fishing vessels falling under Tariff item 8904 10 93 of the Customs Tariff Act, 1975 would attract a GST rate of 5% by virtue of Sl.No.252 of Schedule 1 of the Notification No.01/2017-Central Tax (Rate) dated: 28.06.2017.

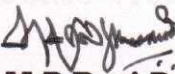
Therefore, it is clarified that marine engine and its spare parts supplied for use in fishing vessels (being a part of the fishing vessel), falling under tariff item 8408 10 93 attracts 5% GST.”

9.3 Thus, marine engines and spare parts used for fishing vessels (being part of the fishing vessel) attract 5% GST. If marine engine is supplied for use other than as parts of fishing vessels as stated above, the rate of GST is applicable under the respective Customs Tariff Headings in which they are classified.

10. In view of the foregoing, we rule as follow

### **RULING**

i. The Outboard motors (marine engine) and its spare parts supplied for fishing vessel(for use as part of the fishing vessel- CTH 8902) shall attract GST at the rate of 5% [2.5%-CGST + 2.5%-KGST) as per entry at Sl.No.252 of Schedule I of Notification No.01/2017 Central Tax (Rate) dated 28.06.2017. If it is supplied for use other than as parts of fishing vessels GST shall be applicable at the rate of tax on such goods under the respective Customs Tariff Heading classified.

  
(Dr.M.P.Ravi Prasad)

Member

Karnataka Advance Ruling Authority  
Place: Bengaluru, 009  
Date:21-01-2022

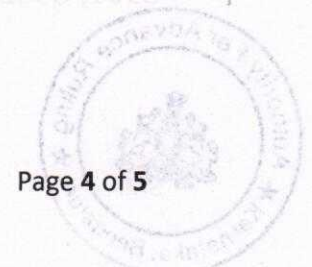
  
(T. Kiran Reddy)

Member

Karnataka Advance Ruling Authority  
Bengaluru - 560 009



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 Principal Commissioner of Central Tax, Mangalore GST Commissionerate, Mangalore South Division Range, Pandeshwar Range, Mangaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-270, Mangaluru.
5. Office Folder.

