

## **MAHARASHTRA AUTHORITY FOR ADVANCE RULING**

**GST Bhavan, 1st floor, B-Wing, Mazgaon, Mumbai - 400010.**

**(Constituted under section 96 of the Maharashtra Goods and Services Tax Act, 2017)**

### **BEFORE THE BENCH OF**

**(1) Shri B. Timothy, Addl. Commissioner of Central Tax, (Member)**

**(2) Shri B. V. Borhade, Joint Commissioner of State Tax, (Member)**

GSTIN Number, if any/ User-id	27AADCV8711D1ZE
Legal Name of Applicant	M/s Nexture Technologies Private Limited
Registered Address/Address provided while obtaining user id	Gat No. 102, Milkat No 623/2 Ambethan, Chakan Tal. Khed Chakan, Pune, Maharashtra-410501
Details of application	GST-ARA, Application No. 130 Dated 05.03.2019
Concerned officer	Asstt. Commissioner of S.T.(PUN-VAT-D-709) Pune
Nature of activity(s) (proposed / present) in respect of which advance ruling sought	
A Category	<b>Manufacture and supply</b>
B Description (in brief)	<b>Manufacture and supply</b> of automotive components
Issue/s on which advance ruling required	(i) Classification of goods and/or services or both (v) determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

### **PROCEEDINGS**

**(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)**

The present application has been filed under section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act"] by **M/s Nexture Technologies Private Limited**, the applicant, seeking an advance ruling in respect of the following questions.

***Determining classification and applicable rate of goods and services tax for the following products:***

- (i) Door-handle of motor vehicle;***
- (ii) Fittings made of plastic for motor vehicle's doors such as bracket, housing, bracket housing, stator, gasket; and***
- (iii) Glove box locking.***

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

## 2. FACTS AND CONTENTION – AS PER THE APPLICANT

The submissions, as reproduced verbatim, could be seen thus-

### STATEMENT OF RELEVANT FACTS HAVING A BEARING ON THE QUESTION (S) RAISED

1. M/s Nexture Technologies Private Limited, situated at Gat No. 102, Milkat No 623/2 Ambethan, Chakan Tal, Khed Chakan, Pune, Maharashtra-410501 ("Applicant") is registered with jurisdictional authorities vide GSTIN 27AADCV8711DIZE and is, *inter alia* engaged in manufacture and supply of following goods ('impugned goods'):

- Plastic handle for motor vehicle doors (Including lever handle)
- Plastic fittings for such for motor vehicle's doors such as:
  - Bracket
  - Housing
  - Bracket housing
  - asket
  - tator

• Glove box locking

It is pertinent to briefly discuss the nature, use and process employed for manufacture of impugned goods before we proceed to determine their classification

#### B1: Plastic door handle for motor vehicles:

3. The handles are affixed on the exterior side of a door to the motor vehicle. When a person needs to open the door of the motor vehicle, he will pull-up on the spring loaded handle. The plastic door handles are manufactured using a moulding machine with the help of PVC granules.

#### B2: Plastic fittings for motor vehicle's door:

4. A motor vehicle's door contains various parts to be fitted onto the door handles, locks etc. to make it functional. The Applicant manufactures following fittings and mountings for a motor vehicle's door:

#### Bracket:

5. A bracket is used as a fitting on the exterior side of door of a motor vehicle. It supports the handle to fit on the door and is not visible. It is manufactured through moulding machines by using PVC granules.

#### Housing:

6. Housing is used as a fitting on interior of door of a motor vehicle. It supports the handle fitted on interior side of the door (also called lever handle) of a motor vehicle. It is manufactured through moulding machines using PVC granules.





**Bracket Housing:**

7. Bracket housing is used as a fitting for exterior side door handle. It is similar to the bracket explained above; the only difference being that while bracket is not visible after its fitting, a part of bracket housing is visible after its fitting. It is manufactured through moulding machines using PVC granules.

**Gasket:**

8. This gasket fitted between a door handle and door, is responsible for ensuring that door handle is fitted tightly with the door. It is manufactured through moulding machines using PVC granules.

**Stator:**

9. A stator holds the cylindrical locking system fitted onto the door handle. A key is inserted into this cylindrical locking system to open the lock of a door. It is manufactured through moulding machines using PVC granules.

**B2: Glove box locking**

10. Glove box locking is similar to stator. It is fitted into the glovebox of the dashboard of the vehicle to fit the cylindrical locking system within it. A key is inserted into the cylindrical locking system to open the glove box. It is manufactured through moulding machines using PVC granules.

**3a. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW AND FACTS**

**I. Applicant is eligible for advance ruling**

- 1.1 Sections 97(2) of the Central Goods and Services Tax Act, 2017 ("CGST Act") stipulates the questions on which an advance ruling may be sought. An identical provision is contained in Section 97(2) of the Maharashtra Goods and Services Tax Act, 2017 (MGST Act'). Notable that clause (a) and (e) of Section 97(2) envisaging issues pertaining to classification, applicability of notification and determination of liability to pay tax squarely cover the instant issue.

- 1.2 Further, since the issue is novel and has not been dealt in any proceedings under the CGST Act and the MGST Act, the instant application merits consideration for advance ruling

**II. Applicant's understanding**

- II.1 As per the Applicant's understanding, the impugned goods merit classification under Entry at S. No. 111 of Schedule III of Notification No. 1/2017-Central Tax (Rate) (Notification 1/2017) exigible to central tax at the rate of 9 per cent. (*in toto* goods and services tax rate of 18 per cent.). The relevant extract of entry is reproduced as under:

III.	3926	<i>plastics and articles of other materials of headings 3901 to 3914 (other than bangles of plastic, plastic beads and feeding bottles)</i>
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### **III. Applicable provisions and analysis**

**III.1** Section 9 of the CGST Act forming the charging provision, provides for levy of central tax on all intra-state supply of goods and services. The provision authorizes the Central Government to notify rates at which central tax will be levied. The Central Government has accordingly issued Notification 1/2017. It is noteworthy that congruent provision, rate notification and entry also exists under the MGST Act. However, the instant application refers to the CGST Act and its provisions only to prevent duplicity and confusion.

**III.2** Notification 1/2017 provides six Schedules which provide the serial number, the Chapter / Heading/Sub-heading and Tariff item and the description of goods. The goods will have to satisfy the classification and description specified therein in order to be covered under a Schedule. Each Schedule carries a rate at which central tax is levied on goods covered thereunder. These rates are tabulated as under:

Schedule	Rate of central tax
I	2.5 per cent.
II	6 per cent.
III	9 per cent.
IV	14 per cent.
V	1.5 per cent.
VI	0.125 per cent.

**III.3** It is noteworthy that Explanation (iii) appended to both, Notification 1/2017 and Notification 2/2017- CGST (Rate) dated June 28, 2017 (which notifies the goods supply of which are exempted), imports Chapter, Heading, Sub-heading and Tariff item as specified in First Schedule of the Customs Tariff Act, 1975 ("Customs Tariff Act") for the purpose of determining classification under Notifications. Similarly, Explanation (iv) adopts the general rules for interpretation, Section Notes and Chapter Notes as provided in the Customs Tariff Act for interpreting the Notifications.

**III.4** The First Schedule to the Customs Tariff Act is divided into XXI Sections which are in turn divided into 98 Chapters. The dominant constituent in the impugned goods is plastic. Hence, Chapter 39 covering 'plastics and articles thereof' arise for consideration in the present instance.

### **IV. Classification of impugned goods**

#### **A. The impugned goods merit classification under Heading 3926**

**A.1** In the present instance, the Applicant seeks to classify the impugned goods under Sub-heading 3926 30. The relevant extract of Heading 3926 under First Schedule of Customs Tariff Act is reproduced as under:

Chapter 39	
Plastics and articles thereof	
3926	Other articles of plastics and articles of other materials of heading 3901 to 3914
3926 30	--- Fittings for furniture, coachwork or the like
3926 30 10	--- Of polyurethane foam
3926 30 90	--- Other



A.2 In order to classify impugned goods under Sub-Heading 3926 30, they must satisfy the description *Fittings for furniture, coachwork or the like*'. For this purpose, it is pertinent to delineate the scope of Sub-heading 3926 30.

A.3 Sub-heading 3926 30 covers fittings. The term fittings has not been defined in Customs Tariff Act or Notes appertaining to relevant Section and Chapter.

A.4 The meaning of term 'fittings' as obtained from various sources, are reproduced as under:

- The *Oxford English Dictionary* [accessible at <<https://en.oxforddictionaries.com/definition/fitting>>, last accessed on February 4, 2019) defines the term as a small part on or attached to a piece of furniture or equipment';
- The *Cambridge Dictionary* [accessible at <<https://dictionary.cambridge.org/dictionary/english/fitting>>, last accessed on February 4, 2019] defines the term as a small part or thing';
- The *Collins Dictionary* [accessible at <https://www.collinsdictionary.com/dictionary/english/fittings>>, last accessed on February 4, 2019] defines the term as 'pieces of domestic equipment which are so fixed to something but which can be removed and taken to another house if necessary'; and
- The *Merriam Webster Dictionary* [accessible at <https://www.merriam-webster.com/dictionary/fitting>, last accessed on February 4, 2019] defines the term as 'something used in fitting up'

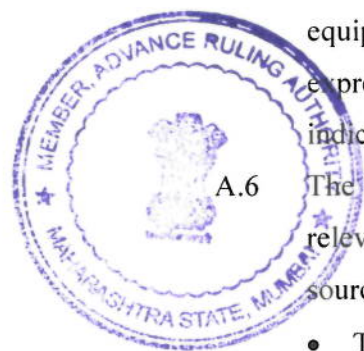
A.5 From the above, the term 'fitting' is used in reference to a small part fixed to any equipment or furniture. The term 'fitting as used in Sub-heading 3926 30 is qualified by expression for furniture or coachwork or the like'. The term 'for used as a function word indicating purpose, connects fitting with the phrase furniture, coachwork or the like'.

A.6 The term 'coachwork' has not been defined in Customs Tariff Act or the Notes to relevant Section or Chapter. The meaning of term 'coachwork' as obtained from various sources, are reproduced as under:

- The *Oxford English Dictionary* [accessible at <<https://en.oxforddictionaries.com/definition/coachwork>, last accessed on February 4, 2019] defines the term as the bodywork of a road or railway vehicle';
- The *Cambridge Dictionary* [accessible at <https://dictionary.cambridge.org/dictionary/english/coachwork>, last accessed on February 4, 2019] defines the term as 'the body of a car or other vehicle, especially the outside painted surface';
- The *Collins Dictionary* [accessible at <<https://www.collinsdictionary.com/dictionary/english/coachwork>, last accessed on February 4, 2019] defines the term as 'the body of a car', and
- The *Merriam Webster Dictionary* [accessible at <https://www.merriam-webster.com/dictionary/coachwork>, last accessed on February 4, 2019] defines the term as an automobile body'

A.7 From the above, the term 'coachwork' refers to bodywork of an automobile. The term 'bodywork' means 'the metal outer shell of a vehicle' as defined under *Oxford English Dictionary* accessible

at<<https://en.oxforddictionaries.com/definition/coachwork>, last accessed on February 4, 2019].



A.8 In this context, it is pertinent to make reference to General Rules of Interpretation ("GRI")1, whereby the classification is required to be determined in terms of the description of goods against Headings and Sub-headings and Notes to relevant Section and Chapter

A.9 Note 1 to Chapter 39 defines the term "plastics" in following manner:

*"Throughout the Nomenclature the expression 'plastics' means those materials of headings 39.01 to 39.14 which are or have been capable, either at the moment of polymerisation or at some subsequent stage, of being formed under external influence (usually heat and pressure, if necessary with a solvent or plasticiser) by moulding, casting, extruding, rolling or other process into shapes which are retained on the removal of the external influence."*

A.10 It is submitted that impugned goods are small parts and equipments fixed onto the door of an automobile. Further, the impugned goods are manufactured through moulding machines using PVC granules. These processes and ingredients are covered with the sweep of Note 1 to Chapter 39. Hence, by application of GRI 1, the impugned goods are squarely covered under the sweep of Sub-heading 3926 30.

A.11 From the above, it is clear that impugned goods merit classification under Sub heading 3926 30, covered under Heading 3926

**The impugned goods satisfy the description of goods**

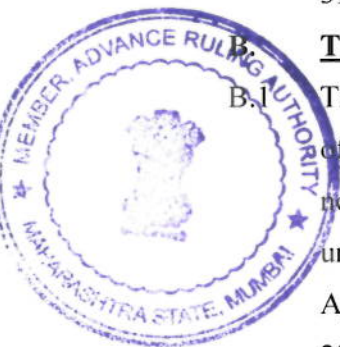
B.1 The entry at S. No. 111 under Schedule III of Notification 1/2017 covers Other articles of plastics and articles of other materials of heading 3901 to 3914'. It is trite law where a notification is based on tariff schedule, then the same may be imported for understanding the scope of description of goods. Reliance in this regard is placed on the Apex Court's decision in the case of CC v. **Maestro Motors Limited**, 2004 (174) ELT 289 (SC). Thus, the true scope and import of description of goods specified against Entry at S. No. 111 has to be borrowed from Heading 3926.

B.2 A bare perusal of the relevant entries reveal that the description of goods in Entry at S. No. 111 is identical to description of goods against Heading 3926 in Customs Tariff Act. Evidently, where goods are covered under any of the sub-heading covered under Heading 3926, it shall be deemed to have satisfied Heading 3926. Thus, the impugned goods squarely satisfy the description of goods at S. No. 111 under Schedule III of Notification 1/2017.

B.3 The description of goods against S. No. 111 specifically excludes certain items. Evidently, the impugned goods are not covered under the items which are specifically excluded. Hence, the impugned goods merit classification under S. No. 111 under Schedule III of Notification 1/2017 exigible to central tax at the rate of 9 per cent.

**C The impugned goods are not covered under Heading 8708**

C.1 Heading 8708 falls under Section XVII of the HSN which covers '*Vehicles, Aircrafts and Associated Transport Equipment*'. Heading 8708 covers *Parts and accessories of motor vehicles of headings 8701 to 8705*'.





- C.2 The World Customs Organisation has enunciated Harmonised Commodity Description and Coding System or Harmonised System of Tariff Nomenclature ("HSN"), an internationally standardised system to classify goods. The WCO has also issued Explanatory Notes to HSN ('Explanatory Notes') providing assistance in interpretation of the commodity groups created under HSN.
- C.3 The tariff schedule of Customs Tariff Act is a derivative of the HSN. Accordingly, the Explanatory Notes provide an insight into the meaning of expressions employed in tariff schedule. In the case of *CCE v. Wood Craft Products Limited, 1995 (77) ELT 23 (SC)*, the Apex Court held that Explanatory Notes to HSN provide a safe guide for interpretation of the tariff schedule.
- C.4 As per the Explanatory Notes, Heading 8708 covers only those parts and accessories which satisfy the following criteria:

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

- C.5 As per Note 2 to Section XVII, the expression 'parts' and 'parts and accessories' will not include parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastic (Chapter 39). Such parts shall not be classifiable as under Section XVII even if they are specifically identifiable as parts or parts and accessories for the goods of Section XVII.

- C.6 Further, the Explanatory Notes delineate the scope of above exclusion in following manner:

*"(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 8484) and other articles of vulcanised rubber other than hard rubber (e.g. mudguard-flaps and pedal covers) (heading 4016)*

*(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 beading 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)"*

- C.7 In terms of the above, the impugned goods are specifically excluded from the scope of Heading 8708 owing to following reasons:



- a) As per Note 2 to Section XVII, parts of general use, such as door locks, fittings or mountings for vehicle coachwork like hinges, door handles, grip bars, foot rests, window opening mechanism made of base metal (such goods fall in Chapter 83) and similar goods of plastic (fall in Chapter 39);
- b) On perusal of the above note, it is amply clear that impugned goods qualify as 'parts of general use and are classifiable Chapter 39, more appropriately heading 3926 in the present instance

C.8 Thus, door handles, mountings and fittings and glovebox locking made of plastic, even if specifically designed for use on motor vehicle coachwork, do not qualify to be parts or parts and accessories for the goods of Section XVII. Hence, such goods will not fall under Heading 8708.

**D. Judicial precedents**

D.1 The US Customs Authorities *vide* several US Customs and Border Protection rulings ("cross ruling") concluded that door handles made of plastic for motor vehicles fall under Heading 3926 of the Harmonized Tariff Schedule of the United States (HTSUS) which is *pari materia* to the Heading presently under consideration.

D.2 In cross ruling N276852, where classification of plastic door handle of a truck was under consideration. The Ruling relied upon the interpretatory notes to Section XVII. As per the Ruling, the expression "parts and parts and accessories" of Section XVII [Vehicles, Aircraft, Vessels and Associated Transportation Equipment) of the Harmonized Tariff Schedule of the United States (HTSUS) do not apply to "parts for general use," as defined in Legal Note 2 to Section XV, of base metal such as mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like (Section XV); or similar goods of plastics (Chapter 39), whether or not those parts are identifiable for goods of that section. Accordingly, similar parts (made of plastic) which are included in the term "parts of general use" shall not be treated as 'parts' or 'parts and accessories' of goods of Section XVII and are classifiable as goods of Heading 3926, HTSUS. Similarly, Cross ruling NYG84953 also classified various types of door handles (inside as well as outside) under Heading 3926.

D.3 In cross ruling N096498, it was held that door handle component made of plastic is classifiable under Heading 3926 as HSN 3926.30.5000, HTSUS provides for other articles of plastics: fittings for furniture, coachwork or the like: other'.

D.4 In cross ruling N020634, reliance was made on the legal note 2(b) to Section XVII which states that the expression "parts and accessories" does not apply to parts of general use, as defined in note 2 to section XV, of base metal or similar goods of plastics. Parts of general use include items of heading 8302, which *inter-alia* provides for base metal mountings, fittings and similar articles suitable for automotive





coachwork. The Explanatory Notes to heading 8302 emphasize that the heading includes goods within such general classes "even if they are designed for articular uses (e.g., door handles or hinges for automobiles)." The plastic door fittings are similar goods of plastics to the articles defined as parts of general use and are thus shall not be classifiable as 'parts' or 'parts and accessories of goods of Section XVII.

- D.5 Accordingly, any fittings for the body of motor vehicles shall be the fittings for coachwork and shall be covered under the heading 3926.

#### Additional Submissions

##### A. Factual Background

- A.1 M/s Nexture Technologies Private Limited ('Applicant') has preferred the instant application seeking advance ruling for determination of classification and applicable tax rate of goods and services tax on the following products made of plastic:

- Door Handle made for motor vehicle;
- Fittings for motor vehicle viz. brackets, housing, bracket housing, stator and gasket;
- Glove box locking

- A.2 As per the Applicant's understanding, the impugned goods merit classification under Entry at SI. No. 111 of Schedule III of Notification No. 1/2017-Central Tax (Rate) dated June 28, 2017 under Heading 3926 exigible to central tax at the rate of 9%. A similar notification under Maharashtra Goods and Services Tax Act, 2017 provides for 9% state tax on the impugned entry. Accordingly, the cumulative tax rate is 18% on the impugned goods.

- A.3 It may however be noted that there is another contesting entry for classification of the impugned goods i.e. heading 8708 which covers 'Parts and accessories of motor vehicles of headings 8701 to 8705' exigible to rate of tax at 28%.

- A.4 The Applicant vide these written submissions, wishes to place on record additional grounds in respect of the aforesaid appeal. The Applicant in succeeding paragraphs advances submissions intended to be placed on record. These submissions are mutually exclusive and without prejudice to each other. The Applicant further craves leave to rely upon its submissions made in the main application filed before the Authority for Advance Rulings, Maharashtra.

##### B. Additional Submissions

The Impugned Goods do not merit classification under heading 8708

- B.1 Heading 8708 falls under Section XVII of the HSN which covers 'Vehicles, Aircrafts and Associates Transport Equipment'.
- B.2 The Applicant submits that as per the HSN Explanatory Notes to Heading 8708 [on Page No. 'XVII-8708-1' of the HSN]1 (Page 25), this Heading covers only those parts and accessories which satisfy the following two criterias:

(i) They must be identifiable as being suitable for use solely or principally with the motor vehicles; and

(ii) They must not be excluded by the provisions of Section Notes of Section XVII

B.3 It is important to highlight that Section Note 2 to Section XVII [Page No. 'XVII-1' of the HSN] (Page 27) stipulates that the expression 'parts' and 'part and accessories' shall not apply to some stipulated articles whether or not they are identifiable as for the goods of this Section. In other words, even if an item is identifiable as a part of motor vehicle, it will still not be classified as such if they fall under the stipulations contained in Section Note 2.

B.4 Clause (b) of Section Note 2 inter-alia provides that 'parts of general use' as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39) shall not be treated as 'parts' or 'parts and accessories' for this Section.

1 Any reference to page number shall mean reference to the compilation submitted during the course of hearing

B.5 It is pertinent to note that the expression 'Parts of general use' has been ascertained a meaning vide HSN Explanatory Notes to Section XVII [Page No. 'XVII-3' of the HSN] (Page 29). As per these Explanatory Notes, Parts of general use inter-alia includes locks, fittings, mountings for vehicle coachwork, hinges, door handle made of base metal and plastic, for motor vehicle (Page 31).

B.6 Thus, the explanatory notes specifically exclude the impugned goods as parts of general use from the ambit of Heading 8708 even in a situation where these goods are specifically identifiable as such for motor vehicles. Basis the above, the Applicant submits that the products are not classifiable under Heading 8708 as parts of motor vehicle.

B.7 The impugned goods merit classification under Heading 3926 and specifically the Subheading 392630 as 'Fittings for furniture, coachwork or the like' being a plastic product.

#### PRAYER

In the light of the foregoing submissions, the Applicant prays before the Authority to classify the impugned goods under the Heading 3926.

#### 03. CONTENTION – AS PER THE CONCERNED OFFICER

The submission, as reproduced verbatim, could be seen thus-

Applicant has filed an application before advance ruling under Section 97(2) of the Maharashtra Goods and Services Tax Act, 2017 ('MGST Act') for **Determining** classification and applicable rate of goods and services tax which he manufacture and supply.

#### Activity

Applicant is Manufacturer and supplier of following Automotive Components products

- Plastic door handle of motor vehicle doors,
- Plastic fittings for motor vehicle's door such as Bracket, Housing, Bracket housing, Gasket, Stator
- Glove box locking



Above mentioned products ('impugned goods') are manufactured using a moulding machine with the help of plastic granules.

**Applicants understanding:**

a. The impugned goods merit classification under Entry at S. No. 111 of Schedule III of Notification No. 1/2017-Central Tax (Rate) ("Notification 1/2017") to central tax at the rate of 9 per cent. (accordingly goods and services tax rate of 18 per cent.). The relevant extract of entry is

S. No.	Chapter / Heading / Subheading / Tariff ds item	Description of Goods
111	3926	PVC Belt Conveyor, Plastic Tarpaulin

b. For the purpose of determining classification under Notifications 1/2017-Central Tax (Rate) and 2/2017 Central Tax (Rate). Similarly, Explanation (iv) adopts the general rules for interpretation, Section Notes and Chapter Notes as provided in the Customs Tariff Act, 1975 for interpreting the Notifications.

The First Schedule of the Customs Tariff Act, Chapter 39 covering 'plastics and articles thereof' arise for consideration in the present instance,

**Comment:**

As Above mentioned entry at s. BO-111 of schedule. II of notification no.1/2017- Central Tax (Rate) ("Notification 1/2017!").to central tax at the rate of 9 per cent (accordingly goods and services tax rate of 18 per cent), also there is another entry at s.70.45 of schedule IV. of notification no. 1/2017- Central Tax (Rate) ("Notification 1/2017") to central tax at the rate of 14 percent. (accordingly goods and services tax rate of 28 per cent.) The relevant extract of entry is

S. No.	Chapter / Heading / Subheading / Tariff ds item	Description of Goo
111	3926(other than 3926 40 11 , 3926 90 10]	Other articles of plastics and articles of other materials of headings. 3901 to 3914 (other than bangles of plastic, PVC Belt Conveyor, plastic beads and plastic tarpaulins]

Said entry is different from s.no.111 of schedule II of notification no.1/2017- Central Tax (Rate) because s.no. 111 covered only PVC Belt Conveyor, Plastic Tarpaulin but s.no 45 entry covered Other articles of plastics and articles of other materials of headings 3901 to 3914 [other than bangles of plastic, PVC Belt Conveyor, plastic beads and plastic tarpaulins]

**Classification:**

The Applicant seeks to classify the impugned goods under Sub-heading 3926 30. The relevant extract of Heading 3926 under First Schedule of Customs **Tariff Act is reproduced as under:**

Chapter 39	
plastics and articles thereof	
3926 30	Fitting for furniture , coachwork or the like

### Comment -

The term fittings and coachwork have not been defined in Customs Tariff Act or Notes. In this context; also give reference to General Rules of Interpretation ("GRI") 1, whereby the classification is required to be **determined in terms** of the description of goods against Headings and Sub-headings and Notes to relevant Section and Chapter. Basically coachwork includes all types of body work of automotive vehicle and it required various parts like screw , Nut and bolt, mirrors, rubbers , hinges, paint ; etc. but according to taxation each thing consider separately not consider **commonly**.

### The impugned goods are not covered under Heading 8708

Heading 8708 falls under Section XVII of the HSN which covers 'Vehicles, Aircrafts and Associated Transport Equipment'. Heading 8708 covers Parts and accessories of motor vehicles of headings 8701 to 8705'. The World Customs Organisation has enunciated Harmonised Commodity Description and Coding System or Harmonised System of Tariff Nomenclature ('HSN'), an internationally standardised system to classify goods. The WCO has also issued Explanatory Notes to HSN ("Explanatory Notes) providing assistance in interpretation of the commodity groups created under HSN.

The tariff schedule of Customs Tariff Act is a derivative of the HSN. Accordingly, the Explanatory Notes provide an insight into the meaning of expressions. As per the Explanatory Notes, Heading 8708 covers only those parts and accessories which satisfy the following criterias:

- They must be identifiable as being suitable for use solely or principally with the above-mentioned vehicles; and
- They must not be excluded by the provisions of the Notes to Section XVII

As per Note 2 to Section XVII, the expression parts and parts and accessories' will not include parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastic (Chapter 39). Such parts shall not be classifiable as under Section XVII even if they are specifically identifiable as parts or parts and accessories for the goods of Section XVII.

“(A) Parts **and accessories** excluded by Note: 2 to Section XV! 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
- (2) Parts of general use as defined in. Note 2 to Section XV,

cable and chain, 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 beading 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.

**In terms of the above, the impugned goods are specifically excluded from the scope of Heading 8708 owing to following reasons:**



As per Note 2 to Section XVII, parts of general use, such as door locks, fittings or mountings for vehicle coachwork like hinges, door handles, grip bars, foot rests, window opening mechanism made of base metal (such goods fall in Chapter 83) and similar goods of plastic (fall in Chapter 39);

Thus, door handles, mountings and fittings and glovebox locking made of plastic, even if specifically designed for use on motor vehicle coachwork, do not qualify to be parts or parts and accessories for the goods of Section XVII. Hence, such goods will not fall under Heading 8708.

**Comment :**

The expression part of general use mentioned in section XV NOTES II , impugned goods not fulfills, the expression "parts of general use" means: (a) Articles of heading 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); and (c) Articles of headings 8301, 8302, 8308, 8310 and frames and mirrors, of 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.

7307: Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel

7312: **Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated**

7315: Chain and parts thereof, of iron or steel 7317 nals, tacks, drawing pins, corrugated nails, staples (other than those of heading 8305) and similar articles, of iron or steel, whether **or not with heads** of other material, but excluding such articles with heads of copper

7318 : Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel

9114: Other clock or watch parts

8301: Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any oẽ the foregoing articles, of base metal

8302: Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, **coachwork, saddlery, trunks**, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal

8308: Clasps, frames with clasps, buckles, buckle**clasps, hooks, eyes, eyelets and the like**, of base metal, of a kind used for clothing, footwear, awnings, **handbags, travel goods or other made up articles; tubular or bifurcated rivets, of base metal**; beads and spangles, of base metals

8310: Sign-plates, name-plates, address-plates and similar plates, numbers, letters and other symbols, of base metal, excluding those of heading 9405

8306 : Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; **mirrors of base metal**

Impugned goods not covered According to above mentioned expressions hence not consider as Parts of General Use. so its fall under heading 8708 PARTS AND ACCESSORIES OF THE MOTOR VEHICLES

**Conclusion:**

The impugned goods are covered under Heading 8708, because As per explanatory Note 2 of Section XVII of Customs Tariff Act, 1975, the expression 'parts' and 'parts and accessories' will not include parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastic (Chapter 39). Such parts shall not be classifiable as under Section XVII even if they are specifically identifiable as parts or parts and accessories for the goods of Section XVII. But the impugned goods not fall under parts of general use as mentioned above. Hence impugned goods must be classified under heading 8708.

**04. HEARING**

Preliminary hearing in the matter was held on 26.03.2019. Sh. Saurabh, Advocate appeared and requested for admission of their application. Jurisdictional Officer Sh. S S Kendre, Asstt. Commissioner of S.T., (D-709) Pune appeared.

The application was admitted and called for final hearing on 16.04.2019. Sh. Saurabh Advocate along with Sh. Arun Phutela, C.A appeared made oral and written submissions. Jurisdictional Officer Sh. S S Kendre, Asstt. Commr. of S.T.(D-709) Pune also appeared and made written submissions.

**05. OBSERVATIONS**

We have gone through the facts of the case, documents on record and submissions made by both, the applicant as well as the jurisdictional office.

The issue before us is in respect of classification of goods manufactured by the applicant, namely: Plastic handle for motor vehicle doors (including lever handle); Plastic fittings for such for motor vehicle's doors such as Bracket, Housing, Bracket housing, Gasket, Stator; and Glove box locking. All the said items, as per their submissions are manufactured through moulding machines using PVC granules and they are used exclusively for motor vehicles. The applicant has made various arguments to drive home their contention that the goods in question are covered under Chapter 3926 of the GST Tariff as articles of plastic and not under Chapter 8708 which covers "Parts and accessories of motor vehicles of headings 8701 to 8705". The jurisdictional office, on the other hand, has contended that the said goods will be covered under Chapter Heading 8708 of the GST Tariff.

We shall therefore discuss both the Chapters and their relevance to the subject goods, in respect of which the queries have been raised by the applicant.

We find that as per the Explanatory Notes, the Heading 8708 covers only those parts and accessories which satisfy the following criteria:



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

From the Notes to Section XVII, we see that the *expression “parts” and “parts and accessories” (whether or not they are identifiable as for the goods of this Section), do not apply to parts of general use, as defined in Note 2 to Section XV of base metal (Section XV) or similar goods of plastic (Chapter 39).* In other words, the parts of general use will not be classified as parts of the goods of the section XVII that covers the chapters 86 (Railways), 87 (Automobiles), 88 (Aircrafts, Spacecrafts) and 89 (Ships and Boats), even if they are identifiable with the goods of these headings.

Now it is essential to find out as to what are ‘parts of general use’. The HSN in the Note 2 to Section XV gives a list of ‘parts of general use’ as under :

- Articles of headings 7307, 7312, 7315, 7317 or 7318 or similar articles of other base metals
- .....
- Articles of headings 8301, 8302, 8308, 8310 and frames and mirrors of heading 8306.

Once an item is a part of general use, it will be classified according to its constituent material as per Explanatory Note 2 (b) to Section XVII.

Now we proceed item by item of the Applicant whether their products are covered under the expression ‘parts of general use’ and their classification according to its constituent material.

Explanatory Note to 8302 lists ‘**door handle**’ for automobiles as includible under heading 8302 even if they are designed for use in automobiles. ‘Door handle’ thus will be categorized as part of general use as per Note 2 to Section XV and hence will be classified according to the constituent material. In the instant case as the door handle is made of plastic will merit classification under the heading 3926.

**Brackets** suitable for automobiles find mention in the explanatory note (C) under heading 8302. Similarly, **Housing and Bracket Housing** are covered under sub-heading 8302 30 under the description ‘mountings and fittings’. Thus Brackets, Housing and Bracket Housing will be categorized as part of general use as per Note 2 to Section XV and hence will be classified according to their constituent material. In the instant case as the Brackets, Housing and Bracket Housing are made of plastic, they will merit classification under the heading 3926.

**Washers** are mentioned in the heading text of 7318. The item **gasket** is similar to washer both being placed between two objects where the former is placed between two objects to prevent friction and the latter to prevent leakage. Therefore washers and gaskets will be categorized as part of general use as per Note 2 to Section XV and hence will be classified according to the constituent material. In the instant case as the washers and gaskets are made of plastic, they will merit classification under the heading 3926.

The item **Stator** is a part of an automobile lock. As the Automobile locks are specifically mentioned in the heading 8301.20, the stator being its part merits classification under 8301.60 (parts). Therefore stators will be categorized as part of general use as per Note 2 to Section XV and hence will be classified according to the constituent material. In the instant case as the stators are made of plastic, they will merit classification under the heading 3926.

Similarly **Glove box locking** is also a lock of an automobile of heading 8301. Therefore will be categorized as part of general use as per Note 2 to Section XV and hence will be classified according to the constituent material. In the instant case as the 'Glove box locking' are made of plastic, they will merit classification under the heading 3926.

In view of all the discussions made above we find that the subject goods are classifiable according to their constituent material in heading 3926 though they are identifiable parts of automobiles.

**05.** In view of the extensive deliberations as held hereinabove, we pass an order as follows :

**ORDER**

**(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)**

NO.GST-ARA- 130/2018-19/B- 64 Mumbai, dt. 01/06/2019

For reasons as discussed in the body of the order, the questions are answered thus –  
Determining classification and applicable rate of goods and services tax for the following products:

- (i) Door-handle of motor vehicle;
- (ii) Fittings made of plastic for motor vehicle's doors such as bracket, housing, bracket housing, stator, gasket; and
- (iii) Glove box locking

Answer :- In view of the discussions made above all the goods mentioned above are classifiable under Chapter 3926 and will be taxable to GST at the rate applicable to that heading.



—sd—  
**B. TIMOTHY**  
(MEMBER)

—sd—  
**B. V. BORHADE**  
(MEMBER)

**CERTIFIED TRUE COPY**

Copy to:

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Chief Commissioner of Central Tax, Churchgate, Mumbai
5. Joint commissioner of State Tax , Mahavikas for Website.

  
**MEMBER**  
**ADVANCE RULING AUTHORITY**  
**MAHARASHTRA STATE, MUMBAI**

Note :- An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15<sup>th</sup> floor, Air India building, Nariman Point, Mumbai – 400021.