

## MAHARASHTRA AUTHORITY FOR ADVANCE RULING

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

### BEFORE THE BENCH OF

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

(2) Shri Pankaj Kumar, Joint Commissioner of Central Tax (Member)

GSTIN Number, if any/ User-id	27AAACM8029J1ZA / User-id 271800000448ARI
Legal Name of Applicant	Mazagon Dock Shipbuilders Limited
Registered Address/ Address provided while obtaining user id	6th Floor, Mazdock House, Dockyard Road, Mazgaon, Maharashtra, Mumbai City, 400010
Details of application	GST-ARA, Application No. 28 Dated 21.02.2018 Revised Application on 14.05.2018
Concerned officer	Asstt. Commissioner of CGST & CE Division-IV, Mumbai Central Commissionerate.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought	
A Category	Factory/Manufacturing
B Description (in brief)	As reproduced in para 02 of the Proceedings below.
Issue/s on which advance ruling required	(i) classification of goods and/or services or both (ii) applicability of a notification issued under the provisions of the Act (iv) admissibility of input tax credit of tax paid or deemed to have been paid
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 Shandong Heavy Industry India Pvt. Ltd, the applicant, seeking an advance ruling in respect of the following questions.

1. Whether the expression "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907" in entry number 252 of the schedule 1 of the Notification No 01/2017-Integrated Tax (Rate) covers specific list of goods attached herewith (Refer Annexure B)?
2. Also, what will be the rate of tax for the specific list of inputs raw materials, parts and consumables etc., purchased or imported for use in manufacture of warship?
- 3.. What procedure is required to be followed with Vendors if rate of tax applicable is as per entry no. 252 of the Schedule I.
4. If the rate of tax applicable to all or any of these items is 5% and if the vendor has charged higher rate of tax, whether the Company would be eligible for input tax credit at 5% or the actual tax paid to the Vendors?

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 such 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, a reference to such a similar provision under the CGST Act / MGST Act would be mentioned as being under the "GST Act".

#### 02. FACTS AND CONTENTION - AS PER THE APPLICANT

The submission (Brief facts of the case), as reproduced verbatim, could be seen thus -

##### Statement A Statement of relevant facts having a bearing on the question(s) raised

1. Mazagon Dock Shipbuilders Limited (MDL), is the India's leading Defence public sector undertaking shipyard under the Ministry of Defence. Main activities are construction of state-of-the-art warships and submarines

with facilities situated at Mumbai. MDL has earned a reputation for quality work and established a tradition of skilled and resourceful service to the shipping world in general and the Indian Navy, Coast Guard & ONGC in particular. MDL had also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessel, water tankers, tugs, dredgers, fishing trawlers, barges & border out posts for various customers in India as well as abroad. MDL have also fabricated and delivered jackets, main decks of wellhead platforms, process platforms, jack-up rigs for ONGC.

2. Currently, MDL is involved in manufacture of warships and submarines as per the specifications/requirements provided by Indian Navy. All the inputs including raw materials, parts, consumables etc. required for constructing the warships and submarines are directly procured/imported by the MDL (List of the Inputs are mentioned at Annexure B). In addition, some of the blocks of ships required for the manufacture of Ships are outsourced to Vendors.

As required, Annexure B contains the following:

- The bifurcation of goods into equipment, raw material & consumables;
- Essentiality of such goods;
- Usability of such goods on the warship/Submarine.
- Bifurcation of goods as imported/indigenous.

3. The 5% rate of GST for warships is prescribed at entry no. 250 of the Schedule 1 in rate notification under the heading 8906. The description of the entry no. 250 is "Other vessels, including warships and lifeboats other than rowing boats".

4. Entry no. 252 of Schedule 1 in rate notification is "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907". In view of the same, rate of GST for parts of goods of heading 8906 is 5%.

5. In the Earlier Law i.e. under Excise Law, goods supplied for use in construction of warship of Indian Navy or Coast Guard were exempt as per sr. no. 21 (given below) of the Notification No. 64/95 dated 16th March 1995, subject to certain conditions and procedures.

S.No.	Description of goods	Conditions
1	2	3
21.	All goods	If,- (a) the said goods are supplied for use in construction of warships of the Indian Navy or Coast Guard; and (b) before clearance of the said goods, a certificate from an officer not below the rank of a Rear Admiral of the Indian Navy or Coast Guard or Director General of Coast Guard or any other officer of the Indian Navy or Coast Guard; equivalent to the Joint Secretary to the Government of India, to the effect that the said goods are intended for the said use, is produced to the proper officer.

6. Similar exemption was there under sr. no. 306 C of Notification No.12/2012-CE. Similar exemption was there under Customs Law also at sr. no. 469A of Notification No. 12/2012-Customs as amended by Notification 54/2015-Customs dated 24th November, 2015. Under Sr No 306 C of Notification No 12/2012-CE exemption was given for raw material & parts of goods. There was clear distinguish between raw material & parts of goods.

7. Attention is also invited to the issue of applicability of GST Rates as per Ministry of Defence communication No. 1/W/011/Gen Policy dated 10th November, 2017 enclosing therewith Ministry of Defence Letter No. 1/A/074/416/POLICY/GST/ATVP/B&C dated 03rd November, 2017. Further MAT Procurement Advisory 04/2017 dated 19th September, 2017 from Defence officials is also available. These communications give indication that Sl. No. 252 of Schedule I to Notification No. 1/2017-Integrated (Rate) dated 28th June, 2017 covers all inputs (falling under any chapter) for warships falling under HSN 89061000.

8. Attention is also invited various citation in relation to classification of parts of goods & whether parts of part is part of whole is provided below:

- In *CC v. Rajasthan Industrial & Scientific Corporation 1997(96) ELT 104 (CEGAT)*, it was held that in absence of any exception, the basic criteria of the parts being classifiable under the parent machine would hold good.
- In *Eureka Forbes v. CCE 2001(130) ELT 146 (CEGAT)*, it was held that a hose specifically designed for a particular product and not capable of general use will be classified as part of that machine and not as a 'hose'.
- In *G S Auto International v. CCE 2003 (152) ELT 3 (SC)*, it was held that if a part solely or primarily suitable for automobiles will be classified as automobile part (under heading 87.08) and not under general heading. This was followed in *CCE v. Basmark Components (2007) 213 ELT 533 (CESTAT)*, where it was held that plastic goods designed specifically for automobile with high precision are to be classified as automobile parts.
- In *Hallmark Industries v. CCE 2000 (122) ELT 540 (CEGAT)*, *Elgi Ultra Appliances v. CCE 2001(134) ELT 245 = 35 RLT 175 (CEGAT)* and *EPC Irrigation v. CCE 2002(139) ELT 84 = 47 RLT 369 (CEGAT)*, it was held that plastic pipes and pipe fittings manufactured with intention of being used as part of irrigation systems should be classified as parts of irrigation system and not as plastic pipes - followed in *CCE v. EPC Irrigation 2002(142) EL. 630 = 50 RLT 733 (CEGAT)* \* *CCE v. Mahavir*

Aluminium 2002(145) ELT 411 (CEGAT) \* CCE v. Rungta Irrigation 2004 (165) ELT 574 (CESTAT) \* Premier Irrigation Equipment v. CCE 2005 (184) ELT 150 (CESTAT).

e. It is settled law that a part of part is also a part of the main product - Lakhanpal National Ltd. v. CCE - 1996 (88) ELT 87 (CEGAT SMB).

f. A component of component of a machine is a component of machine. - Audio Vision Electronics v. CC - 1987 (31) ELT 796 (CEGAT).

g. Part of refill is also a part of ball point pen (as refill is part of ball point pen) -

Nalanda Manufacturing Co. v. CCE 1998(102) ELT 289 = 27 RLT 150 (CEGAT) - quoted and followed in B D Sanghvi v. CCE 1999(113) ELT 571 (CEGAT), where it was held that brass tip used in refill is part of ball point pen, as refill is essential part of ball point pen.

9. Attention is also invited of the facts that there is no precise definition provided for "Parts of goods" & therefore going to the dictionary definition which say "a separate piece of something, or a piece that combines with other pieces to form the whole of something" or "One of the pieces that together form a machine or some type of equipment"

10. Attention is also invited in the para 13 of advance ruling in case of M/s CS India steel Pvt ltd vs The Comm of Central Excise Mangalore & Comm of Custom & CE, Panaji (Goa) (attached herewith) wherein it has been specifically mentioned that there is no provision for parts of ships in the chapter 89. However, it was specifically given exemption as listed above in excise & customs. In GST law there is specific entry no i.e 252 in relation to "parts of goods for heading....." So, what will be covered in this specific entry needs advance ruling.

11. We also provide reference of Rule 3(a) of custom tariff Act 1975, wherein we believe that, all goods specifically (Specific entry) falls under entry 252 i.e Parts of goods which was not provided in erstwhile excise & custom schedules given in chapter 89. Also HSN 8906 occurs last in numerical order to classify this parts under 8906 (Rule 3(c) of Custom Tariff Act).

12. From the above submission, we are of the view that all the goods will fall under entry no 252 & GST @ 5% will be applicable. However, since there are no conditions or procedures prescribed for entry no. 252 of Schedule I which was provided in the erstwhile law & to avoid litigation & to clear our ambiguity, advance ruling is sought in relation to question raised under Sr-14 of the application.

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

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

In this connection, the point wise comments on para 14 of the application are as under:

1) The meaning of expression "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907" in entry no 252 of the Schedule 1 of the Notification No.1/2017 - Int. Tax is the parts, which are exclusively used for these goods only.

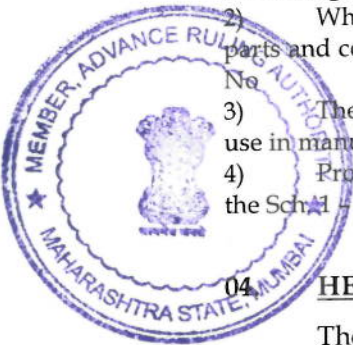
2) Whether the expression "Parts of goods" will include all the inputs including raw materials, parts and consumables etc., purchased or imported for use in manufacture of warship and submarines -

3) The rate of tax for inputs raw materials, parts and consumables etc., purchased or imported for use in manufacture of warship - As applicable individually.

4) Procedure required to be followed with Vendors if rate of tax applicable is as per entry no. 252 of the Schedule 1 - No comments.

### 04. HEARING

The case was taken up for preliminary hearing on dt. 27.03.2018, with respect to admission or rejection of the application when Sh. Viren Thakkar, C.A. along with Sh. A. B. Shetty, Manager Taxation appeared and requested for admission of application as per their contentions made in ARA. However, it was pointed out to them that the questions that they have raised in application are too general in respect of 'Parts' and are not very specific and therefore the application needs to be reframed and they need to give details of claimed 'Parts' alongwith their essentiality and use in warship and then only application can be considered. They requested that they be given one month to reframe their application and their application be considered filed from that date. The request was granted. The jurisdictional officer, Sh. K. W.



Thaware, Supdt., appeared and stated that they have made a written submissions on which be taken on record and be considered.

The applicant has filed reframed application on 14.05.2018 and admitted. The final hearing in the matter is held on 27.06.2018, Sh. Viren Thakkar, C.A. along with Sh. A. B. Shetty, Manager Taxation, Sh. S. P. Shenoy, G.M., Sh. Rajiv Rathare, DG, Design, Sh. Punam Chand, ET Finance, appeared and made written and oral contentions as per details in their ARA. They submitted detailed list of items for submarines and warships on which they have requested for classification with respect to whether these items would be treated as parts of submarines and warships and eligible for benefits @ 5% GST. The jurisdictional officer, Ms. Surekha Walavalkar, Supdt., Division - IV, Range -3, Mumbai Central Commissionerate appeared and stated that they would be making written submissions .

#### 05. OBSERVATIONS

We have perused the documents on record, facts of the case and the submissions made by both, the applicant as well as the department.

We find that the applicant is the India's leading Defense public sector undertaking shipyard under the Ministry of Defense, which is involved in manufacture of warships and submarines as per the specifications/requirements provided by Indian Navy. All the inputs including raw materials, parts, consumables etc. required for constructing the warships and submarines are directly procured/imported by the applicant (List of the Inputs are mentioned at Annexure B of their application). In addition, some of the blocks of ships required for the manufacture of Ships are outsourced to Vendors.

First and foremost it is seen that Entry no. 250 represents "Other vessels, including warships and lifeboats other than rowing boats". Against this entry of the Schedule 1 in rate notification under the heading 8906 the rate of GST prescribed is 5%.

Entry no. 252 of Schedule 1 in rate notification represents "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907". Against this entry of the Schedule 1 in rate notification under the heading 8906 the rate of GST prescribed is 5%.

We find that the issue that is raised before us by the applicant is whether the inputs mentioned in Annexure B of the application, which are used for constructing the warships and submarines are forming parts of such warships/submarines and therefore chargeable to reduced tax @ 5% under Sr.No.252 of Notification No.1/2017 Central Tax (Rate) dated 28.06.2017. There are 3 Annexure B's submitted by the applicant. The first Annexure B containing 96 entries pertains to P-15 B EQUIPMENT LIST. The second Annexure B containing 6 entries pertains to P-15 B MATERIAL LIST. The third Annexure B containing 35 entries pertains to P-15 B CONSUMABLES LIST.

To deal with the limited issue before us i.e. to find out whether the goods/spares used by the applicant are parts of a warships/submarines first of all we need to examine as to what are "Parts". We find that the word "Part/Parts" has not been defined in GST nor was it defined in Central Excise earlier. In view of this first we are required to understand the general meaning of the word 'Part/Parts' which is of relevance to us in the present case.

-----We find that as per Cambridge English Dictionary:

Part as a noun – *a separate piece of something or a piece that combines with other pieces to form the whole of something*

-----*One of the pieces that together form a machine or some type of equipment.*

It has other meanings also in other context which are not of relevance in present context like:

----*a single broadcast of a series of television or radio programme or Division of a story.*

----*one of two or more equal or almost equal measures of something etc.*

-----Further, we also find the definition of 'Spare Part' as per Wikipedia

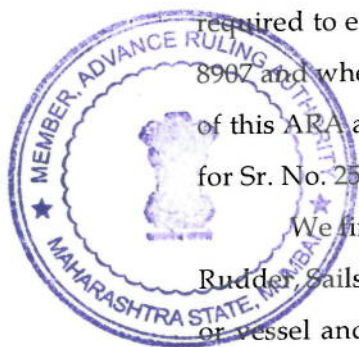
*A spare part, spare, service part, repair part or replacement part is an interchangeable part that is kept in an inventory and used for the repair or replacement of failed units. Spare parts are an important feature of Logistics Engineering and Supply Chain Management.*

Thus in view of the above meanings/definitions of part/parts/Spare Part, we will be required to examine as to what are the parts of Goods of CTH 8901, 8902, 8904, 8905, 8906 and 8907 and whether the subject goods/spares as mentioned by the applicant listed in Annexure B of this ARA application can be taken to be covered within the meaning of Parts for Sr. No. 252 of Notification no. 1/2017 Integrated Tax (Rate) dated 28.06.2017.

We find that items like Anchor, Bow, Bowsprit, Fore and Aft, Hull, Keel, Mast, Rigging, Rudder, Sails, Shrouds, Engines, gearbox, Propeller, Bridge, etc. are very essential parts of a ship or vessel and are quite clearly parts of a vessel/ship and a ship cannot be imagined to be in existence without these parts.

However, in addition to the above there are some additional equipments that are required to be made available on a ship as a measure of statutory compliances under various marine acts such as Merchant Shipping Act or Additional Safety measures such as Walkie-talkie, Binoculars, Life Jackets, Lifeboats, etc. Though these are also to be compulsorily made available on a vessel and ship but cannot be taken to be parts of a ship as per general understanding but are rather additional equipments on a ship.

In addition to the above there are other essential items like furniture, fans, air-conditioners, television, etc which are very essential for comfort of officers and crew of the ship but do not come under essential parts or equipments of a vessel/ship.



We find that the items that are discussed as essential parts of a ship/vessel are such essential components of a vessel/ship without which the ship would not be complete and would not exist. These are very integral for the functioning of the ship and can also be separated from the ship for repair/replacement. When we refer to the definition of the word 'part' as discussed in detail above, we find that 'part' is a separate piece of something or a piece that combines with other pieces to form the whole of something.

Similarly the second definition of part also defines 'part' as one of the pieces that together form a machine or some type of equipment.

While interpreting the issues like the one at hand, we may refer to certain judgments which throw light on the disputed issue.

**In case of Saraswati Sugar Mills Vs Commissioner of Central Excise Civil Appeal No.5295 of 2003 decided on 2<sup>nd</sup> Aug 2011 Hon. Supreme Court of India observed:**

12. *In order to determine whether a particular article is a component part of another article, the correct test would be to look both at the article which is said to be component part and the completed article and then come to a conclusion whether the first article is a component part of the whole or not. One must first look at the article itself and consider what its uses are and whether its only use or its primary or ordinary use is as the component part of another article. There cannot possibly be any serious dispute that in common parlance, components are items or parts which are used in the manufacture of the final product and without which, final product cannot be conceived of.*

13. *The meaning of the expression 'component' in common parlance is that 'component part of an article is an integral part necessary to the constitution of the whole article and without it, the article will not be complete'.*

14. *This Court, in Star Paper Mills (supra) has made a settled distinction while considering whether paper cores are 'components' in the manufacture of paper rolls and manufacture of paper sheets. It is stated that 'paper cores' are component parts in so far as manufacture of roll is concerned, but it is not 'component part' in the manufacture of sheets. It is useful to quote the observations made by this Court:*

*"Paper core would also be constituent part of paper and would thus fall within the term "component parts" used in the Notification in so far as manufacture of paper in rolls is concerned. Paper core, however, cannot be said to be used in the manufacture of paper in sheets as component part.*

15. *In Modi Rubber Ltd. v. Union of India, (1997) 7 SCC 13, the appellant had set up tyre and tube manufacturing plant and imported various plants and machineries. While using the plants and machineries, PPLF (Polypropylene Liner Fabric) was used as a device in the form of liner components to various machinery units to protect the rubber-coated tyre fabric from atmospheric moisture and dust. This Court held that the PPLF was not a component of the machine itself. It was not a constituent part. It was used as a Liner Fabric not only in tyre production but also in similar other industrial processes.*

In case of *Jindal Strips Vs Collector of Customs*, Equivalent citations: 1997 ECR 98 Tri Delhi, 1997 (94) ELT 234 Tri Del. the Two Member Bench of the Tribunal referred the appeal before the larger bench on the following questions:

(i) Whether the phrase "component parts" occurring in Notification 77/90 would cover "spare parts" for the purpose of granting of benefit thereunder?

The larger Bench of the Tribunal having regards to dictionary meaning of "part", and "Component" observed that in common parlance meaning of the expression "component" is also the same, that is, one of the parts or elements of which anything is made up or into which it may be resolved or a Constituent. The meaning in common parlance has to be looked into since the notification itself does not contain any definition of the expression.

In the State Of Uttar Pradesh vs M/S. Kores (India) Ltd on 18 October, 1976, Equivalent citations: 1977 AIR 132, 1977 SCR (1) 837.

In this case the appellant contended before the Hon SC that carbon paper does not lose its character as paper in spite of being subjected to chemical processes, and that ribbon is not an accessory but an essential part of the typewriter. While dismissing the appeal Court held that "A word which is not defined in an enactment has to be understood in its popular and commercial sense with reference to the context in which it occurs. It has to be understood according to the well-established canon of construction in the sense in which persons dealing in and using the article understand it."

The Hon. SC further observed that "Bearing in mind the ratio of the above mentioned decisions, it is quite clear that the mere fact that the word 'paper' forms part of the denomination of a specialized article is not decisive of the question whether the article is paper as generally understood. 'the word 'paper' in the common parlance or in the commercial sense means paper which is used for printing, writing or packing purposes. We are, therefore, clear of opinion that Carbon paper is not paper as envisaged by entry 2 of the aforesaid Notification. Regarding ribbon also to which the above mentioned rule construction equally applies, we have no manner of doubt that it an accessory and not a part of the typewriter (unlike spool) though it may not be possible to use the latter without the former. Just as aviation petrol is not a part of the aero- plane nor diesel is a part of a bus in the same way, ribbon is not a part of the typewriter though it may not be possible to type out any matter without it.

The very same question with which we are here confronted came up for decision before the High Court of Mysore in *State of Mysore v. Kores (India)Ltd*(26STC 87). (1) Where it was held:

"Whether a typewriter ribbon is a part of a typewriter is to be considered in the light of what is meant by a typewriter in the commercial sense. Typewriters are being sold in the market without the typewriter ribbons and therefore typewriter ribbon is not an essential part of a typewriter so as to attract tax as per entry 18 of the Second Schedule to the Mysore Sales Tax Act, 1957."

In light of the above discussions, considering the meaning of an expression (Part) as given in the dictionary and also the ratio as adopted by the Hon'ble Courts as mentioned above besides

common parlance test, we now take up each and every input claimed by the applicant to be parts of a warship/submarine [as listed in Annexure B of this ARA application] and discuss and find out whether each of the subject goods/spares can be considered as parts of warship/submarine.

The classification of goods under Sr. No. 252 depends solely on the nature of use to which the goods are put to. We first take up the 96 items mentioned in Annexure B, P-15B Equipment List. We find that except the equipments mentioned in Sr. Nos. 5, 13, 58, 60, 62, 70, 82, 84, 92, 95, all other equipments can be considered to be an essential part of a warship/submarine without which the ship would not be complete and would not be able to function.

Now we take up the 6 items mentioned in Annexure B, P-15B Material List. The list contains steel items like steel plates/profiles/sections, M/S. Angles, flat bars, channels, etc. We find that these are metals used for constructing a warship/submarine and are consumed in the process of construction. The said metals cannot be removed as such for repairs etc., and will therefore be considered as consumables and therefore cannot be considered as parts of a warship/submarine.

We further take up the 35 items mentioned in Annexure B, P-15B Consumables List. We find that all the 35 items mentioned, (like welding electrodes, adhesives, compressed air, industrial cutting gases, etc.), therein cannot be considered as parts of a warship/submarine. They are essentially in the form of consumables and for reasons mentioned above cannot be considered as parts of a ship.

We also find that the applicant has filed four addendums to Annexure B submitted by them.

The first addendum to Annexure B is a P-75 Equipment List consisting of 153 items. We find that except the equipments mentioned in Sr. Nos. 48, 49, 51, 52, 65, 91, 136, 137, 138, 139, 140, 145, 146, 147, all other equipments can be considered to be parts of a warship/submarine., for reasons mentioned above.

The second addendum to Annexure B is a P-75 Raw Material List consisting of 54 items. We find that except the equipments mentioned in Sr. Nos. 2, 3, 10, 14, 18, 19, 25 to 54, all other equipments, except the items mentioned in Sr. No. 24, can be considered to be parts of a warship/submarine., for reasons mentioned above. In Sr. No. 24, the details submitted by the applicant are not very clear because the goods therein are mentioned as 'various specific items machined small equipment.

The third addendum to Annexure B is a P-75 Consumables List consisting of 17 items. We find that none of the items can be considered to be parts of a warship/submarine., for reasons mentioned above.



The fourth addendum to Annexure B is a P-75 Tools & Other List consisting of 98 items. We find that except the equipments mentioned in Sr. Nos. 69 and 70, all other equipments can be considered to be parts of a warship/submarine., for reasons mentioned above.

In the above discussions we have listed a list of items which cannot be considered as a part of a warship/submarine. Other than that all the equipments/tools, etc can be considered as parts of a submarine/warship, without which the same would not be complete and would not exist. These are very integral for the functioning of the submarine/warship. Hence for reasons mentioned above we find that except for the items listed by us above from the Annexure B and Addendums to Annexure B, all other items can be considered as parts of a ship and therefore would be eligible to concessional rate of GST as contended by the applicant.

06. 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- 28/2017-18/B-

84

Mumbai, dt.

11/7/2018

For reasons as discussed in the body of the order, the questions are answered thus -

Question 1:- Whether the expression "Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907" in entry number 252 of the schedule 1 of the Notification No 01/2017-Integrated Tax (Rate) covers specific list of goods attached herewith (Refer Annexure B)?

Answer :- As mentioned in the discussions above only those Annexure B items which are not listed above will be considered as parts of warship falling under 8906 and will be covered under entry number 252 of the schedule 1 of the Notification No 01/2017-Integrated Tax (Rate).

Question 2:- Also, what will be the rate of tax for the specific list of inputs raw materials, parts and consumables etc., purchased or imported for use in manufacture of warship?

Answer :- The items/goods which are considered as parts of warships, in the discussions above will be covered under entry number 252 of the schedule 1 of the Notification No 01/2017-Integrated Tax (Rate) and liable to GST @ 5% (2.5% each under CGST and SGST) and for the other items, the tax rate will be applicable as per the respective Scheduled Entry in which the goods fall.




Question 3:- What procedure is required to be followed with Vendors if rate of tax applicable is as per entry no. 252 of the Schedule I.

Answer :- This question is outside the purview of this Authority.

Question 4:- If the rate of tax applicable to all or any of these items is 5% and if the vendor has charged higher rate of tax, whether the Company would be eligible for input tax credit at 5% or the actual tax paid to the Vendors?

Answer :- This answer is outside the purview of this Authority.



  
B. V. BORHADE  
(MEMBER)

  
PANKAJ KUMAR  
(MEMBER)

Copy to:-

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

**CERTIFIED TRUE COPY**

  
**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.