

 सत्यमेव जयते	RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX KAR BHAWAN, AMBEDKAR CIRCLE, NEAR RAJASTHAN HIGH COURT JAIPUR - 302005 (RAJASTHAN)	
---	---	---

ADVANCE RULING NO. RAJ/AAR/2019-20/02

J.P.Meena Additional Commissioner	: Member (Central Tax)
Hemant Jain Joint Commissioner	: Member (State Tax)
Name and address of the applicant	M/s Laxmi Rubber Industries, H-84, Road No. 5A, : RIICO Bindayaka, Jaipur, Rajasthan 302012
GSTIN of the applicant	08AACFL1715B1ZX
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	: a. Classification of any goods or services or both;
Date of Personal Hearing	: 03.04.2019
Present for the applicant	: Shri Parshant Sharma (Authorised Representatives)
Date of Ruling	: 16.04.2019

Note: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.



The issue raised by M/s Laxmi Rubber Industries, H-84, Road No. 5A, RIICO Bundayaka, Jaipur, Rajasthan 302012 (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a) given as under:

- a. Classification of any goods or services or both;

Further, the applicant being a registered person (GSTIN is 08AACFL1715B1ZX as per the declaration given by him in Form ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.

1. **SUBMISSION AND INTERPRETATION OF THE APPLICANT:**

- a. The applicant is engaged in the business of manufacturing/Trading of rubber parts of sprinkler system & drip irrigation system used in agriculture irrigation. The parts comprise of Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets which are exclusively made for use and to fit only in various types of Sprinkler/drip irrigation system and have no other use. These parts are designed and shaped that these can be used only in sprinkler/drip irrigation equipment.
- b. The Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets are made of Vulcanized Rubber and have no other use. These parts are designed and shaped that these can be used only in sprinkler/drip irrigation equipment.
- c. The manufactured/Traded goods are sold to entities manufacturing sprinkler systems, Sprinkler Parts, Traders and consumers using sprinkler system as a part to be used in their sprinkler/drip irrigation system.



- d. Entry No.195B of Schedule II of notification no.01/2017 dated 28.06.2017 as inserted vide notification no. 06/2018 dated 25.01.2018 covers vide Chapter/heading/Sub- heading/Tariff item 8424 [Sprinklers; drip irrigation system including Laterals] having overall GST @12% (6% CGST and 6%SGST).
- e. Circular number 81/55/2018-GST dt.3151 December, 2018 has been issued as a clarification regarding GST tax rate for Sprinkler and Drip irrigation System including laterals and vide sr.no.4 of the circular it has been stated: "Therefore, the term "sprinklers", in the said entry 195B, covers sprinkler irrigation system. Accordingly, sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate.
- f. In the Circular No.81 it has been stated that lateral and other components would attract 12% GST rate. The HS Code 8424 90 00 covers Parts in the ambit of tariff item 8424.
- g. The notes to Section XVI which covers Chapter 84 vide note no. 1 states that:-

(1) "This section does not cover:

(a) Transmission or conveyor belts or belting, of plastics of chapter 39, or of vulcanized rubber (heading 4010), or other articles of a kind used in machinery or mechanical or electrical appliances or for other technical uses, of vulcanized rubber other than hard rubber (heading 4016):"

The above Note No. 1 excludes from the purview articles of a kind used in machinery or mechanical or electrical appliances or for other technical uses, of vulcanized rubber other than hard rubber (heading 4016).



2. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT

- Considering Note No. 1, 2, 3 of Section XVI and Note No. 2 of Chapter 84, whether based on rules of interpretation of HS codes, the items made of vulcanized rubber like Rubber Ring/GASKET/Seal, Rubber Foot Batten Washer and Rubber Grommets falling under the heading 4016 are taxable as specific rubber items having a GST rate of 18% or as components of sprinkler/Drip irrigation system having a tax rate of 12% under heading 84249000. It is pertinent to note that these items are designed and shaped that these can be used only in sprinkler/drip irrigation equipment and have no other use.

3. PERSONAL HEARING

In the matter personal hearing was granted to the applicant on 03.04.2019 at Room no. 2.29 NCRB, Statue Circle, Jaipur. Shri Parshant Sharma (Authorised Representative) of applicant appeared for PH. During the PH, he reiterated the submissions already made in the application. He further requested that the case may be decided at the earliest.

4. COMMENTS OF THE JURISDICTIONAL OFFICER

The jurisdiction officer (Assistant Commissioner, Circle-I, SGST and Commercial Taxes, Jaipur) has submitted vide letter dated 26.03.2019 that items as mentioned by the applicant fall under the heading 84249000 as components of Sprinkler/Drip irrigation, and should be taxable at the rate of 12%.



5. **FINDINGS, ANALYSIS & CONCLUSION:**

- a. We find that as per submissions, the applicant is engaged in the business of manufacturing/Trading of rubber parts of sprinkler irrigation system & drip irrigation system used in agriculture/irrigation. The parts comprise of Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets which are so designed and shaped that they can only be used in sprinkler/drip irrigation system. Further, the said goods are supplied to the manufacturers of sprinkler irrigation system/drip irrigation system.
- b. We observe that the items as mentioned in submission of applicant are not covered under Chapter 84. The Section Note of Section XVI covering Chapter head 84 excludes the rubber items manufactured by the applicant. The relevant portion of the said section note is as below:-

(1) "This section does not cover:

(a) Transmission or conveyor belts or belting, of plastics of chapter 39, or of vulcanized rubber (heading 4010), or other articles of a kind used in machinery or mechanical or electrical appliances or for other technical uses, of vulcanized rubber other than hard rubber (heading 4016):"

Therefore the items manufactured and supplied by the applicant would fall under chapter heading 4016.

- c. The Entry No. 195B of Schedule II of Notification No.01/2017 dated 28.06.2017, inserted vide Notification No. 06/2018 dated 25.01.2018 is reproduced as below:-





S. No.	Chapter Heading/ Subheading/ g/Tariff Item	Description of Goods	CGST rate
195B	8424	Sprinklers; drip irrigation system including Laterals	6%

- d. A clarification regarding Entry No. 195B of Schedule II of Notification No.01/2017 dated 28.06.2017 was issued vide Circular Number 81/55/2018-GST dated 31st December, 2018.

The relevant portion is as reproduced below:-

4. "Therefore, the term "sprinklers", in the said entry 195B, covers sprinkler irrigation system. Accordingly, sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate.

- e. While going through the Entry No. 195B of Schedule II of Notification No.01/2017 dated 28.06.2017 read with Circular number 81/55/2018-GST dated 31st December, 2018, we observe that the Sprinkler Irrigation System/ drip irrigation system including laterals only will be covered under the said notification and attract GST @12%.
- f. If individual rubber parts of the Sprinkler Irrigation System/ drip irrigation system are supplied separately viz. Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets, will not be covered under Entry No. 195B of Schedule II of Notification No.01/2017 dated 28.06.2017. Even otherwise also rubber parts will be classifiable under chapter heading 4016.



- g. The rubber parts supplied by the applicant viz. Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets are classifiable under Chapter Heading 4016 and attract GST @18% (CGST 9% + SGST9%).

6. In view of the foregoing, we rule as follows:-

RULING

The goods manufactured and supplied by the applicant viz. Rubber Ring/Gasket/Seal, Rubber Foot Batten Washer and Rubber Grommets are classifiable under Chapter Heading 4016 and attract GST @ 18% (CGST 9% + SGST 9%).


J.P. MEENA
Member
(Central Tax) 16/4/19




HEMANT JAIN
Member
(State Tax) 16/4/19

SPEED POST

M/s Laxmi Rubber Industries,
H-84, Road No. 5A,
RIICO Bindayaka, Jaipur,
Rajasthan 302012.

d/c

F.No. AAR/Laxmi-Rubber/2019-20/05-08

Dated: 18-04-2019

Copy to:-

1. Commissioner, SGST & Commercial Taxes, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme-, Jaipur 302005.
2. Commissioner, CGST and Central Excise Jaipur Commissionerate, NCRB, Statue Circle, Jaipur 302005.
3. Assistant Commissioner, Circle-I, SGST and Commercial Taxes, Kar Bhawan, Jhalana, Jhalana Doongri, Jaipur 302005.

