

12% GST on Bellow Ducts: The AAAR, Uttar Pradesh

Fact of the Case

The appellant, M/s Concord Control Systems Private Limited is engaged in supply of "Bellow Duct" made of Meta Aramid or Para Aramid Fabric with Silicon Rubber Coating on both sides for RMPU for LHB EOG/HOG type AC coaches of Indian Railways.

The applicant has sought advance ruling on the issue

- as to the HSN Code and GST Rate on supply of "below Duct" to RDSO Ministry of Railways for use in Indian Railway Coaches and whether the supply of "Bellow Duct" to RDSO Ministry of Railways for use in Indian Railway Coaches will fall under the HSN Code 8607 having GST Rate of 12% or will it fall under the HSN 8424 having GST Rate of 18%.

The AAR ruled that "Bellow Ducts" merits Classification under HSN 8424 Attracting GST at the rate of 18% (CGST 9% & SGST 9%). The supply of "Bellow Ducts" to RDSO Ministry of Railways for use In Indian Railways Coaches will fall under the HSN 8424 having GST Rate of 18%.

The appellant has challenged the ruling on the ground that Bellow Ducts in the instant case are flexible ducts/ conduits through which air flows in the AC Unit of the coaches in the Rails. Bellow Ducts manufactured and supplied by the appellant cannot be used in any other industry and cannot be fitted into any other machinery to form its part other than the Air conditioning unit of the Railways. Whereas Chapter Heading 8424 covers mechanical appliances for dispersing, spraying or projecting only 'liquids or powders' and it does not cover disbursement of Air. Therefore, the goods in the instant case cannot be said to be Industrial Bellows.

Decision of the Case

The Coram of Ajay Dixit and Ministhy S. while setting aside the AAR's order ruled that the classification of the "Bellow Ducts", manufactured as per the specific design and layout provided by the Railways and supplied to the Indian Railways only and no-where else, falls under Chapter Heading 8607 of the Customs Tariff Act, 1975.

The Uttar Pradesh Appellate Authority of Advance Ruling (AAAR) ruled that 12% GST on Bellow Ducts.