

## ***5% GST payable on Supply of Batteries for Use in Warships such as Submarines of Indian Navy: The AAR, Maharashtra***

### **Fact of the Case**

The applicant, M/s. Exide Industries Limited, manufactures and supplies lead-acid storage batteries falling under Chapter 85 of the First Schedule to the Customs Tariff Act 1975.

The applicant has sought an advance ruling on the rate of GST leviable on the supply of batteries for use in warships, specifically submarines, by the Indian Navy. The applicant also seeks applicability of Entry No. 252 of Notification No. 01/2017-Integrated Tax (Rate) for the supply of batteries for use in warships, specifically submarines, to the Indian Navy.

### **Decision of the Case**

The Coram noted that batteries will be considered as parts of vessels falling under heading 8901, 8902, 8904 to 8907, only if they are used in manufacturing goods falling under Tariff Headings 8901, 8902, 8904 to 8907.

The AAR held that the batteries supplied by them for exclusive use in goods falling under heading 8901, 8902, 8904 to 8907 will be taxable at the rate of 5% IGST (2.5% CGST and SGST each). However, it is to reiterate that the benefit of reduced CGST and SGST for such batteries is RULINA only available if the said batteries are used as parts of goods falling under heading 8901, 8902, 8904 to 8907 of the GST Tariff. The benefit of reduced GST rates would not be available in respect of subject batteries supplied for use in goods other than goods of heading 8901, 8902, 8904 to 8907 of the GST Tariff.

“Batteries are essential requirements in the manufacture of submarines and are classified under heading 85 of the GST Tariff and are parts of submarines. Since the subject goods are meant for use in the manufacture of submarines and are supplied for purpose of use or application in the manufacture of goods that are classifiable under Tariff headings 8901, 8902, 8904, 8905, 8906, 8907, the said goods can be considered as parts of a submarine. Entry at Sr. No. 252 covers goods that merit classification under “Any Chapter” of the GST Tariff wherein the description in Sr. No. 252, is “Parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907”. Accordingly, in the present matter, the Subject Goods will be covered under Sr. No.252,” the AAR noted.

***The Maharashtra Authority of Advance Ruling (AAR) ruled that 5% GST payable on the supply of batteries for the use in warships such as submarines of the Indian Navy.***