

Marine vessels' engines of defence department would fall under heading 8906 & taxable at 5%: The AAR, Tamil Nadu

Fact of the Case

The applicant was registered under GST and engaged in importing outboard motors from Japan. It filed an application for advance ruling to determine taxability of marine engines supplied to defence department and other agencies used for patrolling/flood relief and rescue purposes.

Decision of the Case

The Authority for Advance Ruling observed that the applicant would sale engines to defense department and Naval base at Cochin. The vessels would be used by the defence and other agencies for patrol, relief and rescue operations fall under Customs Tariff Heading 8906- Other vessels including warships and lifeboats other than rowing boats. As per entry at Sl. No. 252 of Annexure-I of Notification No. 01/2017-C.T (Rate), dated 28-6-2017, parts of goods of headings 8901, 8902, 8904, 8906, 8907 falling under any chapter of the Customs Tariff attracts GST at 5%.

Therefore, if the marine engines supplied for use as part of vessel falling under tariff heading 8906, which would be used by the department of defence and Naval base for patrol, relief and rescue operations, then such engines as part of such vessels would only attract GST at the rate of 5%.