

12% GST on Sprinklers, Drip Irrigation System including Laterals, PVC Pipes: The AAR, Madhya Pradesh

Fact of the Case

The applicant submitted that for said system i.e. Sprinkler system, drip irrigation system including laterals, P V C Pipes and other components accessories are classified under HSN /chapter sub-heading No. 8424 82 00 of the GST tariff just mentions HSN of 8424. Hence Sprinkler system, drip irrigation system including laterals, P V C Pipes other components and accessories manufactured and supply by the Applicant under Guidelines of Per Drop More Crop (Micro Irrigation) Component of PMKSY issued by Government of India Ministry of Agriculture & Farmers Welfare Department of Agriculture, Cooperation & Farmer Welfare Division of Rain-fed Farming System (RFS) Krishi Bhavan, New Delhi under Notification No 803 New Delhi 21/03.2017. Therefore, GST rate on such products falling under HSN 8424 attracting (6% CGST and 6% SGST) to 12%.

The Applicant believed that the product "sprinkler system, drip irrigation system including laterals, P.V.C. Pipes, other components and accessories" is classified under HSN 8424 and applicable tax rate is 12%, details as per the Notification No.01/2017- Central Tax (Rate) dated 28.06.2017.

The applicant has sought the advance ruling in respect of GST rate on such products.

Decision of the Case

The Coram ruled that laterals/parts used solely or principally with sprinklers or drip irrigation system, which are classifiable under heading 8424, would attract a GST of 12% (6% CGST and 6% SGST), even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading.

The AAR has further clarified that Sprinklers drip irrigation system including laterals (pipes to be used solely with sprinklers/drip irrigation system)/parts to be used solely or principally with sprinklers or irrigation system: as classifiable under chapter heading /tariff item No. 8424 and under entry No.195B of Schedule II of Notification No.01/2017 Central Tax(Rate) dated 28.06.2017 and corresponding notification under SGST as amended shall attract GST rate 12% (6% CGST and 6% SGST) even if supplied separately, However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading.

The Madhya Pradesh Authority of Advance Ruling (AAR) ruled that 12% GST on Sprinklers; drip irrigation system including laterals, and PVC Pipes.