

12% GST on Brush Holder Assembly, Parts, Lead Wires for Locomotives when manufactured as per drawings of Indian Railways: The AAR, Maharashtra

Fact of the Case

The Applicant, M/s. Arco Electro Technologies Pvt. Ltd. is manufacturing and supplying Brush Holder Assembly and Parts, Lead Wires and Insulating Rods for locomotives. The application is with regard to classification of these items and applicable GST rate thereon. Subject goods are supplied to Indian Railways (IR) and other customers who ultimately supply to Indian Railways after assembly of their products.

The subject goods are manufactured as per specification and drawings of Indian Railways. Currently, Brush Holder Assembly (made of non-ferrous castings and are assembled with springs, axles etc) and Lead Wires with fittings (made of specialized Fluonlex Cables designed for Rolling stock and fitted with Terminal Lugs, Tubes) are being classified under HSN Heading 8503 and 8544 respectively and Brush Holder Support Pin / Terminal Support / Brush Holder Arm for Locomotives (Glass Bonded Mica Insulators with steel inserts & machined for fitment in Railway machines) are classified under HSN Heading 8547.

The applicant sought the advance ruling in respect of classification of the Railway parts such as Brush Holder Assembly and parts, Lead Wires for locomotives and Insulating Rods Locomotives manufactured as per the specification and drawings of Indian Railways.

Decision of the Case

The Coram ruled that the products Brush Holder Assembly and parts, Lead Wires and Insulating Rods are to be classified under heading 8607 only when they are manufactured as per the drawings and specifications given to the applicant by the Indian Railways and only when the said goods are used in traction motors meant for Railway locomotives.

The Maharashtra Authority of Advance Ruling (AAR) ruled that 12% GST on Brush Holder Assembly, parts, Lead Wires for locomotives, Insulating Rods Locomotives only when manufactured as per drawings of Indian Railways.