

BEFORE THE AUTHORITY FOR ADVANCE RULING, GOODS AND SERVICES TAX  
PANCHKULA, HARYANA

ADVANCE RULING NO. 3  
(IN APPLICATION NO. 3, dated 27.12.2017)

Coram:

1. Vijay Kumar Singh, Addl. Excise & Taxation Commissioner, Haryana  
(Member)
2. Ms. Sangeeta Karmakar, Joint Commissioner , CGST, Panchkula (Member)

Applicant: M/s Roulunds Braking India (Pvt.) Ltd, Sonipat  
GSTIN: 06AACCRO259F1Z0  
Through Sh. Virender Sachdeva, Deputy Manager (Taxation)

Present : Sh.Pradeep Tayal, Chartered Accountant (POA) for the Applicant

ORDER OF ADVANCE RULING UNDER SECTION 98 OF CENTRAL  
GOODS & SERVICE TAX ACT, 2017 AND HARYANA GOODS &  
SERVICE TAX ACT, 2017

**Vijay Kumar Singh. (Member)**


The applicant's application was examined and admitted on 16.02.2017. The applicant had sought advance ruling for correct classification of their product, i.e., Brake Pad and Auto Parts, whether to fall under ITC HSN 87083000 attracting 28% GST or ITC HSN 6813 attracting 18% GST.

**Report of the Jurisdictional Officer**

The Jurisdictional officer has submitted in his report dated 23.02.2018 that the ITC HSN 6813 attracting 18% GST (9% CGST+9%SGST) is for Frictional Material and articles thereof not mounted for brakes and the ITC HSN 87083000 attracting 28% GST (14% CGST+ 14% SGST) is for Brakes and Servo- Brakes and parts thereof. It has further been reported that the applicant manufactures Brake Pads by pasting frictional material on the sheet metal back plate. The process of pasting this frictional material is by the process called 'mounting'. Since the applicant manufactures Brake Pads by mounting Friction Material on metal sheets, it's manufactured product is not covered by ITC HSN 6813 so as to attract 18% GST. The product, 'Brake Pads' manufactured by the applicant by mounting Friction Material on metal sheets , therefore, is correctly classifiable under ITC HSN 8708 and taxable @ 28%.

**Proceedings of personal hearing**

The applicant was provided a personal hearing for 16.03.2018 when Sh. Jitesh Jain, CFO and Sh. Virender Sachdeva, Dy. Manager (Taxation) of the company alongwith Sh. Pradeep Tayal, C.A. (POA) accompanied by Smt. Suman

  
Vijay Kumar Singh  
Addl. Excise & Taxation Commissioner,  
Haryana, Panchkula

Bansal, C.S. were present. The case was discussed and they were heard in detail. They had no arguments in contradiction to the report of the jurisdictional officer.

During discussions it was noticed that the applicant is a 100% EOU and manufactures 'Brake Pads' for motor vehicles which largely are exported out of India. These present had also produced several shipping bills pertaining to export of their goods during the financial year 2012-13 to 2014-15 where ITC HSN was initially mentioned as 6803 but on their subsequent request dated 17.02.2017, the office of Commissioner of Customs (Export), Tughlakabad, New Delhi, vide letter dated 19.01.2018 had allowed the HSN on these invoices to be corrected and changed to ITC HSN 8708-3000. Similar change was also allowed for correct classification of HSN from 8708-9900 to 8708-3000 in several shipping bills for the stated period. After thorough deliberations the decision was reserved on 21.03.2018 which is being released today.

**DISCUSSIONS AND FINDINGS OF THE AUTHORITY**

To understand the controversy the relevant headings under ITC HS are reproduced below: -

Sr. No.	ITC HSN	Description	Remarks
1.	ITC HS 6813	Friction Material And Articles Thereof (For Example, Sheets, Rolls, Strips, Segments, Discs, Washers, Pads), Not Mounted, For Brakes, For Clutches Or The Like, With A Basis Of Asbestos, Of Other Mineral Substances Or Of Cellulose, Whether Or Not Combined with textile or other materials.	The heading specifically excludes mounted friction material and articles thereof for brakes.
2.	ITC HS 8708	Parts and accessories of motor vehicles of headings 8701 to 8705	
3.	ITC HS 87083000	Brakes and servo-brakes; parts thereof	

As is evident from the above table, the 'Brake Pads' manufactured by the applicant do not qualify under the ITC HSN 6813 since the heading clearly excludes the mounted frictional material and the product of the applicant is a result of frictional material mounted on metal sheets.

Further the HSN heading 8708 classifies parts and accessories of motor vehicles of headings 8701 to 8705 which are in respect of Tractors (other than tractors of the type used on railway platforms), Motor vehicles for transport of 10 over more person, Motor cars and other Motor vehicles principally designed for the transport of person (other than those of headings 8702), including station wagons

*Handwritten signature*  
 Addl. Excise & Taxation Officer, Haridwar  
 Jitendra Kr. Singh  
 Addl. Excise & Taxation Officer, Haridwar



and racing cars, Motor Vehicles for transport of goods and special purpose motor vehicles respectively.

It is further noted that vide notification no. 1/2017-Central Tax (Rate), dated 28.06.2017, as amended from time to time and the corresponding State tax notification no. 35/ST-2, dated 30.06.2017 as amended from time to time, the parts and accessories of motor vehicles of heading 8701 to 8705 (other than specified parts of tractors) as classifiable under HSN 8708 attract 14% CGST & 14% HGST totaling 28% GST.

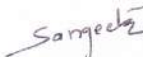
**ADVANCE RULING UNDER SECTION 98 OF THE CGST/HGST ACT, 2017**

In the above backdrop of facts we proceed to pass the following advance ruling on the question of classification of the product i.e. 'Brake Pads' manufactured by the applicant as under:-

***"The Brake Pads, i.e., friction material mounted on metal plate, manufactured by the applicant for motor vehicles of headings 8701 to 8705 (other than specified parts of tractors) are correctly classifiable under HSN 87083000 of the Custom Tariff Act. In view of the notification no. 1/2017-Central Tax (Rate), dated 28.06.2017, as amended from time to time and the corresponding State tax notification no. 35/ST-2, dated 30.06.2017 as amended from time to time, the brake pads for use as brake assembly and its parts thereof for tractors attract 18% GST (9% CGST+9% HGST) and the brake pads manufactured as parts and accessories of motor vehicles of heading 8701 to 8705 (other than tractors) attract 28% GST (14% CGST+14% HGST)."***

Ordered accordingly.  
To be communicated.

26.03.2018  
Panchkula.

  
(Sangeeta Karmakar)  
Member CGST

Regd. AD/Speed Post

M/s Roulunds Braking (India) Pvt. Ltd.,  
Village Livaspur, Kundali,  
Sonapat, Haryana – 131028.

Copy to

1. Deputy Excise & Taxation Commissioner (ST), Sonapat
2. The Assistant Commissioner, Central Tax Division, Sonapat.

  
(Vijay Kumar Singh)  
Member SGST  
*Certified true copy*  
  
Vijay Kr. Singh  
Addl. Excise & Taxation Commissioner,  
Haryana, Panchkula