

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 78/2019**

**Date: 24-09-2019**

Present:

1. Sri. Harish Dharnia,  
Addl. Commissioner of Central Tax . . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.  
Joint Commissioner of Commercial Taxes . . . . Member (State Tax)

1.	Name and address of the applicant	M/s S R Propellers Pvt. Ltd., Plot No.249, Near Mungaru Bus Stop, KIADB Industrial Area, Baikampady. Mangaluru - 575011
2.	GSTIN or User ID	29AAUCS3044D1Z4
3.	Date of filing of Form GST ARA-01	19.03.2019
4.	Represented by	Sri Robim Thaikkatil Jose, Managing Director
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Mangalore Commissionerate, Mangaluru.
6.	Jurisdictional Authority - State	LGSTO-260, Mangaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act 2017 vide CIN VIJB19032900215895 dated 19.03.2019 & Rs.5,000/- under KGST Act 2017 vide CIN VIJB18112900025153 dated 05.11.2018.

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICE TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s S R Propellers Pvt. Ltd., (called as the 'Applicant' hereinafter), Plot No.249, Near Mungaru Bus Stop, KIADB Industrial Area, Baikampady. Mangaluru PIN-575011, having GSTIN number 29AAUCS3044D1Z4, have filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 & KGST Act, 2017 read with Rule 104 of the CGST Rules 2017 & KGST Rules 2017, in FORM GST ARA-01, discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



2. The Applicant is a Private Limited Company and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

*Whether the rate of tax applicable is 5% on commodities such as marine propellers, rudder set, stern tube set, propeller shaft and couplings used only for the purpose of the fishing or floating vessels.*

3. The applicant furnishes some facts relevant to the stated activity:

a. The applicant states that they are into the business of manufacturing of Marine Propellers and accessories and the said products are intended to supply to the fishing sector.

b. The applicant states that they are charging 18% GST on their products and they supply said products on adoption of the following HSN codes in their invoices.

i.	Marine Propeller	8406 10 00
ii.	Rudder Set	7221 00 12
iii.	Shaft	7221 00 12
iv.	Stern Tube Set	7214 91 10
v.	M S Couplings	7214 91 10

c. The applicant states that as their end users are from fishing industry and local fishermen, they are finding it difficult to pay 18% on these products.

d. The applicant states that it is noted that parts of fishing vessels, factory ships and other vessels for processing or preserving fishery products are taxable @ 5% by virtue of entry 252 of Schedule I of Notification No.1/2017-Central Tax(Rate) dated 28.06.2017. Fishing vessels, factory ships and other vessels comes under the HSN Code 8902.

e. The applicant states that their products are meant for fishing/ floating vessels and the products manufactured by their unit are mainly used for the purpose of fishing and allied activities, the applicant is of the opinion that the rate of tax applicable to the products should be made 5% as per entry 247 and 252 of Schedule I of the Central Notification No.1/2017-Central Tax(Rate) dated 28.06.2017.

f. The applicant also states that a similar ruling had been given by the Authority for Advance Ruling, Kerala State in the case of M/s Saraswathi Metal Industries, Alappuzha, Kerala, who also is engaged in the same business activity, vide Order No. CT/5496/18-C3 dated 29.05.2018 to include their products under 5% bracket.

## PERSONAL HEARING: / PROCEEDINGS HELD ON 29.04.2019

4. Sri. Robin Jose, Managing Director and authorized representative of the applicant appeared for personal hearing proceedings held on 29.04.2019 and reiterated the facts narrated in their application.

### 5 FINDINGS & DISCUSSION

5.1 We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by Sri. Robin Jose, Managing Director and authorised representative of the applicant during personal hearing. We also considered the issue involved, on which advance ruling is sought by the applicant, relevant facts & the applicant's interpretation of law.

At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.

5.2 The applicant claims that they manufacture & supply propellers and few accessories meant for fishing sector, specifically for fishing vessels on charging 18% GST at present. They contend that the said products qualify to be parts of fishing vessels, falling under Tariff Heading 8902 and hence they are taxable at 5% GST in terms of entry number 252 of Schedule - I to the Notification No.1/2007-Central Tax (Rate) dated 28.06.2017. The said entry 252 exempts parts of goods of headings 8901, 8902, 8904, 8905, 8906, 8907, irrespective of their classification. Therefore the issue before us to decide is whether the products being manufactured by the applicant qualify to be parts of goods of headings 8902 or not. We proceed to examine the issue.

5.3 Chapter 89 covers ships, boats and floating structures and tariff heading 8902 covers fishing vessels, factory ships & other vessels for processing and preserving fishery products. The said heading includes Trawlers and other fishing vessels. Further, Explanatory Notes to tariff heading 8902 stipulates that the said heading covers all types of fishing vessels designed for commercial fishing at sea or on inland waters and includes trawlers and tuna fishing vessels, but excludes rowing boats for fishing. In the instant case, it is an admitted fact that the applicant manufactures marine propellers and its accessories which are meant for use in fishing sector. The applicant contended that their products are exclusively meant for fishing vessels. However they have not provided any evidence towards exclusive usage of their products. Therefore the products of the applicant become parts of the goods falling under 8901, 8902, 8904, 8905, 8906 & 8907, only when they are meant for the said goods. Hence the concessional rate of GST in terms of entry number 252 of Schedule - I to the Notification No.1/2007-Central Tax (Rate) dated 28.06.2017 would be



applicable to the applicant subject to the condition that their product are used only as parts of goods falling under 8901, 8902, 8904, 8905, 8906 & 8907.


6. In view of the foregoing, we pass the following

**R U L I N G**

The concessional rate of 5% GST in terms of entry number 252 of Schedule I to the Notification NO.01/2017-Central Tax (Rate) dated 28.06.2017 is applicable to the products marine propeller, rudder set, stern tube set, propeller shaft and MS couplings subject to the condition that the said parts form parts of goods falling under 8901, 8902, 8904, 8905, 8906 & 8907.

  
24.09.2019

**(Harish Dharnia)**  
**Member**



**(Dr. Ravi Prasad M.P.)**  
**Member**

Place: Bengaluru,

Date: 24.09.2019

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Mangalore Commissionerate, Mangaluru.
4. The Asst. Commissioner, LGSTO -260, Mangaluru.
5. Office Folder