

MAHARASHTRA AUTHORITY FOR ADVANCE RULING

(constituted under section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri B. V. Borhade, Joint Commissioner of State Tax

(2) Shri Pankaj Kumar, Joint Commissioner of Central Tax

GSTIN Number, if any/ User-id	27AAGCT0679M1ZR
Legal Name of Applicant	TARALTEC SOLUTIONS PRIVATE LIMITED
Registered Address/ Address provided while obtaining user id	176, Udyog Bhavan, Sonawala Road, Goregaon East, Mumbai – 400063
Details of application	GST-ARA, Application No. 47 Dated 27.03.2018
Concerned officer	COMMISSIONERATE MUMBAI EAST, MUMBAI
Nature of activity(s) (proposed / present) in respect of which advance ruling sought	
A Category	Manufacturing
B Description (in brief)	Manufacturing Reactor (Part of Hand Pump) for water Disinfection
Issue/s on which advance ruling required	(i) classification of goods and/or services or both
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as “the CGST Act and MGST Act”] by TARALTEC SOLUTIONS PRIVATE LIMITED, the applicant, seeking an advance ruling in respect of the following questions.

1. Classification of goods (i.e Reactor used in Hand Pump for water disinfection)
2. GST Rate Applicability on reactor machine which is used in Hand Pump for water disinfection

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST 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 provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / MGST Act would be mentioned as being under the “GST Act”.

02. FACTS AND CONTENTION - AS PER THE APPLICANT

The submission (Brief facts of the case), as reproduced verbatim, could be seen thus -
Applicant Company is Manufacturer of Reactor used in Hand pump for Water Disinfection. The Reactor harnesses fluid dynamics & kills microbes in water bore well hand-pump & motorized water lines-eliminating water borne diseases such as diarrhea, cholera & typhoid.
Function of the Product -



The Taraltec Reactor for hand pumps harnesses fluid dynamics and kills microbes in water from bore well hand pump eliminating water borne diseases such as diarrhea, cholera & typhoid.

The Reactor can be easily retrofitted into the India mark 2 model (the most widely used hand pump in the world) within an hour by a local plumber with no special tools. With its nil operational expense and low capital investment, the Taraltec Reactor for hand pumps is ideal for all under-served remote areas. The Reactor once fitted needs no maintenance. There is no need for specialized personnel, nor for separate electricity.

The game-changing technology has a range of other applications. With minimum moving parts, it can be brought online in variable/pulsating fluid flows to create targeted process intensification in a modular way. None of the applications require any maintenance, or specialized personnel for fitting.

Each can be retrofitted into existing setups with minimum pipeline modification, and with no plant stoppage.

In rural areas : The red 'dot' mark on a bore well, added by the authorities, indicates that the water from the bore well has been tested and found to be contaminated and hence condemned.

Often, this is due to improper sanitation and faecal matter penetrating into the underground aquifers. The Taraltec Reactors can take care of this, to above 99% microbe kill.

STATEMENT OF RELEVANT FACTS

Statement of applicants interpretation of law in respect of question raised on which Advance Ruling is sought.

Since applicant's commodity is forming part of Hand Pump it should be classified as HSN No. 8413, 8413 91 as Hand pumps and parts thereof.

03. CONTENTION - AS PER THE CONCERNED OFFICER

The submission, as reproduced verbatim, could be seen thus-

M/s Taraltech Solutions Pvt. Ltd, 176, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063 (here in after referred to as 'the applicant') has filed above detailed application under Section 98 of the Central Goods and Service Tax Act, 2017 read with Rule 104 (1) Of the CGST Rules, 2017 seeking advance ruling on the Classification of goods i.e Reactor used in Hand Pump for water disinfection.

2. The applicant state that they are manufacturers of reactor used in Hand pump for water disinfection. The Reactor harness fluid dynamics & Kills microbes in water bore well hand pump & motorised water lines- eliminating water borne diseases such as diarrhoea, cholera & Typhoid. They further state that their commodity is forming part of Hand pump, it should be classified as HSN No. 8413, 8413 91 as Hand pumps and parts thereof.

3. The scrutiny of the application reveals that the applicant has furnished only the end use of the product. It is settled principle of law that classification of the product cannot be decided solely on the basis of its end use. The details like design, characteristics, nature, functions etc. are essential requirements to decide the classification of the product. It is found that the applicant has not submitted any material / documents like product catalogue, brochure, diagram or any other relevant material to ascertain the nature and functions of the products. In absence of sufficient material, it is not clearly evident whether the product in question are suitable for use solely or principally with the machines falling under Chapter 8413. Applicant has been requested to furnish the product details to ascertain the nature and functions of the product. Authority may also like to direct the applicant to furnish the details as required.

4. As per the Harmonised Systems of Nomenclature (HSN) note - (II) part (Section Note 2) of the Section XVI in general parts which are suitable for use solely or principally with the machines or apparatus are classified under same heading. However, the said Rule does not apply to the parts which in themselves constitute an article covered by headings of the Section XVI, shall be classified in their own appropriate heading even if specially designed to work as part of specific machine. This HSN note particularly applies to heading 8413. Therefore, although catalogue and further details are required, from whatever sketchy details of the product provided by the applicant, it prima facie appears that the product in question will not fall under Chapter Heading 8413 as parts of the Hand Pumps and more appropriately will be covered under Chapter Heading 8419.

5. Hence, the final comments can be given only if the applicants provides the complete information like the catalogue of the product containing the product characteristic, its functions etc.

PRAYER

6. It is prayed that,

i) Since the applicant has not provided vital details essential to determine classification, the application filed may be rejected or it shall not be admitted till the applicant furnishes full facts along with the product catalogue with description/basic characteristic.

ii) Applicant be directed to furnish the details of the product.

Additional Written submissions dated 27.03.2018 made by the department

M/s Taraltech Solutions Pvt. Ltd, 176, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400063 (here in after referred to as 'the applicant') has filed above detailed application under Section 98 of the Central Goods and Service Tax Act, 2017 read with Rule 104 (1) Of the CGST Rules, 2017 seeking advance ruling on the Classification of goods (i.e Reactor used in Hand Pump for water disinfection).

2. The applicant state that they are manufacturers of reactor used in Hand pump for water disinfection. The Reactor harness fluid dynamics & Kills microbes in water bore well hand pump & motorised water lines- eliminating water borne diseases such as diarrhoea, cholera & Typhoid. They further state that their commodity is forming part of Hand pump, it should be classified as HSN No. 8413, 8413 91 as Hand pumps and parts thereof.

3. On scrutiny of the catalogue, designs & write up of the products viz., Reactor submitted by the assessee, the brief nature, characteristics of the said product appears to be as under :-



i) The assessee is engaged in manufacture of 'Reactors', which is essentially used for purification of water being supplied from Hand Pumps. The Reactor is retrofitted on to the 'Bore well Hand pumps'. According to the assessee, the said device requires no spares or consumables.

ii) Working/Principle: The device converts kinetic energy of fluid into millions of targeted micro bubbles each acting as localized reactors. They are packed with extreme heat, pressure and turbulence that release intense energy packets during the collapse of the bubbles. A jet of water flow into the reactor, the resultant shock waves physically kills microbes and deliver the purified water to those drawing it up.

4. In the instant case, the reactors have entirely different function than the water pumps, even if meant to be used with water pumps, the reactors merit classification under Tariff Heading 84212190. The Reactor is altogether a different machine classifiable under CTH 8421 21 90 'purifying machinery and Apparatus, for liquids'. The Reactor can be used in multiple devices including hand pumps. In fact, they do not form part of a Hand Pump. They are a device retrofitted to a Hand Pump to purify the water. The applicant has further stated that other application of the reactor in the pipe line are :

- i) to be fitted for wells, ponds, lakes etc to motorized pipelines.
- ii) to be fitted in buildings along with overhead tank.
- iii) swimming pools/fountains.
- iv) sewage water treatment in townships, hotels, hospitals etc.

From the above, it is felt that the reactors being manufactured are entirely different article having a different purpose and framing them under water pumps will not be correct as they are not meant to be solely used with Hand pumps. It has many other applications. Therefore, it does not appear to be classifiable under Chapter 8413.91 under the category of 'Hand Pumps and parts thereof'.

5. Further, as per HSN Note-(II) part (Section Note 2) of the Section XVI in general parts which are suitable for use solely or principally with the machines or apparatus are classified under same heading. However, the said Rule does not apply to the parts which in themselves constitute an article covered by heading of the Section XVI, shall be classified in their own appropriate heading even if specially designed to work as a part of specific machine. This HSN Note particularly applies to the heading No. 8413.

Thus, it is also evident that, even if the items are specifically designed for Hand Pump, they shall not be classifiable under 8413 91. Therefore, from the HSN, it is clear that parts fitted in pumps has to be classified separately which in themselves constitute an article. In this case it is 'Reactors'.

6. From the description of the product provided by the applicant, the correct position of law is that the 'Reactors' are more appropriately classifiable under Chapter sub heading No. 8421.21.90.

PRAYER

7. It is prayed that,

i) Considering the facts discussed in foregoing paragraphs, the question framed by the applicant may be decided ruling that the 'Reactors' are more appropriately classifiable under Chapter sub heading No. 8421 21 90 attracting CGST of 9% , SGST of 9% and IGST of 18%.

04. HEARING

The case was taken up for preliminary hearing on dt. 18.04.2018, with respect to admission or rejection of the application when Sh. Anjan Mukherjee, Director along with Sh. Sanjay Makhija and Sh. Amit Desai C.A. appeared and requested for admission of application as per their contentions made in ARA. It was requested to them to provide detailed catalogue along with write up with respect to its function and its use to ARA as well as Jurisdictional Officer. The jurisdictional officer, Ms. Anjana Srinivasan, Supt., Mumbai East Commissionerate, appeared and made written submissions.

The application was admitted and final Hearing was held on 05.06.2018, Sh. Anjan Mukherjee, Director along with Sh. Sanjay Makhija and Sh. Amit Desai C.A. appeared and made written and oral submissions. The jurisdictional officer, Ms. Sunita Bhalerao Supt., Mumbai East Commissionerate also appeared and made written submissions.

05. OBSERVATIONS

We have perused the records on file and gone through the facts of the case and the submissions made by the applicant and the department.

The applicant has submitted that they are manufacturers of Reactors which are used in Hand pump for Water Disinfection. The Reactor harnesses fluid dynamics & kills microbes in water from bore well



hand-pump & motorized water lines-eliminating water borne diseases such as diarrhea, cholera & typhoid.

They have further submitted that the Reactor can be easily retrofitted into the India mark 2 model (the most widely used hand pump in the world) with no special tools and is ideal for all under-served remote areas. The Reactor once fitted needs no maintenance, no specialized personnel and no electricity. They have also submitted that each Reactor can be retrofitted into existing setups with minimum pipeline modification, and with no plant stoppage.

Their question is that since the Reactor is forming part of Hand Pump it should be classified under HSN No. 8413, 8413 91 as Hand pumps and parts thereof.

We find that the Reactor manufactured by the applicant is used to purify the water supplied by hand pumps. It may be mentioned here that the main function of a hand pump is to lift water from under the ground and make them available to the public. The hand pump does its work even without the presence of Reactors inside it. Hence it clearly appears that the Reactor is not an essential part of the hand pump. On the basis of the submissions made by the applicant we find that the Reactors have a function which is entirely different from that of a hand pump. Further, a hand pump will be able to deliver water without the Reactor and thus it can easily be seen that the Reactor cannot be considered as a part of the hand pump.

Further, it is observed that the basic function of the Reactor is 'purifying the water' which is different from the function of the hand pump which is 'withdrawal and delivery of water from the underground'. The applicant has also submitted that their Reactor can be used:-

- i) to be fitted to motorized pipelines drawing water from for wells, ponds, lakes etc.
- ii) to be fitted in pipelines extending from and to overhead tanks for supply of water in buildings .
- iii) in pipelines attached to swimming pools/fountains.
- iv) in sewage water treatment in townships, hotels, hospitals etc.

From the submissions made by the applicant it is also observed that the said Reactors are not exclusively used in hand pumps. They are also used with other machinery, and their main function is to purify water.

The applicant has raised the query that their Reactors should be classified under HSN 8413, 8413 91 as hand pumps and parts thereof. It is seen that the said Reactors are an entirely different article which has a different use and purpose than that of a hand pump. The Reactors as supplied by the applicant, even though claimed as meant to be solely used with and in Hand pumps, their existence would not be as a part of the hand pump, but still this Reactor would have an independent existence as that of a water purifier which can be used in other applications for purification of water.

In view of the above, the Reactor does not merit classification under Chapter 8413.91 under the category of 'Hand Pumps and parts thereof'.

Further, as per HSN Note-(II) part (Section Note 2) of the Section XVI in general, parts which are suitable for use solely or principally with the machines or apparatus are classified under same heading. However, the said Rule does not apply to the parts which in themselves constitute an article covered by heading of the Section XVI, which shall be classified in their own appropriate heading even if specially



designed to work as a part of specific machine. This HSN Note particularly applies to the heading No. 8413.

Thus, it is also evident that, even if the present item is specifically designed for Hand Pump, it shall not merit classification under CTH 8413 91. Therefore, from the HSN, it is clear that parts though fitted in hand pumps has to be classified separately as an article in itself. In this case the item 'Reactors' have an independent identity and function which is not solely as part of a hand pump.

From the above discussions we find that Reactors are apparatus/machinery which are used to purify water and as per the submissions made by the applicant, it can be used with various machinery including hand pumps. Hence the arguments of the applicant for considering 'Reactors' as part of Hand Pumps is not tenable and sustainable as Reactors have a use of their own as compared to that of a Hand Pump and thus have an identity of their own. Secondly, from the submissions made by the applicant it appears that Reactors can also be used in various other places like motorized pipelines, in buildings along with overhead tank, in swimming pools/fountains, in sewage water treatment in townships, hotels, hospitals, etc. Thus we find that Reactors have use as water purifier at several places in various pipelines for purification of water and not only in hand pumps. Therefore their claim that their Reactors be treated as parts of hand pumps is not correct.

Now we take up the issue of classification of a Reactor. We reproduce relevant tariff Heading No. 8421.21.90 of the GST Tariff as under:-

8421	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases -	Unit	GST RATES #	GST RATES#	GST RATES#	GST RATES#
			CGST	STATE/U TSGST/U TGST	IGST	Compensation Cess
	<i>---Filtering or purifying machinery and apparatus for liquids :</i>	u	9%	9%	18%	Nil
8421 21	<i>---For filtering or purifying water :</i>	u	9%	9%	18%	Nil
8421 21 10	<i>---Ion exchanger plant or apparatus</i>	u	9%	9%	18%	Nil
8421 21 20	<i>---Household type filters</i>	u	9%	9%	18%	Nil
8421 21 90	<i>---Other</i>	u	9%	9%	18%	Nil
8421 22 00	<i>---for filtering or purifying beverages other than water</i>	u	9%	9%	18%	Nil
8421 23 00	<i>---Oil or petrol-filters for internal combustion engines</i>	u	9%	9%	18%	Nil
8421 29 00	<i>---Other</i>	u	9%	9%	18%	Nil

We find that Reactor, in the case of the applicant is nothing but a filtering or purifying machinery/apparatus for liquids. Apparatus used for filtering or purifying water falls under Heading 8421 21 attracting 9% CGST and SGST each. The Reactor is neither an Ion exchanger plant or apparatus, Household type filter and therefore would fall under the others category i.e. 8421 21 90, thus attracting 9% CGST and SGST each.



In view of the above discussions we find that the Reactor used by the applicant, in handpumps, for purifying water is classifiable under Tariff Heading 8421 21 90 and they are liable to pay CGST and SGST @ 9% each on such product.

06. In view of the extensive deliberations as held hereinabove, we pass an order as follows :

ORDER

(under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 47/2017-18/B- 54 Mumbai, dt. 22/6/2018

For reasons as discussed in the body of the order, the questions are answered thus -


Q.No. 1 : Classification of goods (i.e Reactor used in Hand Pump for water disinfection)

Answer : The Reactors are classifiable under Tariff Heading 8421 21 90 of the GST Tariff.

Q.No. 2 : GST Rate Applicability on reactor machine which is used in Hand Pump for water disinfection

Answer : GST @ 9% each. Tax @ of 9% CGST and 9% SGST is applicable on the present goods.




B. V. BORHADE
(MEMBER)


PANKAJ KUMAR
(MEMBER)

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The chief Commissioner of Central Tax, Churchgate, Mumbai

Note :- An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India building, Nariman Point, Mumbai - 400021

CERTIFIED TRUE COPY


MEMBER
ADVANCE RULING AUTHORITY
MAHARASHTRA STATE, MUMBAI