

**MAHARASHTRA AUTHORITY FOR ADVANCE RULING**

**GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai –10.**

**(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)**

**BEFORE THE BENCH OF**

**(1) Ms. P. Vinitha Sekhar, Additional Commissioner of Central Tax, (Member)**

**(2) Mr. A. A. Chahure, Joint Commissioner of State Tax, (Member)**

|  |  |
|--|--|
| GSTIN Number, if any/ User-id  | 27AAGCA7184G1ZH  |
| Legal Name of Applicant  | <b>A Raymond Fasteners India Pvt. Ltd</b>  |
| Registered Address/Address provided while obtaining user id                        | Gate No. 259, 276/ 8B, Nighoje Chakan, Taluka – Khed, Pune- 410 501.   |
| Details of application   | GST-ARA, Application No. 47 Dated 27.09.2019   |
| Concerned officer  | Division –IV, Chakan, Commissionerate –I. Pune.  |
| Nature of activity(s) (proposed/present) in respect of which advance ruling sought |  |
| A Category   | Factory / Manufacturing , Wholesale Business, Warehouse/Deport   |
| B Description (in brief)   | The Applicant is engaged in the manufacture of industrial clips and fasteners, which are used by the customers in manufacturing of automobiles, gensets, refrigerators, washing machine, sanitary fittings and in the energy sector. |
| 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” respectively ] by M/s. **A Raymond Fasteners India Pvt. Ltd**, the applicant, seeking an advance ruling in respect of the following questions.

- A.1** *Whether Threaded metal nuts which function same as standard nut, merits classification under the Tariff item 7318 16 00 and not under Tariff item 8708 99 00?*
- A.2** *Whether Plastic rivets not only being capable of being used in the fitment of trims on the body of a motor vehicle but in other industries for similar functionality, merits classification under Tariff item 3926 90 99 and not under Tariff item 8708 99 00?*
- A.3** *Whether Quick Adapter not only capable of being used to connect pipes and tubes in the interior of a motor vehicle, but also for similar functionality in other industries, merit classification under the Tariff item 3917 40 00 and not under Tariff item 8708 99 00?*
- A.4** *Whether Plastic pipe clips merits classification under the Tariff item 3926 90 99 and not under the Tariff item 8708 99 00?*
- A.5** *Whether Brackets and Channels merits classification under Tariff item 8708 99 00 despite being “parts of general use” made of plastic, and not under Chapter 39 of the First Schedule?*
- A.6** *Whether Non-Return Valve merits classification under Tariff item 8481 30 00 as it is capable of being used in the internal liquid lines of various machineries and equipment, and not under Tariff item 8708 99 00?*
- A.7** *Whether Metal U Clips merits classification under the Tariff item 7326 90 99 as it is not only capable of being used in the interior or exterior of a motor vehicle to join panels but in other machineries and equipment as well, and not under the Tariff entry 8708 99 00?*
- A.8** *Whether Fasteners and Spoilers merits classification under Tariff item 8708 29 00 which pertains to parts and accessories of the body of a motor vehicle and thus provides the more specific description of the Fasteners and Spoilers, in comparison to Tariff entry 8708 99 00, which pertains to the residual entry under Heading 8708?*





**A.9 Whether Bracket merits classification under Tariff item 8708 99 00 and not under Tariff item 8708 29 00, which pertains to a part or accessory found on the exterior of a motor vehicle.**

**A.10 Whether Steel Washer merits classification under Tariff item 7318 21 00 as it is not only capable of being used in automobiles to prevent damage to plastic parts but in other industries as well, and not under Tariff item 8708 99 00?**

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 any 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 “GST Act” would mean CGST Act and MGST Act.

## **2. FACTS AND CONTENTION – AS PER THE APPLICANT**

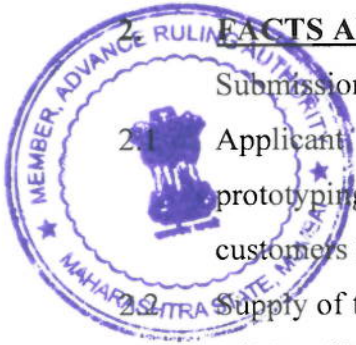
Submissions made by M/s A Raymond Fasteners India Pvt. Ltd., (Applicant) is as under:

2.1 Applicant is involved in developing and manufacturing industrial clips and fasteners, prototyping assembly systems, etc. (referred to as “**the Products**”), which are used by their customers in the manufacture of automobiles, engineering goods, etc.


2.2 Supply of the Products by the Applicant qualifies as a ‘supply’ in terms of the CGST Act, 2017 and is liable to GST.

2.3 The said Products are to be classified in terms of Notification No. 1/ 2017 – C.T. (Rate) dated 28<sup>th</sup> June, 2017 which is the Notification for payment of applicable CGST, and corresponding Notifications of MGST and IGST.

2.4 Explanation (iii) and (iv) of the Classification Notification establishes a link between the Classification Notification and Customs Tariff Act, 1975 (“**CTA**”) and in terms of the same, classification of goods in the GST regime is to be done in tandem with the CTA, and the rules for interpretation of the First Schedule of the CTA, along with the Section Notes. Chapter Notes and General Explanatory Notes would also be applicable to classification of goods post the introduction of GST.



- 2.5 The applicant has stated that certain Section Notes and Sections of the CTA are relevant in this case and have reproduced Section Note 2 and 3 to Section XVII and Section Note 2 to Section XV.
- 2.6 Applicant has also submitted that, to determine the correct classification of a product, it is necessary to consider the General Rules for Interpretation in addition to the Section Notes and Chapter Notes of First Schedule and they have reproduced the provisions of Rule 3(a) of the General Rules for interpretation.
- 2.7 Applicant has further discussed all the products, classification which is required by them. The products discussed by them are : Metal Nuts with Metrical Thread, Metal Nuts without Metrical Thread and Metal Spring Nuts ; Plastic Rivets ; Adaptor for plastic pipe ; Plastic Pipe Clips ; Plastic Brackets, Plastic Cable Channels ; Non – Return Valve ; Metal U Clips ; Moulding Fasteners, Spoiler Lips ; Bracket (Metal Assemblies) and Stainless Steel Washer. Applicant has also presented a table showing the likely classifications for each Product mentioned above as under:-



| Sr. No. | Product   | Option 1   | Option 2   |
|---------|---|------------|------------|
| a.      | Metal Nuts with Metrical Thread, Metal Nuts without Metrical Thread and Metal Spring Nuts | 7318 16 00 | 8708 99 00 |
| b.      | Plastic Rivets  | 3926 90 99 | 8708 99 00 |
| c.      | Adaptor for plastic pipe  | 3917 40 00 | 8708 99 00 |
| d.      | Plastic Pipe Clips  | 3926 90 99 | 8708 99 00 |
| e.      | Plastic Brackets, Plastic Cable Channels  | 8708 99 00 | 3917       |
| f.      | Non – Return Valve  | 8481 30 00 | 8708 99 00 |
| g.      | Metal U Clips   | 8305 90 20 | 8708 99 00 |
| h.      | Moulding Fasteners, Spoiler Lips  | 8708 29 00 | 8708 99 00 |
| i.      | Bracket (Metal Assemblies)  | 8708 99 00 | 8708 29 00 |
| j.      | Stainless Steel (Metal)   | 7220 20 90 | 8708 99 00 |



**03. CONTENTION – AS PER THE JURISDICTIONAL OFFICER:**

In this regard submission made by the jurisdictional officer is as under:-

3.1 Applicant is a manufacturer of automobile parts, many of which also happen to be parts capable of being used for general purposes. However, as the customers of the applicant are automobile/ auto part manufacturers, there should not be any ambiguity about the classification of the products which are to be used by automobile/auto part manufacturers. Even though it appears that because of the exclusive use of all their products in automobiles, these parts merit classification under the heading 8708, part wise comments are provided on the basis of the Rules for interpretation, section notes and explanatory notes.

3.2 As per the detailed comments and reasoning, the jurisdictional officer has classified the said products as under:-

**3.2.1 Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts:** In view of the specific exclusion of parts of general use as defined in Note

2 to Section XV, of base metal (Section XV) and also note 3 ibid, it appears that the item "Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts" merits classification under the heading 73181600, in view of its general use and apparent lack of tailor made requirement. However, if all the clearances are to automobile/auto part manufacturers, the classification should be under the appropriate sub-heading of 8708.

3.2.2 **Plastic Rivet:** "Plastic Rivet" merits classification under the heading 39269099 since such Rivets are tailor made, with specific use and applications at specific locations. Such Rivets cannot be called as General Use items and have to be manufactured as per the customer's specific requirement. Hence, it is felt that such "Plastic Rivets" meant for specific use, which in this case is for automobiles, and on the body, merit classification under the heading 87082900.

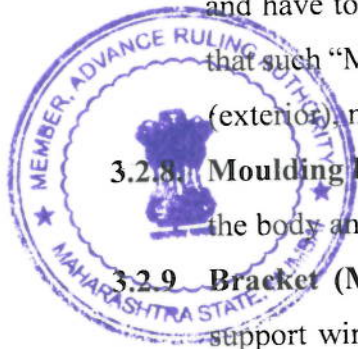
3.2.3 **Adaptor for plastic pipe:** Adaptor cannot be manufactured without specific requirements in terms of use. Hence, the applicant product has to be tailor made. By their own admission, it has to be classified under the heading **87089900**, which appears to be the appropriate heading in view of the specific end use.



- 3.2.4. Plastics Pipe Clips:** It appears that "Plastics Pipe Clips" merits classification under the heading 39269099, in view of its general use and apparent lack of tailor made requirement.
- 3.2.5 Plastics Brackets, Plastic Cable Channels:** By applicant's own admission, the said part is tailor made to suit a vehicle's requirement. Hence, it merits classification under the heading 87089900.
- 3.2.6 NON-RETURN VALVE:** This part cannot be classified under 84813000, and it merits classification under the heading 87089900, as by applicant's own admission, it is used only in automobiles.
- 3.2.7 METAL U CLIPS:** Even though in view of the specific exclusion of parts of general (use as defined in Note 3 to Section XV, the item "METAL U CLIPS" merit classification under the heading 83059020, it is felt, on the basis of the applicant's submission, that these clips have specific functions like holding specific parts and that such CLIPS are custom made to perform specific functions. Such CLIPS cannot be called as General Use items and have to be manufactured as per the customer's specific requirement. Hence, it is felt that such "METAL U CLIPS." meant for specific use, which in this case is for automobiles (exterior), merit classification under the heading 87082900.
- 3.2.8. Moulding Fasteners, Spoiler Lips:** As explained by the applicant, these parts are parts of the body and hence, merit classification under the heading 87082900.
- 3.2.9 Bracket (Metal Assemblies):** As per the applicant's submission, this part is used to support wiring harness and pipes in the engine compartment of the vehicle. Hence, this part seems to merit classification under the heading 87089900.
- 3.2.10 Stainless Steel (Metal):** Stainless Steel (Metal)" merits classification under the heading 72202090, in view of its general use and apparent lack of tailor made requirement.
- 3.3** Recommendations/suggestions are provided on the basis of information provided by applicant. However, if customers of the applicant are exclusively automobile or auto part manufacturers, then all products manufactured by them should be classified under the appropriate sub-heading of 8708.

#### **04. HEARING**

Preliminary hearing in the matter was held on 10.12.2019. Shri Abhinay Kapoor, Advocate appeared and requested for admission of the application. Jurisdictional Officer Shri P. S.





Patil, Deputy Commissioner, CGST, Division-IV, Chakan, Pune also appeared and made written submissions.

The application was admitted and called for final hearing on 06.02.2020. Shri Abhinay Kapoor, Advocate appeared made oral and written submissions. Jurisdictional Officer Shri Jayant Mandlik, Supdt., appeared and made written submissions. We heard both the sides.

**05. DISCUSSIONS AND FINDINGS:**

We have gone through the facts of the case, documents on record and submissions made by both, the applicant as well as the jurisdictional officer. The issue before us is in respect of classification of around 10 products being manufactured by the applicant.

5.1 We find that the applicant is a registered person under GST Act and involved in the developing and manufacturing of various types of fasteners and other accessories for a variety of industries. Applicant is engaged in the manufacture of, amongst others, industrial clip fasteners and prototyping assembly systems, which are primarily used in automobiles. Products manufactured by the Applicant are supplied locally, typically to businesses which are registered under GST Act all over India.

5.2 Applicant, vide the subject application have asked for clarification with respect to classification of certain products manufactured and supplied by them like industrial clips and fasteners, etc., which are used by their customers in manufacturing of automobiles, engineering goods, etc., and also used in manufacturing by the energy sector.

5.3 The application was admitted on the basis of oral contentions and written submissions made by both, the applicant as well as the jurisdictional officer. We find that the applicant has raised multiple questions requesting for classification of many products which cannot be clubbed into one single category.

5.4 We therefore make reference to the order passed by the Hon'ble Appellate Authority for Advance Ruling under GST, West Bengal, in respect of appeal filed by M/s Akansha Hair and Skin Care Herbal Unit Private Limited, against the order pronounced by the West Bengal Authority for Advance Ruling [2018 (12) G. S. T. L. 214 (A.A.R.-GST)].

5.4.1 In the said case, the applicant, a manufacturer of skin care preparations, had filed an application for Advance Ruling before the West Bengal Advance Ruling Authority



requesting for a Ruling in respect of classification of 33 of its products, against which an order was passed by the Hon'ble Bench.

5.4.2 Being aggrieved by the order passed by the West Bengal Advance Ruling Authority, the said applicant filed an appeal before the Hon'ble Appellate Authority for Advance Ruling under GST, West Bengal and the same was decided by the said authority.

5.4.3 However, the Appellate Authority in para no. 5 of its order observed as under:-

*5. We observe that Advance Ruling has been sought by the Appellant for 33 different products, each with different ingredients and different uses. It is not that the products listed can be clubbed into one single category to pass a Ruling. Instead, each product has to be taken up separately and considered carefully.*

*The Appellant should have applied for each product individually since classification is sought for each individual product.*

*Authority for Advance Ruling is cautioned against accepting similar applications in future where multiple products are covered in a single application.*

5.5 In view of the said observations of the Appellate Authority for Advance Ruling under GST, West Bengal we do not take up all the products listed in the subject application for discussion. We shall take up applicant's query only with respect to the first question pertaining to classification of the product 'Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts'.

5.6 The applicant has explained in brief the manufacturing procedure of "Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts" and stated that the said Nuts have multiple uses. It is also submitted that the Applicant supplies these products to various industries, other than the automobile industry. The applicant has also submitted that said products are essentially similar to standard nuts and may be used in the interior or exterior of a motor vehicle, by the Energy Sector (specifically in Solar energy equipment) and in Electronic Goods.

5.6.1 The applicant has referred to various Section Notes of the First Schedule of the CTA and has also cited case laws in support of their contention that the said products are required to be classified under Tariff item 73181600 of the CTA, despite being capable of being used in the exterior or interior of a motor vehicle.



5.6.2 The jurisdictional officer has agreed with the contention of the applicant that the said products are required to be classified under Tariff item 7318 16 00 of the CTA, but has also submitted that if all the clearances are made to automobile/auto part manufacturers, then the classification should be under the appropriate sub-heading of 8708.

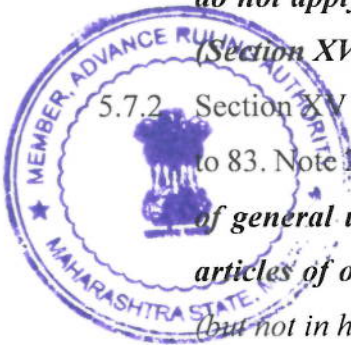
5.7 Section XVII (Vehicles, Aircraft, Vessels and Associated Transport Equipment) of the GST Tariff covers products falling under Chapters 86 to 89. As per **Section Note 3 to Section XVII References in Chapters 86 to 88 to “parts” or “accessories” do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part or accessory.**

5.7.1 Note 2(b) to Section XVII states that **The expressions “parts” and “parts and accessories” do not apply to Parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV).**

5.7.2 Section XV covers Base Metals and Articles of Base Metals and comprises of Chapters 72 to 83. Note 2(a) to Section XV states that **Throughout this Schedule, the expression “parts of general use” means articles of heading 7307, 7312, 7315, 7317 or 7318 and similar articles of other base metal. Note 2 further states that in Chapters 73 to 76 and 78 to 82 (but not in heading 7315) references to parts of goods do not include references to parts of general use as defined above.**

5.8 We find that Chapter Sub-Heading 7318 of the GST Tariff Act, covers **Screw, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel.** ‘Nuts’ are seen to be covered under Chapter S H 7318. This Chapter covers both, Threaded and Non-threaded Articles and Threaded Nuts are covered under Tariff Item 7318 16 00.

5.9 We have already reproduced Note 2(b) to Section XVII and as per the said Note, the expressions “parts” and “parts and accessories” do not apply to parts of general use, as defined in Note 2 to Section XV. We have no doubt that the subject products under discussion i.e. Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts are different types of Nuts and can be considered as parts of general use because they can be used in a variety of goods including electronic goods, in the energy



sector, etc as, stated by the applicant. Explanatory Note to Heading 7318 of the Harmonised System of Nomenclature (“**HSN Explanatory Notes**”) is reproduced below and states that: “*Bolts and nuts (including bolt ends), screw studs and other screws for metal, whether or not threaded or tapped, screws for wood and coach-screws are threaded (in the finished state) and are used to assemble or fasten goods so that they can readily be disassembled without damage.*”

....

*Nuts are metal pieces designed to hold the corresponding bolts in place. They are usually tapped throughout but are sometimes blind. The heading includes wing nuts, butterfly nuts, etc. Lock nuts (usually thinner and castellated) are sometimes used with bolts.”*

5.10 We therefore come to a conclusion that the subject products are covered under Chapter 7318 16 00. Now, since the applicant is also selling these products to vehicle manufactures, we will discuss their classification vis-a-vis Chapter 8708 (Parts and accessories of the motor vehicles of headings 8701 to 8705). Here Section Note 2 (b) clearly states that the expressions “parts” and “parts and accessories” do not apply to parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV). Thus it is clear that the subject goods which, in our opinion, are parts of general use, are barred from being considered as parts and accessories of motor vehicles.

5.11 In view of the above, we agree with both, the applicant as well as the jurisdictional officer that the subject goods namely, ‘Metal Nuts with metrical threads, Metal Nuts without metrical threads and Metal Spring Nuts’ should be classified under Chap.7318 16 00 since the said goods are being supplied to be used in many fields including electronic goods, solar energy and vehicles.

06. In view of the above discussions, 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- 47/2019-20/B- 33 Mumbai, dt. 17/03/2020

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

*Q.No. A1:-Whether Threaded metal nuts which function same as standard nut, merits classification under the Tariff item 7318 16 00 & not under Tariff item 8708 99 00?*

*Answer :- In view of the discussions made above, Threaded metal nuts merits classification under the Tariff item 7318 16 00.*



*A.A.*  
A. A. CHAHURE  
(MEMBER)

*P.V.*  
P. VINITHA SEKHAR  
(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
5. Joint Commissioner of State Tax, Mahavikas for Website.

**CERTIFIED TRUE COPY**

*A.A.*  
**MEMBER  
ADVANCE RULING AUTHORITY  
MAHARASHTRA STATE, 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, 15<sup>th</sup> floor, Air India Building, Nariman Point, Mumbai – 400021.