

TAMILNADU ADVANCE RULING AUTHORITY
PAPJM Buildings, IstFloor, No.1, Greams Road, Chennai-600 006.

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF
THE GOODS AND SERVICES TAX ACT 2017.**

Members present are:

1. Ms. Manasa Gangotri Kata, IRS Joint Commissioner/Member,
Office of the Commissioner of GST & Central Excise, Chennai.

And

2.Thiru KurinjiSelvaan V.S., M.Sc., (Agri.), M.B.A.,
Joint Commissioner (ST) / Member
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-6

ORDER No. 23/ARA/2019 Dated 22.05.2019

GSTIN Number, if any / User id	33AADCR6650F1ZJ
Legal Name of Applicant	M/s. Rossi Gear motors India Private Limited
Trade Name of the Applicant	M/s. Rossi Gear motors India Private Limited
Registered Address / Address provided while obtaining user id	No. 256, Trichy Road, Kannampalayam, Coimbatore - 641 402.
Details of Application	GST ARA - 001 Application SI.No. 50 dated: 11.10.2018.
Concerned Officer	State :The Assistant Commissioner (ST), Tiruppur Central - II Assessment Circle Commercial Taxes Building, Tiruppur Kumaran Road, Tiruppur -638 601. Centre : Coimbatore Commissionarate, Division: Tiruppur
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for	
A Category	Manufacturing.
B Description (in brief)	The Applicant is a manufacturer of Gearboxes and Gear reducers. These Gearboxes are assembled by the Applicant with the Electrical
	Gearboxes and Electric Motors are coupled

imported from their related party. Gear reducers or gear boxes are imported from their related party. Both are assembled in India by the applicant depending on the specifications given by their buyers. Gear motor is a single unit consisting of gear box and electric motor, coupled and integrated.

Customs Tariff Heading 8483 of Customs Tariff Act 1975, reads as follows:

8483	TRANSMISSION SHAFTS (INCLUDING CAM SHAFTS AND CRANK SHAFTS) AND CRANKS; BEARING HOUSINGS AND PLAIN SHAFT BEARINGS; GEARS AND GEARING; BALL OR ROLLER SCREWS; GEAR BOXES AND OTHER SPEED CHANGERS, INCLUDING TORQUE CONVERTERS; FLYWHEELS AND PULLEYS, INCLUDING PULLEY BLOCKS; CLUTCHES AND SHAFT COUPLINGS			
	(INCLUDING UNIVERSAL JOINTS)			
8483 10	-	<i>Transmission shafts (including cam shafts and crank shafts) and cranks :</i>		
8483 10 10	---	Crank shafts for sewing machines	u	7.5%
	---	<i>Other :</i>		
8483 10 91	----	Crank shaft for engines of heading 8407	u	15%
8483 10 92	----	Crank shaft for engines of heading 8408	u	15%
8483 10 99	----	Other	u	7.5%
8483 20 00	-	Bearing housings, incorporating ball or roller bearings	u	7.5%
8483 30 00	-	Bearing housings, not incorporating ball or roller bearings; plain shaft bearings	u	7.5%
8483 40 00	-	Gears and gearing, other than toothed wheels, chain sprockets and other transmission elements presented separately; ball or roller screws; gear boxes and other speed changers, including torque converters	u	7.5%
8483 50	-	<i>Flywheels and pulleys, including pulley blocks:</i>		
8483 50 10	---	Pulleys, power transmission	u	7.5%
8483 50 90	---	Other	u	7.5%
8483 60	-	<i>Clutches and shaft couplings (including universal joints):</i>		
8483 60 10	---	Flexible coupling	u	7.5%
8483 60 20	---	Fluid coupling	u	7.5%
8483 60 90	---	Other	u	7.5%
8483 90 00	-	Toothed wheels, chain sprockets and other transmission elements presented separately; parts	u	7.5%

The Explanatory Notes for 'Gear Boxes and other Speed Changers, including Torque Converters' under Tariff Heading 8483 of the Harmonised System of Nomenclature provides as follows :-

**(E) GEAR BOXES AND OTHER SPEED CHANGERS,
INCLUDING TORQUE CONVERTERS**

These provide a range of speeds which can be varied, either by hand or automatically, according to the requirements of the machine. They include, *inter alia* :

arrangements; the speed of transmission can thus be varied according to the arrangement of gears set.

.....
The heading **does not cover** gear boxes or other variable speed changers combined with a motor; these are classified in the same heading as the motor.

It is seen from the above that gear boxes of all kinds are classifiable under Tariff heading 8483. The Explanatory Notes to 8483 clearly specify that this heading does not cover gear boxes combined with a motor and they are to be classified in the same heading as motor.

7.2 Customs Tariff Heading 8501 reads as follows:

8501	ELECTRIC MOTORS AND GENERATORS (EXCLUDING GENERATING SETS)
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The Explanatory Notes for 'Electric Motors' under Tariff Heading 8501 of the Harmonised System of Nomenclature, inter alia, provides as follows :-

(I) ELECTRIC MOTORS

Electric motors are machines for transforming electrical energy into mechanical power. This group includes rotary motors and linear motors.

.....
With the **exception** of starter motors for internal combustion engines (**heading 85.11**), the heading covers electric motors of all types from low power motors for use in instruments, clocks, time switches, sewing machines, toys, etc., up to large powerful motors for rolling mills, etc.

Motors remain classified here even when they are equipped with pulleys, with gears or gear boxes, or with a flexible shaft for operating hand tools.

It seen from the above that electric motors of all kinds are classifiable under tariff heading 8501 and as per explanatory notes they remain classified here even when they are combined with gears or gear boxes.

7.3 Section Notes 3 to 5 of Section XVI covering chapter 84 and 85 of the First Schedule to the Customs Tariff Act 1975 states:

"3. Unless the context otherwise requires, composite machines consisting of two or more machines fitted together to form a whole and other machines designed for the purpose of performing two or more complementary or alternative functions are to be classified as if consisting only of their component or as being that machine which performs the principal function".

4. *Where a machine (including a combination of machines) consists of individual components (Whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function”.*

5. *For the purposes of these Notes, the expression “machine” means any machine, machinery, plant, equipment, apparatus or appliance cited in the headings of Chapter 84 or 85”.*

It is seen from the above that composite machines with individual components intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function and are to be classified as being that machine which performs the principal function.

In the case at hand, Gear Reducers or gearboxes are used to increase torque while reducing the speed of a prime mover output shaft. The electric motor is an electrical machine that converts electrical energy into mechanical energy. The applicant is supplying Gear motor which is a single component that integrates a gear reducer with an electric motor. It is a transmission machine in a power transmission system, which provides controlled application of the power i.e Gear motors can deliver high torque at low horsepower or low speed. In this instance geared motors combine two machines gearboxes and electric motors to provide the function of converting electrical energy to mechanical energy in a controlled manner giving control over the torque generated in moving any attached transmission shaft. Therefore, the principal function is the conversion of electrical to mechanical energy as per Section Notes 3 and 4 of Section XVI. This is also supported by HSN Explanatory Notes to Chapter 8483 and 8501. The Explanatory notes of Chapter heading 8483 specifically excludes ‘gear boxes or other variable speed changers, combined with a motor’ and is stated that such products are to be classified in the same heading as ‘Motor’. Further, the Explanatory notes to Chapter 8501 specifically states that ‘Motors remain classified here even when they are equipped with gears or gear boxes...’ In the purchase order and sale invoice of the applicant it is seen that the supply is a geared motor which is a single supply and not two individual supply of gear boxes and electric motors. They are fitted together, assembled and supplied by the applicant. Therefore, this is not a mixed supply as claimed by the applicant. In view of the above. we hold that the ‘Gear Motor’ is rightly to be classified under CTH 8501.

8. The next question on which advance ruling sought is 'Whether the gear motors can be considered as 'gears' and 'gearings'. The applicant has not elaborated the question. From the submissions it is inferred that 'gears and gearings' without motors are mentioned as 'Gears and gearings' while gearbox with motor are termed as 'Gear motors'. However, Section 97(2) of the CGST Act / Tamil Nadu GST Act (TNGST) which gives the scope of Advance Ruling Authority, i.e., the question on which the Advance Ruling can be sought is reproduced as under:

97 (2) The question on which the advance ruling is sought under this Act, shall be in respect of,—

- (a) classification of any goods or services or both;*
- (b) applicability of a notification issued under the provisions of this Act;*
- (c) determination of time and value of supply of goods or services or both;*
- (d) admissibility of input tax credit of tax paid or deemed to have been paid;*
- (e) determination of the liability to pay tax on any goods or services or both;*
- (f) whether applicant is required to be registered;*
- (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.*

The Act limits the Advance Ruling Authority to decide the issues earmarked for it under Section 97(2) and no other issue can be decided by the Advance Ruling Authority. The question raised does not fit in any of the clauses (a) to (g) above and therefore not answered for the reason not within the ambit of this authority.

9. The last question raised is whether the rate of CGST/SGST as per Notification No. 1/2017- CT (Rates) and GO (Ms) No: 62 dated 29.06.2017 is.

- (a) 9% as per Schedule – III (Sl.No:372); (OR) (b) 9% as per Schedule – III (Sl.No:369A); (OR) (c) 14% as per Schedule – IV (Sl.No:135)".

As discussed in Para 7 above, the 'Gear motors' are classifiable under CTH 8501. The entry at Sl.No. 372 of Notification No. 1/2017- CT (Rates) and Notification No. II (2)/CTR/532(d-4)/2017 vide G.O. (Ms) No. 62 dated 29.06.2017 is given below:

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
372.	8501	Electric motors and generators (excluding generating sets)


Therefore the rate applicable to 'Gear motors' classifiable under CTH 8501 is 9% CGST/SGST as per Sl no 372 of Schedule III of Notification No. 01/2017-CT(Rate)

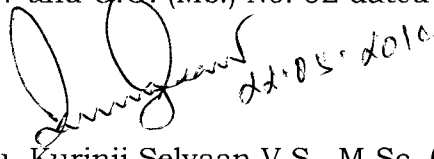
dated 28.06.2017 and Notification No. II (2)/CTR/532(d-4)/2017 vide G.O. (Ms) No. 62 dated 29.06.2017 as amended.

10. In view of the foregoing, we rule as under –

RULING

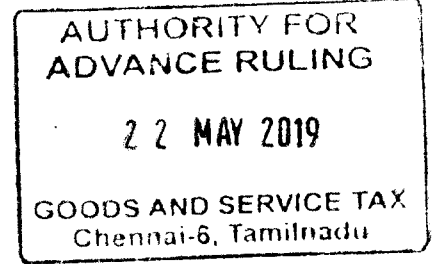
- (i) The 'Gear Motors' supplied by the applicant are to be classified under CTH 8501.
- (ii) The Question whether the gear motors can be considered as gears and gearings is not answered under Section 98(2) of the Act as not covered under the purview of section 97(2) of the Act
- (iii) The rate of CGST/SGST applicable on the 'Gear motors' is 9% CGST & 9% SGST as per sl.No. 372 of Schedule-III of Notification No 01/2017-C.T. (Rate) dated 28.06.2017 and G.O. (Ms.) No. 62 dated 29.06.2017.


Ms. Manasa Gangotri Kata, IRS
Member, CGST


Thiru. Kurinji Selvaan.V.S., M.Sc.,(Agri.), M.B.A.,
Member, TNGST

To

M/s. Rossi Gearmotors India Private Limited /By SPAD/
No. 256, Trichy Road,
Kannampalayam, Coimbatore - 641402.



Copy submitted to :-

1. The Additional Chief Secretary / Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai – 600 005.
2. The Principal Chief Commissioner of CGST & Central Excise,
No. 26/1, Uthamar Mahatma Gandhi Road, Nungambakkam,
Chennai – 600 034.

Copy to:

3. The Commissioner of GST & C.Ex., Coimbatore Commissionerate.
6/7, A.T.D. Street, Race Course, Coimbatore – 641 018.
4. The Assistant Commissioner (ST),
Tiruppur Central – II Assessment Circle
Commercial Taxes Building,
TirupurKumaran Road, Tirupur – 638 601.
5. Master File / spare – 1.