

**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 90 / 2019

Date : 26-09-2019

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 Sagas Autotec Pvt. Ltd., No.230, Sharada Complex, 1 st Main, Gokulam 2 nd Stage, Mysuru - 570 002
2.	GSTIN or User ID	29AAFCS4855B1ZA
3.	Date of filing of Form GST ARA-01	12.03.2019
4.	Represented by	Sri Sandeep Shamanur, Managing Director
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Mysore Commissionerate, Mysuru.
6.	Jurisdictional Authority - State	LGSTO- 200, Mysuru.
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 SBIN19032900077850 dated 13.03.2019 & Rs.5,000/- under KGST Act 2017 vide CIN SBIN18112900317546 dated 23.11.2018

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

1. M/s Sagas Auto Tec Pvt. Ltd., (called as the 'Applicant' hereinafter), having GSTIN number 29AAFCS4855B1ZA, has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 and Section 97 of the KGST Act, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000-00 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 classification of LPG Conversion Kit for Automobiles.



3. The applicant furnishes some facts relevant to the stated activity:
- a. The applicant states that they are into the business of supplying LPG Conversion Kits which can be fitted to the Petrol and Diesel Vehicles to convert them to run with LPG.
 - b. The applicant states that Conversion Kit involves all the components for a Petrol run vehicle to run on LPG or CNG as the case may be, such as Cylinder, Valves, Pressure Regulators, Hose, Flow Control Systems, Level Indication, Bi-fuel operation change over system, nuts, bolts, fabrication items, etc.
 - c. The applicant manufactures LPG and CNG conversion kits, which will be retrofitted on to the in-use vehicles and as per Rule 26 of the Central Motor Vehicles Rules, these products are to be approved by any one of the testing agency.
 - d. The applicant states that it is mandatory to fit the complete set of parts on to the vehicle before its use with CNG or LPG.
 - e. The applicant states that there is no separate HSN code for CNG / LPG conversion kits. The CNG / LPG conversion kits cannot be without cylinder and LPG / CNG cylinder is of no use without other parts of the conversion kits. The HSN Code for CNG Cylinder is 7311 00 30 and the HS Code for LPG Cylinder is 7311 00 10.
 - f. The applicant states that since there is no HS Code for LPG and CNG Cylinder, LPG / CNG Conversion kit is part of LPG/CNG cylinder can be used for billing LPG / CNG conversion kits.

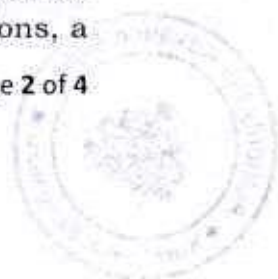
PERSONAL HEARING: / PROCEEDINGS HELD ON 27.03.2019

4. Sri. Sandeep S P, Managing Director of the applicant company appeared for personal hearing proceedings held on 27.03.2019 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. Sandeep S P, Managing Director of the applicant company 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.

5.2 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.

5.3 The applicant seeks advance ruling on the classification of their product "LPG Conversion Kit for Automobiles". The applicant is supplying the auto gas conversion kits which enables the petrol or diesel vehicles to run on Gas i.e. LPG or CNG. The "Conversion Kit" consists all the components for a Petrol run vehicle to run on LPG or CNG as the case may be, such as Cylinder, Valves, Pressure Regulators, Hose, Flow Control Systems, Level Indication, Bi-fuel operation change over system, nuts, bolts, fabrication items, etc. The applicant submitted that all the parts from cylinder to gas air mixer put together is called as LPG/CNG Conversion Kit. Now we proceed to examine the classification of the said product.

5.4 The applicant submitted that their product LPG/CNG conversion kit has not been classified separately under any specific tariff heading and hence they classify the said product on consideration of the same as LPG/CNG cylinder, for the reason that cylinder is part of the said conversion kit and also as the cylinder & kit are mutually dependent. They are classifying LPG cylinder under tariff heading 7311 0010 and CNG cylinder under heading 7311 0030. In this context the applicant sought for the advance ruling for classification of the said kit.

5.5 The LPG/CNG conversion kit is an apparatus / part that provides alternate fuel into the internal combustion engines of and hence can be considered as parts of said internal combustion engines, which are parts of motor vehicles. Tariff heading 8407 covers spark-ignition reciprocating or rotary internal combustion piston engines; tariff heading 8408 covers compression-ignition internal combustion piston engines (diesel or semi-diesel engines) and tariff heading 8409 covers parts suitable for use solely or principally with the engines of heading 8407 or 8408. In the instant case the product conversion kit is specific to a particular engine i.e. auto rickshaw (three wheeler). Therefore it could be considered that the impugned kit is a part suitable for use solely or principally with engines of auto rickshaw, which falls under tariff heading 8407 or 8408.

5.6 The Tariff Heading 8409 of the Chapter 84 of the Customs Tariff Act 1975 reads as under:

8409	Parts suitable for use solely or principally with the engines of heading 8407 or 8408
8409 10 00	- For aircraft engines
	- Other :
8409 91	-- Suitable for use solely or principally with spark ignition internal combustion piston engines:
	--- Valves, inlet and exhaust, piston, piston rings, piston assemblies
8409 91 20	--- Fuel injection equipment excluding injection pumps
	--- Other
8409 99	-- Other



	--- Valves, inlet and exhaust, piston, piston rings, piston assemblies
8409 99 20	--- Fuel nozzles
8409 99 30	--- Fuel injection equipment excluding injection pumps
	--- Other parts of diesel engine
8409 99 41	---- Of diesel engines for motor vehicles
8409 99 42	---- Of outboard engine
8409 99 49	---- Other
8409 99 90	--- Other

Further the Hon'ble CESTAT, Chennai in the case of Transenergy Ltd., Vs. Commissioner [2009 (233) ELT 218 Tri] has held that the CNG Conversion Kits providing alternate fuel charging system to internal combustion engines are engine parts and though internal combustion engine are parts of motor vehicles of heading 8708 of the Central Excise Tariff, Heading 8409 ibid is being more specific, the kits are classifiable under heading 8409.

5.7 In light of the above, the LPG Conversion Kits are classifiable under HSN 8409 99 90 and the same are covered under serial no.116 of Schedule IV to the Notification No.01/2017 – Central Tax (Rate) dated 28.06.2017 and hence liable to tax at 14% under the CGST Act, 2017. Similarly the said kits are liable to tax at 14% under the KGST Act 2017 under entry no. 116 of Schedule IV of Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017.

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

R U L I N G

The LPG Conversion Kits are classifiable under HSN 8409 99 90 and the same are covered under serial no.116 of Schedule IV to the Notification No.01/2017 – Central Tax (Rate) dated 28.06.2017 and hence liable to tax at 14% under the CGST Act, 2017. Similarly the same are liable to tax at 14% under the Karnataka Goods and Services Tax Act, 2017 in entry no. 116 of Schedule IV of Notification (01/2017) No. FD 48 CSL 2017 dated 29.06.2017.



(Signature)
26.09.2019
(Harish Dharnia)
Member

Place: Bengaluru,
Date: 26.09.2019

To,

The Applicant

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

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, Mysore Commissionerate, Mysuru.
4. The Asst. Commissioner, LGSTO - 200, Mysuru.
5. Office Folder