

S.MURUGAPPAN

ADVOCATE, HIGH COURT

ASSISTED BY:

K.NANCY, B.COM., B.L. (HONS.),

G.GAUTHAM RAM VITTAL, L.L.B.

CONSULTANTS:

GST, CUSTOMS, FOREIGN TRADE LAWS,
FOREIGN EXCHANGE MANAGEMENT ACT.

OPINION

1. **Querist:**

Samsung India Electronics Pvt. Ltd.,
Plot No. P-1, SIPCOT Industrial Park, Phase-2,
Walajahbad Road, Sunguvarchatram Post,
Sriperumbudur Taluk,
Kanchipuram District - 602 106.

2. **Facts:**

2.1 Querist imports, among others, the following parts for use in the manufacture of air-conditioning machines.

- ⇒ Holder Wire
- ⇒ Rubber Bearing
- ⇒ Module Remocon
- ⇒ Distributor Assembly
- ⇒ W-Lan Module

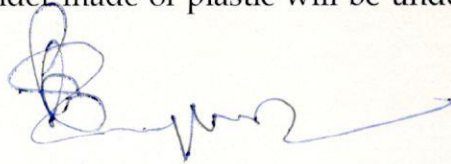
2.2 At present, the querist is classifying these items under Heading 8415 9000 as 'parts' of air conditioners. The querist has made available a write-up on the above products along with drawings/photographs and also shared the supplier's invoices for these items.

3. **Query:**

The querist would like to know whether the classification adopted by them for these parts is in order and if not, what will be the appropriate classification for these goods.

4. **Opinion:**

4.1 **Holder Wire** - As per the write-up given by the querist, this is a holder wire made of nylon material. This is to tie the ground-wire of the power cord. Once with this nylon holder wire, the power cord is secured/tied, the power cord wire can move freely. From the information provided and the write-up given, it is clear that basically this is a general-purpose article made of plastic material. This is used for tying article/wires. As such, it cannot be treated as an identifiable part of machinery for classification under Chapter 84. As per Note 1 to Section XVI of Customs Tariff Act, parts of general use, as defined in Note 2 to Section XV, of base metal as well as similar goods made of plastics, fall outside the above section (section XVI). In view of the above, the appropriate classification for the tie holder made of plastic will be under Heading "3926 9099".



A-2, Srivatsam, 58, Thirumalai Pillai Road, T.Nagar, Chennai - 600 017.

Email: smurugappan53@yahoo.com

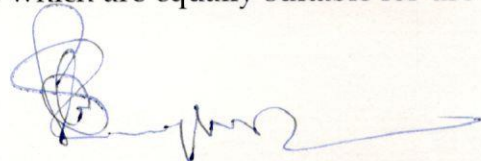
Website: www.smurugappan.com

Phone: 044-28340431

- 4.2 **Rubber bearing** – As per the write-up given by the querist, this is made of rubber and it is used between fan and back body to reduce friction. From the information provided and the photograph given, it appears that this is a plain rubber bearing or bush. Such rubber bushes cannot be treated as identifiable parts of air conditioners and further, they are excluded from Chapter 84 for the reasons already mentioned in the case of tie holder. There is a specific entry in the tariff under heading 4016 9960 for rubber bushes under the main heading “Other articles of vulcanised rubber”. Accordingly, this item will be classifiable under heading “4016 9960”.
- 4.3.1 **Module Remocon** – As per the write-up provided by the querist, this is an IR receiver to receive information (infra-red) from remote and send the signal to controller for further action, such as display/control action. It is further stated that this part is assembled with display board to give the information to the main board as per the infra-red information received from the remote.
- 4.3.2 From the information provided, it is seen that basically the above product is an infra-red sensor to sense infra-red light and cause other electrical changes based on such sensing action. Such goods are specifically covered under heading 8541 as ‘Photosensitive Semiconductor Devices’. As per the HSN Explanatory Notes for “Photosensitive Semiconductor Devices”, that group comprises photosensitive semiconductor devices in which the action of visible rays, infra-red rays or ultra-violet rays causes variations in resistivity or generates an electromotive force, by the internal photoelectric effect. Since such devices have independent function and are specifically mentioned elsewhere in the tariff, they cannot be classified as identifiable parts of air-conditioner. In this connection, Note 2 to Section XVI regarding classification of parts, which is reproduced below, may be seen.

“(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) are in all cases to be classified in their respective headings;

(b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) are to be classified with the machines of that kind or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate. However, parts which are equally suitable for use



principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517;

- (c) all other parts are to be classified in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate or, failing that, in heading 8487 or 8548."

4.3.3 By applying the above notes, the classification of such photosensitive semiconductor devices, which are used in air conditioner machines will fall under heading 8541 4090. As of now, duty applicable for these goods is 'Nil'.

4.4 **Distributor Assembly** - As per the write-up given by the querist, the distributor assembly, which is used in the indoor unit is to convert the refrigerant flow in evaporator from 1 way into 3 way. From the above information and the photograph provided, it is noticed that this is an identifiable part of an air conditioner which is solely used there and it has no other application and again it is not covered under any other specific heading. Under such circumstances, by operation of Note 2 to Section XVI referred to above, this can be classified as 'parts' of air conditioner under heading '8415 9000'.

4.5 **W-Lan Module** - According to the querist, the above module is used in A/c indoor unit control box. This is used to access the wifi function by mobile application to control and access the air conditioner. Thus, it is seen that the above module is used for wireless transfer of data. The appropriate classification for such LAN modules will be under heading "8517 6290" as "products for reception of data in a wired/wireless network".



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Disclaimer:- The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.