



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri J. Laxminarayana, Additional Commissioner (State Tax)
Sri V. Srinivas, IRS, Joint Commissioner (Central Tax)

A.R.Com/2/2017

Date. 05-02-2018

TSAAR Order No. 1/2018

Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order.

- I. M/s. Sammarth Overseas & Credits Pvt. Ltd., Sanathnagar, Hyderabad, (GSTIN No. 36AAGCS9604PIZO) has filed an application and sought advance ruling on the following issues under Section 97(1) of TGST Act, 2017 read with Rule 103 of CGST/TGST Rules, 2017.
- II. Issue to be decided:
 - (i) Classification of Goods- “Roof Ventilators”
 - (ii) Rate of Tax on “Roof Ventilators”
- III. The applicant submitted the following document:
 - (i) Form GST ARA-01
 - (ii) Annexure I & II - Statement of relevant facts having a bearing on the question raised
 - (iii) Copy of Challan evidencing payment of application fee of Rs.10,000/-.
- IV. Mr. Sammarath, Director, have appeared for personal hearing on 27-01-2018 and explained the case, as under :
 1. These ventilators are powered by the wind to give effective ventilation for industries, warehouses etc. They function with the flow of wind. A little bit of wind will be enough for the turbo ventilator to rotate. The faster the wind, the faster the turbine will rotate and exhaust the heat, smoke, fumes, humidity etc.
 2. These ventilators need not be powered by electricity. As the wind approaches and strikes the ventilator, it jumps, creating an area of low pressure on the leeward side of the turbine. This low pressure zone is fed by drawing air from the turbine, causing a continuous extraction of air from the building. As the turbine rotates, the centripetal forces associated with the rotation fling air outwards from the tips of the vanes.
 3. The windmill's only source of energy is derived from the wind. It is the same as the wind turbine ventilator. The wind turns the blades which spin a shaft, in turn, prompt a generator to produce electricity. These blades are connected to a generator, sometimes through a gearbox and sometimes directly. In both the cases, the wind produces the mechanical energy. Depending on wind speed, most modern turbines can operate at speeds from as little as 4 meters per second to as much as 15 mps as the wind turbine ventilators.
 4. The wind turbine ventilators work on the very same principle of windmill. The mechanical power generated is due to wind flow.
 5. These run on free wind power and hence it is zero running power cost. It can be installed anywhere as it runs on wind power. These save electricity required for cooling and exhaust.

6. A windmill is a mill that converts the energy of wind into rotational energy by means of vanes called sails or blades. Wind energy is replenishable with unlimited supply.
7. Windmill is a device which converts the kinetic energy in the wind into rotational energy, which in turn can perform many useful functions like generating electricity or mechanical energy. The essential function of a windmill is to convert wind energy or wind power into rotational movement or rotational energy.
8. Traditionally windmills were mostly used to mill grain, pump water or both. The majority of modern windmills take the form of wind turbines used to generate electricity or wind pumps used to pump water either for land irrigation or to extract ground water. However, the rotational movement of the shaft can be utilized to perform any useful function with the rotating shaft and new functions can be invented and added. Accordingly, wind turbine ventilators or generators are developed.
9. In this ventilator, mechanics involved in the air movement are very simple. The hot air inside the shed tends to rise up. When the device rotates, it sucks out hot air, thereby creating a low pressure area in the structure and forcing movement of fresh air through doors and windows inside the structure. This is a continuous process throughout the day.
10. Appellant therefore submits that these roof ventilators are windmills and hence requested the Advance Ruling Authority to issue Ruling and clarification, holding that roof / wind turbine ventilators fall under Entry 234 in the I Schedule to the Notification No.1/2017 Central (rate) dated 28.6.2017 for the purpose of levy of CGST, SGST and IGST.

V. The issue has been examined with reference to the provisions of the CGST/TGST Act, 2017 and the Rules made there under and the notifications issued till date; and the Advance Ruling is given as under:-

1. As per the Rules for Interpretation of Customs tariff as made applicable to GST Tariff and General rules for Interpretation of the schedule, classification of Goods shall be governed by certain principles laid down therein. As per these general rules for interpretation, the heading which provides the most specific description shall be preferred to headings providing a more general description.
2. In the present case the classification to be decided is for “Roof Ventilators”. The primary function of these Roof ventilators is to provide ventilation by continuous extraction of air from the building. Even in trade parlance these goods are identified as Roof ventilators only and not as Windmills as contested by the applicant. Hence, in accordance with the general rules for interpretation, these Roof ventilators are correctly classifiable under the heading 8414 of the Customs tariff as adopted by GST.

In the Notification No. 41/2017 – Central Tax (Rate), dt. 14-11-2017 issued by Central Board of Excise and Customs and G.O.Ms No. 250, Revenue (CT-II) Department, Dt. 21-11-2017, issued by Government of Telangana, the rate of GST on Roof Ventilators is as under :-

Notification No. 41/2017 – Central Tax (Rate)
(G.O.Ms No. 250, Revenue (CT-II) Department, Dt. 21-11-2017)

Sl. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate
317B Sch-III of notification 1/2017 – Central Tax (Rate)	8414	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters [other than bicycle pumps, other hand pumps and parts of air or vacuum pumps and compressors of bicycle pumps]”;	CGST 9% + TGST 9%

As seen from the above, Roof Ventilators falls under Schedule-III of Notification No. 1/2017 – Central Tax (Rate) to GST Act, 2017 as amended and attracts a tax rate of 18% (CGST 9% + TGST 9%) w.e.f. 15-11-2017.

The application filed by M/s Sammarth Overseas & Credits Pvt. Ltd., is disposed accordingly.

Sd/- J. Lakshminarayana
Addl. Commissioner(State Tax)

Sd/- V. Srinivas
Joint Commissioner(Central Tax)

To
M/s. Sammarth Overseas & Credits Pvt. Ltd.,
No. 7-2-1851/2/A, Fatehbagh,
Sanathnagar, Hyderabad – 500 018.

Copy to the Joint Commissioner (ST), Punjagutta Division.
Copy to the Assistant Commissioner (ST), Sanathnagar Circle.

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Additional Commissioner (ST)(Policy)