



**CUSTOMS AUTHORITY FOR ADVANCE RULINGS  
(CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS)  
5<sup>TH</sup> FLOOR, NDMC BUILDING, YASHWANT PLACE, SATYA MARG,  
CHANAKYAPURI, NEW DELHI-110021**

[[Email: cus-advrulings.del@gov.in](mailto:cus-advrulings.del@gov.in)]

Present

Vijay Singh Chauhan

(Customs Authority for Advance Rulings, New Delhi)

**The day of 10 January, 2022**

**Ruling No. CAAR/Del/G.G. Enterprises/01/2022**

**In Application No. VIII/(CAAR)/Delhi/G.G. Enterprises/15/2021**

Name and address of the applicant:

M/s G.G. Enterprises,  
Khasra No.28/24/08,  
Village-Badli  
Delhi-110042

Commissioner concerned:

The Principal Commissioner of Customs,  
Air Cargo Complex (Import), New Delhi  
Near IGI Airport, New Delhi-110037

Present for the Applicant:

Ms. Vibha Narang, Advocate  
Shri Sanjiv Kumar, Consultant

Present for the Department:

Mr. Deepak Kumar, Appraiser, ACC (Import),  
New Delhi



## Ruling

M/s G.G. Enterprises, KH. No. 28/24/8, Village Badli, Delhi-110042, a proprietorship firm having IEC number ANOPG3000F and PAN No. ANOPG3000F, (applicant, in short), has an application dated 03.07.2020, seeking advance ruling under section 28-H of the Customs Act, 1962 before the Authority for Advance Ruling (Central Excise, Customs & Service Tax), New Delhi (AAR, in short). The said application was received in the O/o of AAR on 06.07.2020.

2. The said application was being processed in terms of section 28-I *ibid* by the O/o AAR. The applicant had requested that the said application be forwarded to the Central Board of Indirect Taxes and Customs (CBIC) to designate a Principal Commissioner of Customs for the required purpose as per regulation 10 of Authority for Advance Rulings Procedure Regulations, 2005. Upon request by the Secretary, AAR vide letter dated 16.07.2020, CBIC vide letter F. No.275/09/2017-CX.8A dated 21.08.2020 had appointed the Principal Commissioner of Customs, Air Cargo Complex (Import), New Custom House, New Delhi as the designated Commissioner of Customs as per the provisions of the said Regulations. Thereupon, comments of Principal Commissioner of Customs, Air Cargo Complex (Import), New Custom House, New Delhi were sought vide letter dated 02.11.2020. In the meanwhile, consequent upon the amendment in Chapter V-B of the Customs Act, 1962 and subsequent appointment of Customs Authority for Advance Rulings (CAAR, in short) in New Delhi and Mumbai with effect from 04.01.2021, the said application was transferred to CAAR, New Delhi in terms of section 28-F (3) *ibid* and regulation 31 of CAAR Regulations, 2021.

3. On perusal thereof, and in view of the time limit of three months for pronouncing its advance rulings from the date of receipt of this application prescribed under section 28-I (6) *ibid*, it was held that the aforesaid application received in the O/o AAR, New Delhi on 06.07.2020 had become time barred for this Authority.

4. However, on constructive interpretation of the powers vested with this Authority, vide letter dated 11.03.2021 and reminder dated 28.07.2021, the applicant was advised to intimate whether they continued to be interested in obtaining ruling of this Authority, and if so either resubmit their application in the Form CAAR-I appended to Customs Authority for Advance Rulings Regulations, 2021, or simply affirm that the declarations made in the earlier application remain valid and unchanged, at the earliest to this Authority. It was also informed that the date of receipt of such resubmitted application or affirmation, as the case may be, shall be taken as the date of receipt of their application under regulation 8(4); and no separate payment of the prescribed fee under regulation 6 (6) of CAAR Regulations, 2021 is required to be made. The applicant vide their letter dated 05.08.2021 sent vide e-mail dated 05.08.2021 affirmed that declarations made by them in their earlier application remain valid and unchanged.





5. As per the application, the applicant intends to import some parts of electronic toy cars together in an assembled form by classifying the same under appropriate Customs Tariff Heading 9503 and to avail the benefit of concessional rate vide Notification No. 50/ 2017- Cus. dated 30.06.2017. The applicant has sought advance ruling on the following questions:

- a. Whether the description "parts of electronic toy cars" i.e. battery driven motor, on-off switch, small speakers for sound, LED indicator lights with its PCB, garari (pulley i.e. small plastic wheel with grooved rim) and plastic base to be imported and further to be assembled along with domestic manufactured parts for manufacturing of final product "electronic Toy Car" is rightly classifiable as "Parts of electronic Toy cars" under Customs tariff head 9503?
- b. If answer to the above question is in the negative, then the appropriate classification of the products in question under Schedule I to the Customs Tariff Act, 1975 and the applicable rate of duty may be provided?
- c. If answer to question (a) is in the positive, whether the applicant is eligible to claim benefit of concessional rate of 5% provided under Serial number 592 of Notification No. 50/2017- Cus. (Tariff) dated 30.06.2017?
- d. Whether such "parts of electronic Toy cars" as described above, imported in a single consignment would be eligible to be constituted or having the essential character of a complete or finished article as an "Electronic Toy Car" to fall under the category of "Electronic Toy Cars" instead of its "parts" under Customs tariff head 9503 attracting a higher rate or duty?

5.1 The applicant has also stated that the parts imported constitutes only 40% - 50% of the total components used in the final product "Electronic Toy Car"; in other words, the goods intended to be imported cannot be termed as complete "toy" in itself and cannot be used as such as a toy for sale without carrying out the further processes in the applicant's factory; they are liable to be classified as "parts of toys" in the perspective of its characteristics, features and use; thus, the products imported even though it is in assembled form and in working condition are still incomplete without undergoing further assembling with other manufactured parts and to give it a finished look. Independently, the product imported in assembled form has no market in India for sale as a "Toy" hence; the above product is more appropriately liable to be classified as part of toys; after the manufacturing, import and domestic procurement, the applicant shall undertake processes on the product like assembling all parts and accessories, final packaging, affixing company marks and stickers for the final sale of the product; hence, on the basis of above set of facts, the products intended to be imported in assembled condition forms a "part" of the final product "Electronic Toy Car"; further Note 3 to Chapter 95 provides that the parts and accessories which are suitable for use solely or principally with articles of this chapter are to be classified with those articles; the parts of the toys suitable for use principally with the specific "Toy" are also liable to be classified under the above Chapter Tariff Head 9503 attracting same rate of duty as leviable upon the finished product i.e. toys. It is also submitted that vide Notification No. 50/2017 -Cus. (Tariff) dated



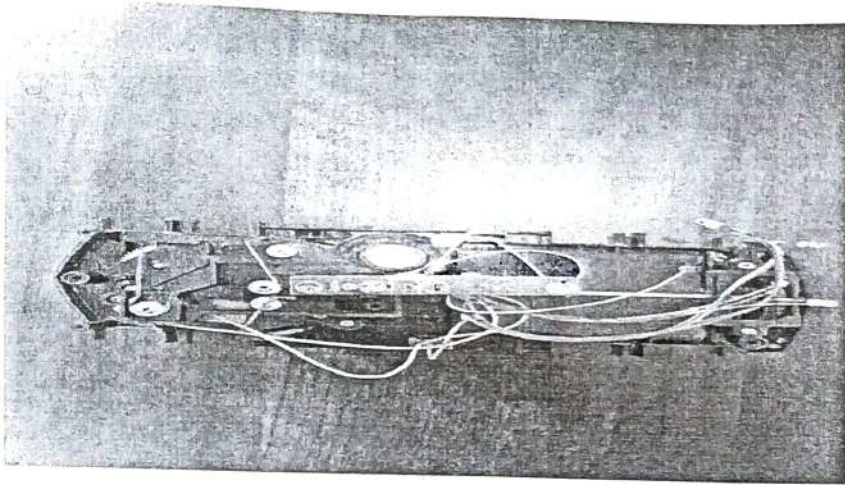
30.06.2017 concessional rate of 5% as basic customs duty has been extended to the "part of the electronic toys" falling under the tariff head 9503.

6. In this regard, the concerned Principal Commissioner of Customs, Air Cargo Complex (Import), New Delhi vide letter dated 17.09.2021 had commented that as per records available, no application for the advance ruling of the applicant is pending with any officer of the Customs, other Appellate Tribunal or any Court as per proviso of Section 28(1) (2) of Customs Act, 1962. It is also stated inter-alia that Chapter 95 of the Tariff covers "Toys, games and sports requisites; parts and accessories thereof" and subject to Note 1 of Chapter 95, parts and accessories which are suitable for use solely or principally with articles of this Chapter are to be classified with those articles. The concerned Principal Commissioner commented separately on items namely, battery driven motor with on-off switch, speakers for sound, LED lights with its PCB, garari pulley (i.e. small plastic wheel with grooved rim) and plastic base. It is further stated that on the basis of facts, for the goods to be imported, benefit vide Notification No. 050/2017 dated 30.06.2017 Serial No. 591 is available for import of Garari (Pulley i.e. small plastic wheel with grooved rim) and plastic base to be used in electronic toy car, subject to compliance of conditions laid down in the Customs (Import of Goods at Concessional Rate of Duty Rules, 2017. The concerned Principal Commissioner appears to have commented on the application for advance ruling with the understanding that the parts [battery driven motor with on-off switch, speakers for sound, LED indicators lights with its PCB, garari (pulley i.e., small plastic wheel with grooved rim) and plastic base] will be imported separately.

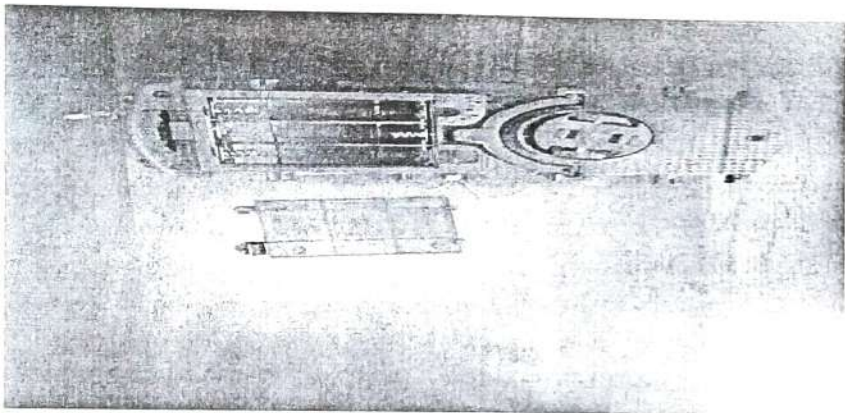
7. Ms. Vibha Narang, Advocate and Shri Sanjiv Kumar, Consultant attended the personal hearing on 06.10.2021. Shri Dipak Kumar, Appraiser represented the Principal Commissioner of Customs, ACC (Import), New Delhi. During the hearing, Ms. Vibha Narang, Advocate explained the activities presently undertaken by the applicant and the proposed activity of import of parts of battery driven "electronic toy car". She referred to the application wherein details of the parts of the toy car, segregated under domestic production [para 4(a) to (d) and 4(k) to (l)] and to be imported [para 4(e) to (j)] have been provided. She also displayed a sample of the "assembled part of the electronic toy car" submitting that the applicant intends to import the "part of the toy car" in the manner so displayed. Image of the sample shown is as below:







[TOP VIEW OF THE SAMPLE, IMAGE 'A']



[BOTTOM VIEW OF THE SAMPLE, IMAGE 'B']

7.1 It was noted that the sample so displayed contained all the parts, namely: Battery driven motor with on-off switch, small speakers for sound, LED indicator lights with its PCB, garari (pulley i.e., small plastic wheel with grooved rim), electric wiring and plastic base put together to comprise a single composite part of electronic toy car. On being asked by the Authority whether the applicant intends to import the parts of the goods in such composite form and from one supplier, the learned Advocate replied that the applicant has not yet finalized the supplier, but confirmed that the goods would be imported in the composite form, as displayed. The Authority advised the applicant to make additional submission clarifying/reiterating the form in which the goods (viz. parts of electronic toy cars) are proposed to be imported, clarifying that the ruling shall be on the classification of the goods, so displayed. Representative of the designated Principal Commissioner of Customs, Shri Dipak Kumar mentioned that the application gives an impression that five different goods (parts of toys) are proposed be imported by the applicant. As such, the comments



of the concerned Principal Commissioner of Customs have been based on the nomenclature of these five goods. He requested that the additional submissions made by the applicant may be shared with the concerned Principal Commissioner of Customs, allowing them time of a couple of days to communicate their revised comments, if required. The Authority accepted his request.

8. Pursuant to the deliberations during the personal hearing held on 06.10.2021, the applicant has furnished undated additional submissions (received vide email dated 08.10.2021) wherein, it is stated inter-alia that under Note 3 to Chapter 95, it is provided that subject to Note 1, parts and accessories which are suitable for use solely or principally with articles of this chapter are to be classified with those articles; thus, the circuit is designed for use in a toy, hence, cannot be classified under CTH 8501 as commented by the department. It is also submitted that speaker and LED lights are attached with the circuit board and it has been explained in the application that the products are in built as an add-on to the entire product. The applicant has further stated that the products, i.e. Battery driven motor with on-off switch, speaker for sound and LED lights with its PCB are intended to be imported in an assembled form on a plastic tray/base duly screwed with nuts or affixed on the plastic tray/base; all the said parts shall be inter-connected through wires with the battery panel; battery shall be procured domestically which shall be attached externally; hence the entire circuit to be considered as one product, "parts of electronic toy car" and liable to be classified under CTH 9503; none of such products shall be imported separately for getting assembled in the factory of the applicant; and if so, they will be classified under their respective heads; it was again reiterated that the products for the classification of which the present advance ruling is sought shall be imported in assembled form, integrated with each other through wires, screwed with nuts upon a plastic base; however the plastic base may vary as per model/shape/size of the electronic toy car but the product shall be imported in the assembled form only.

9. The additional submissions made by the applicant after the personal hearing were forwarded to the concerned Principal Commissioner for their comments. The concerned Principal Commissioner vide letter dated 08.11.2021 commented inter-alia that the applicant has now submitted that the products, viz. battery driven motor with on-off switch, speaker for sound and LED light with PCB are intended to be imported in an assembled form on a plastic tray/base duly screwed with nuts or affixed on plastic tray/base; all the parts are said to be inter-connected through wires with battery panel and battery has been declared to be procured domestically and entire circuit is said to be one product as 'part of electronic toy'. In light of the additional submissions, the concerned Principal Commissioner commented that goods declared in assembled form may be considered as parts of electronic car, eligible for classification under Tariff heading 9503 only if the said parts are imported in assembled form. Further, the concerned Principal Commissioner has also stated that exemption vide serial number 591 of Notification No. 050/2017-Cus. Dated 30.06.2017 is available for import of goods as declared in the additional submissions of the applicant, subject to compliance of conditions laid down in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017. It has, however, been clarified that the import of goods other than in assembled form as declared and imported separately will lead to classification of goods under their respective tariff





heading and at the same time denying the benefit of said notification No. 050/2017 dated 30.06.2017.

10. The comments of the concerned Principal Commissioner of Customs on the additional submissions of the applicant were again shared with the applicant; and they were given another opportunity for personal hearing. In the personal hearing held on 06.12.2021, the learned advocate submitted that the concerned Principal Commissioner has concurred with their submissions and accordingly ruling in the matter may be issued.

11. I find that the procedure laid down in section 28-I of the Customs Act, 1962 and the Customs Authority for Advance Rulings Regulations, 2021 have been complied with. Based on the examination of the application and the comments of the designated Principal Commissioner of Customs, I allow the application.

12. Further, having gone through submissions in the application, additional submissions of the applicant, comments of the designated Principal Commissioner of Customs on the application and after hearing the applicant at length during the personal hearing and after having perused other relevant material, I proceed to decide the matter on merit and give ruling on the questions raised in the application.

13. The applicant has sought ruling on two questions, namely classification of parts of electronic toy car, i.e., battery driven motor, on-off switch, small speakers for sound, LED indicator lights with its PCB, garari (pulley i.e., small plastic wheel with grooved rim) and plastic base, and eligibility to claim concessional rate of duty vide S. No. 592 (sic) of Notification No. 50/2017-Cus. (Tariff) dated 30.06.2017 on the said goods.

14. I will first take up the issue of classification of the goods mentioned above. At the outset, placing reliance on the additional submissions of the applicant, I clarify that the ruling is being issued regarding the classification of goods, viz. "parts of electronic toy cars" in assembled form; integrated with each other through wires, and screwed with nuts upon a plastic base; with plastic base varying as per model, shape, size of the electronic toy car, as depicted in para 7 above. I find that Chapter 95 of Schedule 1 to the Customs Tariff Act covers *Toys, Games and Sports Requisites; Parts and Accessories thereof*; and heading 9503 covers Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys .. Further, it is observed that Chapter Note 3 of Chapter 95 provides that subject to Note 1 of Chapter 95, parts and accessories which are suitable for use solely or principally with articles of the Chapter are to be classified with those articles. The goods under reference (as depicted by IMAGE 'A' and IMAGE 'B', above), are parts of electronic toy cars in semi-assembled condition. Though they have not reached the stage of completion to be considered as electronic toy cars, these parts, in the assembled stage that have been presented, have acquired the essential characteristics of electronic toy car. Put differently, the sample of the parts in the assembled form as presented before me clearly indicate that the semi-assembled unit is not an end product and requires to be further worked upon after addition of various parts, procured



domestically, which will result in a complete electronic toy car. However, at this intermediate stage, the semi-assembled unit, as presented, have acquired a new character distinct of the various parts namely, battery driven motor, on-off switch, small speakers for sound, LED indicator lights with its PCB, garari (pulley i.e., small plastic wheel with grooved rim) and plastic base, which have gone into the making of the semi-assembled unit. This semi-assembled unit has acquired sufficient features to be considered as “parts of electronic toy car”. Therefore, the item under import should appropriately be considered as part of a toy, and the same is classifiable under heading 9503 in terms of Chapter Note 3 of Chapter 95.

15. Thereafter, I move to consider the eligibility of the said “parts of electronic toy car” for benefit under Notification No. 050/2017-Cus. dated 30.06.2017. I find that serial number 591 of the said notification provides for concessional rate of duty to “parts of electronic toys for manufacture of electronic toys” falling under heading 9503, subject to condition No. 9, viz. if the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017. Therefore, having concluded that the “parts of electronic toy car” as presented before me are classifiable under heading 9503, it follows that the said goods would be eligible for concessional rate of duty prescribed under S. No. 591 of Notification No. 050/2017-Cus. dated 30.06.2017, subject to the condition prescribed therein. In coming to my conclusions, I have also taken note of the submissions of the applicant and concurring opinion of the designated Principal Commissioner of Customs.

16. In view of the above, I rule as under:

16.1 The goods described in the application as “parts of electronic toy car”, in semi-assembled form as presented before me (IMAGE ‘A’ and IMAGE ‘B’ in para 7 above refer) merit classification under heading 9503 of First Schedule to the Customs Tariff Act.

16.2 The aforesaid “parts of electronic toy car” classifiable under heading 9503 are eligible for concessional rate of duty under Serial Number 591 of Notification 050/2017-Cus. dated 30.06.2017, subject to the importer following the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

Date: - 10.01.2022

-sd-

(Vijay Singh Chauhan)  
Customs Authority for Advance Rulings, New Delhi





This copy is certified to be a true copy of the ruling and is sent to: -

1. M/s G.G.Enterprises, Khasra No. 28/24/08, Village Badli, Delhi-110042
2. Principal Commissioner of Customs, Air Cargo (Import), New Custom House, New Delhi-110037
3. Customs Authority for Advance Rulings, Mumbai, New Custom House, Ballard Estate, Mumbai-400001
4. The Principal Chief Commissioner of Customs, Delhi Customs Zone, New Custom House, IGI Airport Complex, New Delhi-110037
5. The Chief Commissioner (AR), Customs Excise & Service Tax Appellate Tribunal (CESTAT), West Block-2, Wing-2, R.K. Puram, New Delhi-110066
6. The Member (L & J), CBIC, North Block, New Delhi
7. Webmaster, CBIC
8. Guard file

AS  
10.01.2022

(Anamika Singh)  
Secretary,

Customs Authority for Advance Rulings, New Delhi

