



सीमाशुल्क अग्रिम विनिर्णय प्राधिकरण

CUSTOMS AUTHORITY FOR ADVANCE RULINGS

नवीन सीमाशुल्क भवन, बेलार्ड इस्टेट, मुंबई - ४०० ००१

NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI - 400 001

ई-मेल/E-MAIL: cus-advrulings.mum@gov.in

The 18th of February 2022

Ruling No. CAAR/Mum/ARC/06/2022

In

Application No. CAAR/CUS/APPL/39/2021 -0/o Commr-CAAR-MUMBAI

Name and address of the applicant: M/s. Amazon Seller Services Pvt. Ltd., 8th Floor, World Trade Centre, Brigade Gateway 26/1, Dr Rajkumar Road, Malleshwaram, W Bengaluru Urban, Karnataka - 560055

Commissioner concerned: The Pr. Commissioner of Customs, Air Cargo Complex & Airport, Air India SATS Air Freight Station Terminal, Devanahalli, Bengaluru – 560300.

The Pr. Commissioner of Customs, Chennai VII (Air Cargo Commissionerate), New Custom House, Air Cargo Complex, Meenambakkam, Chennai – 600016.

The Commissioner of Customs, Chennai-II (Import Commissionerate), Custom House, 60, Rajaji Salai, Chennai-600 001.

The Commissioner of Customs. Air Cargo (Import), New Customs House, Near I.G.I. Airport, New Delhi – 110037.

The Pr. Commissioner of Customs (III), (Import), Air Cargo Complex, Sahar, Andheri (East), Mumbai – 400099.

The Commissioner of Customs (Nhava Sheva -V), Jawaharlal Nehru Customs House, Nhava Sheva, Tal Uran, District Raigad, Maharashtra – 400707.

Present for the applicant: Sh. V. Lakshmikumaran, Advocate;
Sh. Prasad Salvi;
Sh. Jyoti Pal;
Sh. Anand Tripurari;
Sh. Jeshwin Immanuel;

Present for the Department: Sh. Prakhar Nigam, ACC, Chennai;



Ruling

M/s. Amazon Seller Services Pvt. Ltd. filed an application before the Authority for Advance Rulings (Central Excise, Customs and Service Tax), New Delhi; on 10.09.2018. This application sought the classification of five different devices, namely, digital media receiver (with touch screen) model no. DW84JL, digital media receiver model no. D9N29T, digital media receiver model no. L9D29R, digital media receiver model no. C1125P and wireless speaker device model no. P5B83L. After the appointment of Customs Advance Rulings Authorities under Section 28EA of the Customs Act, 1962; this application was transferred to CAAR, Mumbai. Communications were sent to the applicant from the secretariat of the CAAR, Mumbai to inform whether they are still desirous of receiving advance rulings in respect of the pending application. The applicant, vide their communication in February 2021; informed that they are still interested in receiving the advance rulings and also that, they will submit the application in the revised format in due course. Thereafter, the application was revived by the secretariat in July 2021, which was followed by the physical submission of the application on 10.08.2021. This application covers four Echo family devices and one wireless speaker device model no. P583L. The present proceedings deal with the classification of wireless speaker device, only. The classification of four Echo devices is dealt with separately.

2. The product is a sub-woofer that is compatible with Echo devices (via wi-fi or Bluetooth). It does not have a microphone. It has wi-fi connectivity and Bluetooth feature. It is not capable of voice interaction. It can be paired with Echo devices via the Vox application. The product does not support cellular services. It requires an internet connection to perform its functions. It can be used in a residential environment or small offices. Once connected to the internet, and paired with compatible Echo speakers, the users can listen to music on this speaker. It has an MTK 8516 processor, 1GB RAM and 4GB of storage space. The wireless sub-woofer works on the frequency of approximately 80 Hz. which varies on the basis of the device it is paired with. It is designed to produce better quality sound and is compatible with various Echo devices. It is a single speaker single drive unit mounted in an enclosure. A speaker and a woofer perform a similar function. However, a woofer is normally the largest driver in a speaker cabinet and it is designed to produce the low frequencies, like those associated with bass or drum for music or thunder and explosions in a home theatre. As per Circular No. 27/2013-Cus., dated 01.08.2013 of the CBEC (now, CBIC) speakers, both active and passive speakers, are classifiable under heading 8518 of the first schedule of the Customs Tariff Act, 1975. Depending upon the number of drive units, the eight-digit classification is determined. The applicant has stated that the wireless speaker is appropriately classifiable under sub-heading 85182100 as it comprises of a single drive unit in its enclosure.

2.1 The questions on which advance ruling is sought are as follows: -

(a) Whether wireless speaker device Model No. P5B83L is classifiable under sub-heading 85182100?

(b) If the answer to the above question is in the negative, then, what is its appropriate classification?

3. In the original application dated 10.09.2018, the applicant had expressed their intention to import the device in question from the four air cargo complexes at New Delhi, Mumbai, Chennai and Bangalore, as well as the seaports of Chennai and Nhava Sheva as the ports through which they wish to import the aforementioned items. Air Cargo Complex, New Delhi suggested subheading 85176290 as the appropriate classification. According to them the impugned device is a Bluetooth product and is compatible with Echo devices (via wi-fi or via Bluetooth). Therefore, by the application of GRI 4, the device is classified under the heading appropriate to the goods to which they are most akin.

3.1 In the new application dated 10.08.2021, the applicant has expressed their intention to import the device in question from the same jurisdictional commissionerates as that of the original application.



Accordingly, the application was sent to all the aforementioned customs authorities. Comments have been received from the Commissioner of Customs (Import), Chennai port and Air Cargo Complex, Mumbai, where they have agreed with the classification suggested by the applicant, i.e., 85182100.

4. The applicant was heard in virtual mode on 25.11.2021. Sri Lakshmikumaran, advocate, appearing on behalf of the applicant, has taken me through the product specifications and functionalities. He informed that the device involved in the present proceedings was also before the Customs Authority for Advance Rulings, New Delhi in the case of M/s. Amazon Wholesale India Pvt. Ltd. and that the said Id. authority has classified the device under heading 8518 and they are in agreement with the ruling.

5. The device is a sub-woofer that has Wi-Fi and Bluetooth connectivity features. It is a single speaker with a single drive unit mounted in an enclosure. It converts electrical variations into mechanical variations which are then communicated to air to produce sound. It is designed to produce low frequencies, like those associated with bass or drum for music or thunder and explosions in a home theatre. The device does not have a microphone and is not capable of voice interaction. However, the product is compatible with the Echo device (via Wi-Fi or via Bluetooth). It can be paired with Echo devices via the Vox application. The product does not support cellular services. It requires an internet connection to perform its functions. It will be mostly used in a residential environment or small offices. The classification suggested by the applicant is 85182100.

5.1 Rule 1 of the GI Rules lays down that the titles of sections, chapters and sub-chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative section or chapter notes. The heading 8518 covers *Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio-frequency electric amplifiers; electric sound amplifier sets.* The HSN explanatory notes states that *the function of loudspeakers is the converse of that of microphones: they reproduce sound by converting electrical variations or oscillations from an amplifier into mechanical vibrations which are communicated to the air.* Further, as per explanatory notes, the loudspeakers may be mounted on frames, chassis or in cabinets of different types (often acoustically designed), or even in articles of furniture. They remain classified in this heading provided the main function of the whole is to act as a loudspeaker. The impugned device is a single loudspeaker with a single drive unit mounted in an enclosure. It converts electrical variations into mechanical variations which are then communicated to air to produce sound.

5.2 Though the device contains Bluetooth and Wi-Fi features for transmission or reception of data by electromagnetic waves in a wireless network, this functionality, however, is just an additional feature, which makes it compatible with separate Echo devices. This device is only a speaker and its principal function is to reproduce sound by converting electrical variations or oscillations from an amplifier into mechanical vibrations which are communicated to the air, which is correctly classifiable under heading 8518. Note 3 to Section XVI stipulates that *"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 that component or as being that machine which performs the principal function"*. Accordingly, heading 8518 appears to be the appropriate for the classification of the impugned device.

5.3 Speakers classified under heading 8518 include both passive speakers and active speakers. Active speakers, like many subwoofers, contain a built-in audio amplifier. The subheading under which speakers are classified depends on the number of 'drive units' - the actual loudspeaker cones or ribbons - in each cabinet or enclosure. Speakers with a single drive unit in each cabinet are classified under subheading 85182100. The impugned device has a single driver.



6. In view of the aforesaid observations, I rule that wireless speaker device model no. P5B83L merits classification under heading 8518 and more specifically under subheading 85182100 of the first schedule to the Customs Tariff Act.


(M.R. MOHANTY)

Customs Authority for Advance Rulings,
Mumbai



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

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Vinitha Sekhar
18/2/2021

(P. Vinitha Sekhar)

Secretary,

Customs Authority for Advance Rulings,
Mumbai.

