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फा.स/File No. CAAR\CUS\APPL\42,51,52,53\2023-O\O-COMMR-CAAR

Date: 08.06.2023

**अग्रिम निर्णय / Advance Ruling**

**Order No. :- CAAR/Mum/ARC/56,57,58,59/2023**

**Dated:08.06.2023**

**(Issued by Shri Narendra V. Kulkarni, Principle Commissioner & Custom Authority for Advance Rulings, Mumbai)**

**CAAR-1 Application No :- CAAR\CUS\APPL\42,51,52,53\2023-O\O-COMMR-CAAR**

**ध्यान दीजिए/ N.B. :**

1. यह प्रति उस व्यक्ति को निजी उपयोग हेतु निःशुल्क प्रदान की जाती है, जिसे यह जारी की जा रही है।

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2. बोर्ड द्वारा प्राधिकृत कोई भी अधिकारी, अधिसूचना द्वारा या आवेदक प्राधिकरण द्वारा पारित किसी भी निर्णय या आदेश के खिलाफ ऐसे निर्णय या आदेश के संचार की तारीख से 60 दिनों के भीतर उच्च न्यायालय में अपील दायर कर सकता है। बशर्ते कि यदि उच्च न्यायालय इस बात से संतुष्ट हो कि अपीलकर्ता निर्दिष्ट अवधि के भीतर अपील पेश करने से पर्याप्त कारण से अवरोधित था, वह धारा 28KA के प्रावधानों के तहत ऐसी अपील दायर करने के लिए 30 दिनों की अतिरिक्त अवधि प्रदान कर सकता है।

Any officer authorised by the Board, by notification or the applicant may file an appeal to the High Court against any ruling or order passed by the Authority, within 60 days from the date of the communication of such ruling or order. Provided that where the High Court is satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the period so specified, it may allow a further period of 30 days for filing such appeal as per provisions of section 28KA

3. प्रधान आयुक्त या आयुक्त धारा 28KA की उप-धारा (1) के संदर्भ में अग्रिम निर्णय के खिलाफ अपील दायर करने के लिए अधिकृत होंगे।  
The Principal Commissioner or Commissioner shall be authorised to file appeal against the advance ruling in terms of sub-section (1) of section 28KA.

4. धारा 28-1 की उप-धारा (6) के तहत जारी अग्रिम निर्णय के खिलाफ अपील आवेदक द्वारा CAAR-2 फॉर्म में की जाएगी और इसके साथ पंद्रह हजार रुपये का शुल्क देना होगा। धारा 28-1 की उप-धारा (6) के तहत जारी अग्रिम निर्णय के खिलाफ प्रधान आयुक्त या आयुक्त द्वारा CAAR-3 के रूप में अपील की जाएगी और उक्त अधिकारी द्वारा अपील दायर करने के लिए कोई शुल्क देय नहीं होगा।

An appeal against advance ruling issued under sub-section (6) of section 28-1 shall be made by the applicant in form CAAR-2 and shall be accompanied by a fee of fifteen thousand rupees. An appeal against the advance ruling issued under sub-section (6) of section 28-1 of shall be made by the Principal Commissioner or Commissioner in form CAAR-3 and no fee shall be payable by the said officer for filing the appeal.

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Name and address of the applicant: M/s. Brightpoint India Pvt. Ltd.  
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LBS Marg, Vikhroli West, Mumbai 400 083

Commissioner concerned: The Commissioner of Customs, Mumbai-II, JNCH,  
Nhava Sheva, Tal- Uran, District: Raigad,  
Maharashtra  
The Principal Commissioner of Customs, Noida  
Customs Commissionerate, Concor complex, Greater  
Noida, Uttar Pradesh 201311.  
The Commissioner of Customs, ICD Sabarmati,  
Kaligam Sabarmati, Ahmedabad 382470.  
The Commissioner of Customs, Custom House 60,  
Rajajisalai, Chennai 600001

Present for the applicant: Mr. T. Vishwanathan (Advocate)  
Ms. Srinidhi Ganeshan (Advocate)  
Mr. Chandrashekhar Thakur  
Ms. Sonali Mote

Present for the Department: --

### Ruling

1. M/s. Brightpoint India Pvt. Ltd. (hereinafter referred to as 'the applicant') filed an application for advance ruling before the Customs Authority for Advance Rulings, Mumbai (CAAR, in short). The said application was received in the secretariat of the CAAR, Mumbai on 03.04.2023, along with its enclosures in terms of Section 28H (1) of the Customs Act, 1962 (hereinafter referred to as the 'Act'). The applicant is seeking advance ruling on the classification of 'Interactive Display System (ViewBoard) (hereinafter referred to as 'subject goods')'. The details of models proposed to be imported and technical information regarding the same are as follows:

Sl No.	Panel Size	Product No	Product Description
1.	VIEWBOARD 55" INTERACTIVE FLAT PANEL	IFP5550-3	VIEWSONIC IFP5550-3 /55" INTERACTIVE DISPLAY SYSTEM
2.		IFP5550-5	VIEWSONIC IFP5550-5 /55" INTERACTIVE DISPLAY SYSTEM
3.	VIEWBOARD 65" INTERACTIVE FLAT PANEL	IFP6530	VIEWSONIC IFP6530(VS17775) /65" INTERACTIVE DISPLAY SYSTEM
4.		IFP6532	VIEWSONIC IFP6532 /65" INTERACTIVE DISPLAY SYSTEM
5.		IFP6532-2	VIEWSONIC IFP6532-2 /65" INTERACTIVE DISPLAY SYSTEM



6.		IFP6532-B	VIEWSONIC IFP6532-B /65" INTERACTIVE DISPLAY SYSTEM
7.		IFP6550	VIEWSONIC IFP6550 /65" INTERACTIVE DISPLAY SYSTEM
8.		IFP6550-2	VIEWSONIC IFP6550-2 /65" INTERACTIVE DISPLAY SYSTEM
9.		IFP6550-3	VIEWSONIC IFP6550-3 /65" INTERACTIVE DISPLAY SYSTEM
10.		IFP6550-5	VIEWSONIC IFP6550-5 /65" INTERACTIVE DISPLAY SYSTEM
11.		IFP6552-1A	VIEWSONIC IFP6552-1A /65" INTERACTIVE DISPLAY SYSTEM
12.		IFP6552-1B	VIEWSONIC IFP6552-1B /65" INTERACTIVE DISPLAY SYSTEM
13.	VIEWBOARD 75" INTERACTIVE FLAT PANEL	IFP7530	VIEWSONIC IFP7530(VS17776) /75" INTERACTIVE DISPLAY SYSTEM
14.		IFP7532	VIEWSONIC IFP7532 /75" INTERACTIVE DISPLAY SYSTEM
15.		IFP7532-2	VIEWSONIC IFP7532-2 /75" INTERACTIVE DISPLAY SYSTEM
16.		IFP7550	VIEWSONIC IFP7550 /75" INTERACTIVE DISPLAY SYSTEM
17.		IFP7550-2	VIEWSONIC IFP7550-2 / 75" INTERACTIVE DISPLAY SYSTEM
18.		IFP7550-3	VIEWSONIC IFP7550-3 / 75" INTERACTIVE DISPLAY SYSTEM
19.		IFP7550-5	VIEWSONIC IFP7550-5 / 75" INTERACTIVE DISPLAY SYSTEM
20.		IFP7552-1A	VIEWSONIC IFP7552-1A / 75" INTERACTIVE DISPLAY SYSTEM
21.		IFP7552-1B	VIEWSONIC IFP7552-1B / 75" INTERACTIVE DISPLAY SYSTEM
22.		VIEWBOARD 86" INTERACTIVE FLAT PANEL	IFP8632-2
23.	IFP8650		VIEWSONIC IFP8650 / 86" INTERACTIVE DISPLAY SYSTEM
24.	IFP8650-2		VIEWSONIC IFP8650-2 / 86" INTERACTIVE DISPLAY SYSTEM
25.	IFP8650-3		VIEWSONIC IFP8650-3 / 86" INTERACTIVE DISPLAY SYSTEM
26.	IFP8650-5		VIEWSONIC IFP8650-5 / 86" INTERACTIVE DISPLAY SYSTEM



27.		IFP8652-1A	VIEWSONIC IFP8652-1A / 86" INTERACTIVE DISPLAY SYSTEM
28.		IFP8652-1B	VIEWSONIC IFP8652-1B / 86" INTERACTIVE DISPLAY SYSTEM
29.	VIEWBOARD 98" INTERACTIVE FLAT PANEL	IFP9850-3	VIEWSONIC IFP9850-3 / 98" INTERACTIVE DISPLAY SYSTEM
30.		IFP9850-4	VIEWSONIC IFP9850-4 / 98" INTERACTIVE DISPLAY SYSTEM

2. The applicant, a registered private limited company, is engaged in the distribution of Information Technology and Telecommunication products. They intend to import aforementioned 30 models of Interactive Display System (ViewBoard) from their supplier, ViewSonic, and sell it further to their distributors/consumers. As submitted by the applicant, the subject goods, also known as Interactive Flat Panel, comprise of Liquid Crystal Display panels with LED backlight. They have an in-built Central Processing Unit and RAM for execution of programs. They have pre-installed operating system, namely, Android 7.0 that is customized for the subject goods, along with an Open Pluggable Specification Slot, thus enabling the user to download and install new programmes and operate other operating systems like Windows etc. As informed, the products use Ultra Fine Touch Technology to offer more precise writing and faster processing time, it has an air quality sensor, germ resistant screen, two touch pens (stylus), remote control and 70-80% glare free surfaces with a flicker free display. They are touch enabled with additional features such as multi-touch interaction, handwriting recognition, freehand touch, go typing, etc. along with applications such as calculator, stopwatch, buzzer, etc. The subject goods have slots for HDMI, VGA, LAN, USB, RS232 and audio ports, along with a high internal storage capacity. They are used in classrooms for teaching and in companies for presentations, meetings, etc. Their physical features include being wall mounted, not incorporating tilt, swivel or height adjustment mechanism and being available in different sizes ranging from 24 inches to 98 inches. Internet can be accessed by connecting them to a dongle via USB ports or by the use of a LAN cable. These Interactive Display Systems can also be connected to laptops, and input can be given either from the Interactive Display Systems to the laptop or vice versa. The subject goods allow user to record and share lectures/ notes/ presentations via email or QR codes. Further being cloud enabled, user can upload the notes on a pre-set cloud storage.

2.1 Building their argument on functionality and physical characteristics of the product, the applicant has submitted that the subject goods are not portable as they weigh more than 10 kg and their dimensions viz. 55", 65", 75", 86" and 98" make it illogical and unviable for daily transit. Further, they have submitted that the ADP machines that comprise central processing unit, and an input and output unit (all within the same housing) are neither in the nature of a microcomputer (small or personal computer) nor in the nature of a large or main frame computer. Thus, it is contested that the subject goods are 'Automatic Data Processing Machines' classifiable under Chapter heading 8471 of Customs Tariff Act, 1975, specifically classifiable under the residual entry of sub heading 847141, that covers APDM "Comprising



in the same housing at least a central processing unit and an input and output unit, whether or not combined". Relevant extracts from Chapter heading 8471 and Note 5(A) to Chapter 84 as submitted by the applicant is reproduced below:

Tariff Item	Description of Goods
8471	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data on to data media in coded form and machines for processing such data, not elsewhere specified or included
8471 30	- Portable automatic data processing machines, weighing not more than 10 kg., consisting of at least a central processing unit, a keyboard and a display
	***
	- Other automatic data processing machines:
8471 41	-- Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined:
8471 41 10	--- Micro Computer
8471 41 20	--- Large or main frame computer
8471 41 90	--- Other
8471 49 00	-- Other, presented in the form of systems
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Note 5(A) to Chapter 84

"5.(A) For the purposes of heading 8471, the expression "automatic data processing machine" means machine capable of:

- (i) storing the processing programme or programmes and at least the data immediately necessary for the execution of the programme;
- (ii) being freely programmed in accordance with the requirements of the user;
- (iii) performing arithmetical computations specified by the user; and
- (iv) executing, without human intervention, a processing programme which requires them to modify their execution, by logical decision during the processing run."

2.2 The applicant has taken recourse to the elucidation provided in the Explanatory notes of Chapter heading 8471, regarding what constitutes as an "Automatic Data Processing Machine". They have inter alia submitted the following:

- i. An Automatic data processing machines is capable of storing a processing programme; is freely programmable; performs arithmetical computations; and can execute a processing programme by logical decision during the processing, without intervention of humans;



ii. They are machines which, by logically interrelated operations performed in accordance with pre-established instructions (program), furnish data which can be used as such or, in some cases, serve in turn as data for other data processing operations.

iii. Automatic data processing machines may comprise in the same housing, the central processing unit, an input unit (e.g., a keyboard or a scanner) and an output unit (e.g., a visual display unit), or may consist of a number of interconnected separate units.

iv. In order to be classifiable as an ADPM under Chapter 84, Note 5(A) to Chapter 84 which provides for the essentials of what constitutes an ADPM, needs to be fulfilled. Accordingly, the following submissions have been made by the applicant to demonstrate that the subject goods fulfil all the criteria of Note 5(A) to Chapter 84:

*"5(A) For the purposes of heading 8471, the expression "automatic data-processing machines" means machines, capable of:*

(1) *storing the processing program or programs and at least the data immediately necessary for the execution of the program* - The concerned goods have an in-built CPU, and an Android operating software. Thus, all the subject goods are machines which are capable of storing data or programs for the execution of programs.

(2) *being freely programmed in accordance with the requirements of the user*- The subject goods come with a pre-installed operating system, namely, Android. It also has an OPS slot, that enables connection of additional hardware and installing other operating software such as Windows, etc. Thus with the use of either Android or other operating systems, new programmes can be download and installed in accordance with the need of the user.

(3) *performing arithmetical computations specified by the user*-The subject goods are capable of performing arithmetical computations depending on the input as provided by the user. They are also equipped with a calculator to perform arithmetical computations.

(4) *executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run*- The command given by the user would be executed by the subject goods without any further intervention from the user. The CPU along with the operating system executes the command so given by the user by taking logical decisions during the processing run.

It is thus alleged by the applicant that the subject goods satisfy all the four essential conditions mentioned in Note 5(A) to Chapter 84 and therefore, qualify to be considered as ADPMs, classifiable under Heading 8471.

2.3. Concurrently, the applicant has submitted that the subject goods are not classifiable under Chapter 8528 of Customs Tariff Act, 1975, that covers, *"Monitors and projectors, not incorporating television reception apparatus; reception apparatus, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus"*. It is contended that Chapter 8528 deals with monitors that are capable of receiving and displaying signals when attached to devices like, automatic data processing machine, video



camera or recorder, etc.; that these monitors do not have capability of two-way communication; that they are not capable of processing any data on their own, nor are they capable of storing any data. However, the subject goods are IFPs having in-built CPU and RAM for executing programs. It has high storage capacity and are loaded with Android operating software. They are highly sophisticated machines which perform a plethora of functions beyond being used as traditional whiteboards in classrooms. They are not merely used for display of the information or presentation but are also capable of complex operations. Therefore, the goods are admittedly much more than mere display devices and cannot be classified under Heading 8528 as "Monitors".

3. In relation to the subject goods, the questions on which advance rulings have been sought are as follows: -

- a. Whether Interactive Display Systems (ViewBoard) being imported by the Applicant are classifiable under the Tariff Item 8471 4190 of the Customs Tariff of India?
- b. If the answers to the above question is in the negative, then what would be the correct classification of the Interactive Display Systems (ViewBoard) under the Customs Tariff of India?

4. The applicant intends to import the said goods through the jurisdiction of Customs Commissionrates mentioned hereunder:

1. The Commissioner of Customs(Imports), Mumbai II, Jawaharlal Nehru Custom House, Nhava Sheva, Tal Uran, District Raigad, Maharashtra-400707
2. The Principal Commissioner of Customs, Noida Customs Commissionerate, Concor complex, Greater Noida, Uttar Pradesh 201311.
3. The Commissioner of Customs, ICD Sabarmati, Kaligam Sabarmati, Ahmedabad 382470.
4. The Commissioner of Customs, Custom House 60, Rajajisalai, Chennai 600001.

5. Comments were invited from all the aforesaid jurisdictional Pr. Commissioner/ Commissioner of Customs. Comments on the merit of the question on which advance rulings is sought were received from the jurisdictional authority Commissioner of Customs, Chennai-II(Import) vide letter dated 04.05.2023, enclosing Annexures 'A' and 'B'. 'Annexure -A' provides comments on the maintainability of the application in view of case laws cited in the application and 'Annexure-B' provides comments with respect to the questions referred to in the application. Same is verbatim reproduced below:

Annexure - A

1. The models referred by the applicant are 30 models of Interactive Display System (View Board) originating from the supplier View Sonic. As per the applicant, the classification in respect of the models at Sl.No 8 and Sl.No.17 had already decided by the Hon'ble CESTAT, New Delhi in the case of Ingram Micro India Pvt. Ltd. v Principal



Commissioner of Customs (Import), New Delhi. However, from the perusal of the said order no inference can be drawn to the said case law, even though the description is matching, in the absence of details like the supplier, technical features etc., it cannot be inferred them as one and the same. However, this Commissionerate is in the process of all relevant documents from the concerned Commissionerate.

2. Moreover, the applicant's submissions are that classification of similar products has already decided by Hon'ble CESTAT, Mumbai in the case of Cloudwalker Streaming Technologies Pvt. Ltd. v CC (NS V) Raigad, which was upheld by Supreme Court. In this regard, it is to submit that the Apex Court dismissed the appeal based on monetary limits keeping the question of law open and without prejudice to the rights and contentions of the respective parties. Hence, it cannot be said that the issue of classification of similar products has attained its finality.

3. Further, it is to submit that this Commissionerate has preferred an appeal against the Ruling dated 31.01.2023 passed by CAAR, Mumbai in respect of Application No. CAAR/CUS/APPL/82/2022 - O/o Commr-CAAR-MUMBAI filed M/s. Compuage Infocom Ltd., Mumbai with regard to similar goods, namely, "Optoma Creative Touch 3-series Interactive Flat Panel (IFP) (Model - 3652RK, 3752RK, 3862RK), on the ground that the same would be classifiable under CTI 8528 5900 and not under CTI 8471 4090.

4. Also, this Commissionerate recommended for classification of the similar goods, namely, "Optoma Creative Touch 3-series Interactive Flat Panel (IFP) (Model - 3652RK, 3752RK, 3862RK), under CTI 8528 5900 as against the applicants claim under CTI8471 4090 in respect of application for advance ruling filed before the Customs Authority for Advance Rulings, New Delhi by M/s Supertron Electronics Pvt. Ltd. and the final ruling in this case is yet to be delivered.

5. Apart from the above, in view of divergent assessment practices are being adopted by different customs locations regarding the classification of the said Interactive Flat Panel, this Commissionerate has requested the concerned Principal Commissioner of FAG –Gr.5E at INMAA4 for taking up the matter with NAC. In view of the above reasons, this Commissionerate of the considerable view that the classification of the said product i.e., Interactive Flat Panel is yet to attain finality.

#### Annexure – B

It is observed that from the grounds, description, specifications etc., given by the applicant, they are of the opinion that the goods under consideration, "Interactive Display Systems (View Board) – consisting of 30 models" being meets the requirements of Auto Data Processing Machine as defined in Note 6 (A) to Chapter 84 of the Customs Tariff Act, 1975, the same is falling under CTH 8471. Further regarding classification at sub-heading and 8-digit item level under CTH 8471, the applicant opined that as the CPU, memory, input and output device are inbuilt in the same housing it seems classifiable under CTSH 847141 and as it is not a micro-computer and large or main frame computer, the same appears to be classifiable under CTH 84714190. However, the contentions of the applicant appear incorrect in view of the followings:





1. The main heading of CTH 8471 covers "Automatic Data Processing Machines and Units thereof: Magnetic or Optical Readers, Machines for Transcribing Data onto Data Media in Coded Form and Machines for Processing Such Data, Not Elsewhere Specified or Included". The Sub-heading 84714190 covers, inter alia, "Other automatic data processing machines" Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined.

2. As per Chapter Note 6 to the Chapter 84:

(A) For the purposes of heading 8471, the expression "automatic data processing machine" means machine capable of

- i) storing the processing programme or programmes and at least the data immediately necessary for the execution of the programme,
- ii) being freely programmed in accordance with the requirements of the user;
- iii) performing arithmetical computations specified by the user; and
- iv) executing, without human intervention, a processing programme which requires them to modify their execution, by logical decision during the processing run.

(B) Automatic data processing machines may be in the form of systems consisting of a variable number of separate units.

(C) Subject to paragraphs (D) and (E), a unit is to be regarded as being part of an automatic data processing system if it meets all of the following conditions:

- (i) it is of a kind solely or principally used in an automatic data processing system;
- (ii) it is connectable to the central processing unit either directly or through one or more other units; and
- (iii) it is able to accept or deliver data in a form (codes or signals) which can be used by the system.

Separately presented units of an automatic data processing machine are to be classified in heading 8471.

However, keyboards, X-Y co-ordinate input devices and disk storage units which satisfy the conditions of (ii) and (iii) above, are in all cases to be classified as units of heading 8471.

(D) Heading 8471 does not cover the following when presented separately, even if they meet all of the conditions set forth in paragraph (C):

- (i) printers, copying machines, facsimile machines, whether or not combined;
- (ii) apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network).
- (iii) loudspeakers and microphones,
- (iv) television cameras, digital cameras and video camera recorders,
- (v) monitors and projectors, not incorporating television reception apparatus.



*(E) Machines incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective functions or, failing that, in residual headings,*

3. It is observed that an Interactive Flat-Panel Display (IFPD) is a large-format touchscreen display ideal for meeting rooms and collaborative spaces. It is a replacement for clunky or outdated projector technology with a higher-quality display, enhanced connectivity, and built-in software solutions. These solutions are perfect for business opportunities, educational pursuits, and even at home leisure. In a nutshell on IFPD-short for Interactive Flat Panel Display-it a type of interactive whiteboard (IWB). An IWB is a large electronic display that has a touchscreen and is able to access, manipulate, and interact with electronic files. They easily and beautifully handle the highly collaborative needs of today's office space with 20 points of touch and wide viewing angles with options for ultra-fine 4K resolution and the ability to present a surprisingly natural handwriting experience. IFPDs support communication and collaboration in ways never before possible in the meeting room. Most IFPDs have a number of built-in software integrations, like Cast, Chrome etc which come pre-installed on all displays. An interactive flat panel does not require a projector because all hardware is contained in a flat panel display,

4. It is further observed that there are various types of Interactive Devices and known by various names in the industry i.e., Interactive Whiteboard/ Smartboard, Interactive Flat Panel Display, Interactive Intelligent Panels etc. is an advanced technology used in classroom teachings, conferences etc. The Interactive Display Systems can be used to present documents, information and videos to different groups, educational purposes i.e., e-learning for example to a group of students in a classroom or during a meeting in a business environment

5. It is also observed as per Note 6(D) to Chapter 84, Heading 8471 does not cover the monitors and projectors not incorporating television reception apparatus when presented separately even if they meet all the conditions mentioned in Para(C) of the said Note. Further, para (E) states that machines, instruments or apparatus incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective functions or, failing that, in residual headings.

6. The subject goods are not merely an ADPM and in fact it has many other additional inbuilt features with the main purpose to interact through display as per the intended use i.e., training, conferences, educational purposes, teaching via e-learning etc. The goods are mainly Display devices incorporating and working in conjunction with an automatic data processing machine i.e., inbuilt CPU. Therefore, the primary function of the goods is to display the given input data/ images/pictures/videos etc.



7. ADP machines performing specific functions other than Data processing are required to be classified as per their respective functions. Even though the functions of an ADP machines are inbuilt, the subject goods viz., Interactive Flat Panels being primarily used as Display System cannot be considered as a simple input or output device and is to be identified with its primary function of display by applying Note 6 (E) of Chapter 84 Note as mentioned above.

8. As per Rule 1 of the General Rules for the interpretation of the Harmonized System, 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 and, provided such headings or Notes do not otherwise require, according to the provision stipulated therein.

9. Further, Rule 3(a) states that the heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

10. The appropriate heading for classification of the impugned goods therefore shall be 8528 which covers -

"Monitors and projectors, not incorporating television reception apparatus: reception apparatus for television, whether or not incorporating radio broadcast receivers or sound or video recording or reproducing apparatus:

*Cathode-ray tube monitors:*

*8528 42--Capable of directly connecting to and designed for use with an automatic data processing machine of heading 84.71*

*8528.52--Other*

*Other monitors:*

*8528.52--Capable of directly connecting to and designed for use with an automatic data processing machine of heading 84.71*

*8528.59--Other*

11. Since, the description mentioned in the application is "Interactive Flat Panel", the main function of subject goods is interaction through display. Essentially, it acts as a display monitor, meaning that you can select to view documents, videos and even web links on a larger scale.

12. Further, as per Chapter Note 3 to Section XVI states that "Unless the context otherwise requires, composite machines consisting of two or more machines fitted 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". I find that the primary function of the subject goods is display and are also marketed as products with efficient display qualities, touch screen, write or draw on screen etc.

13. The Hon'ble Supreme Court in the case of Commissioner of Customs, Bangalore Vs. N.L. Systems (India) P. Ltd.-2010 (256) ELT 173 (SC) held that PXI Controller which was a computer based instrumentation product and capable of being controlled by a Personal Computer/Laptop but is not a PC/laptop-principal function of controllers is executing, control, algorithms for real- time monitoring and control of devices - controller performs functions in addition to data processing what is imported is a system containing on ADPM and if the contention of the Importer herein is accepted, it would mean that every machine that contains an element of ADP would be classifiable as an ADP machine under Chapter 84 which would completely obliterate the specific function test and the concept of functional unit. Hon'ble Court upheld the classification of the department and held that goods were rightly classified under Chapter 90. The same principle applies to this case.

14. Hon'ble Supreme Court in the case of Deena Jee Sansthan vs Commissioner of Central Excise, Meerut-2019 (365) ELT 353 (SC) held that the classification of product should be by applying common parlance test that the said product i.e., "Shampoo" is used as cosmetics only and not as Ayurvedic medicament even though the product has all the ingredients mentioned in books on Ayurveda listed in Drugs and Cosmetics Act.

15. In view of the above, the subject goods cannot be considered as an Automatic Data Processing machine under CTH 8471. It is pertinent to mention here that even Cellular Android Phones do incorporate all the functions of an ADP Machine and also works on Android OS, yet the same is classified under cellular phones as the primary function is communication. Applying the same analogy, the principle function of the item under import is to interact through display and hence the impugned goods are classifiable under sub-heading 8528 5900 which deals with other monitors.

16. In case of Commissioner of Customs (Import & General), New Delhi Vs Integral Computer Lid 2016 (337) EL.1 580 (Tri-Del) dated 07.04.2016 the Hon'ble Tribunal has held that "Interactive Electronic White Board" is a teaching device mainly used for class room teaching or in conferences and meetings and work and gets the display function by combined action with a computer and projector cannot be considered as a simple input or output device and is to be identified with its primary function of display and has classified the goods under sub- heading 8528 5100 i.e., other monitors (now CTI 8528 5900)". The issue is squarely covered in the present case.

6. The application was listed for hearing on 18.04.2023. The applicant was represented by Shri. T. Viswanathan, Advocate, Ms. Srinidhi Ganeshan, Mr. Chandrashekhar Thakur and



Ms. Sonali Mote. They reiterated the CAAR-I application and submitted their stand regarding the grounds of application, relevant extracts of the tariff, previous rulings and technical write-up, while providing a detailed list of models vis-à-vis decision/judgement status under CESTAT or CAAR. They requested to issue ruling on same models which were covered under other CAAR rulings on the ground that the CAAR rulings are applicant specific and ratio of other CAAR rulings cannot be imported and applied to other applicant's case. They finally requested to issue ruling in the present case based on the facts on record. No one represented the jurisdictional Commissioner of Customs in the hearing.

7. I have perused the records of the case - CAAR-1 application, reply from jurisdictional Commissionerate, rejoinder of the applicant, oral submissions made during the hearing and the legal framework governing the classification of proposed imports in the form of relevant Chapter notes, Section notes and HSN Explanatory Notes to the respective Chapter headings. I proceed to deliberate upon the issue on the basis of information available on record. The subject goods, 'Interactive Display System (ViewBoard)' has an in-built Central Processing Unit, RAM for execution of programs, pre-installed operating system namely Android 7.0, Open Pluggable Specification Slot to download and install new programmes and operate other operating systems such as Windows, etc. Additional features include, slots for HDMI, VGA, LAN, USB, RS232 and audio ports, high internal storage capacity, UFT (Ultra Fine Touch) Technology to offer more precise writing and faster processing time, air quality sensor, germ resistant screen, two touch pens (stylus), remote control, 70-80% glare free surfaces with a flicker free display, multi-touch interaction, handwriting recognition, freehand touch, go typing and applications such as calculator, stopwatch, buzzer. They are wall mounted, do not incorporating tilt, swivel or height adjustment mechanism and are available in dimensions 55", 65", 75", 86" and 98". They are used in classrooms for teaching and in companies for presentations, meetings etc. Further, these Interactive Display Systems can also be connected to laptops and input can be given either from the Interactive Display Systems to the laptop or vice versa. Internet can be accessed by connecting them to a dongle via USB ports or by the use of a LAN cable. They allow user to record and share lectures/ notes/ presentations via email or QR codes and upload the notes on a pre-set cloud storage. The subject goods for which advance ruling has been sought, its characteristics, functionality and utility etc. are broadly discussed in the aforementioned paras. The issue involved is whether the impugned goods, namely, Interactive Display System (ViewBoard) can be considered as ADP machines and can merit classification under sub heading 84714190 of Customs Tariff Act, 1975.

7.1. The Jurisdictional authority, Commissioner of Customs, Chennai-II(Import), has categorically stated that the claim of the applicant (classification under CTH 8471) is not accepted for the following reasons:

i. The subject goods are not merely an ADPM, in fact it has many other additional inbuilt features with the main purpose to interact through display as per the intended use i.e., training, conferences, educational purposes, teaching via e-learning etc. The goods are mainly Display devices incorporating and working in conjunction with an automatic data processing machine



i.e., inbuilt CPU. The primary function of the goods is to display the given input data/ images/pictures/videos etc.

ii. ADP machines performing specific functions other than Data processing are required to be classified as per their respective functions. Even though the functions of an ADP machines are inbuilt, the subject goods viz., Interactive Flat Panels being primarily used as Display System cannot be considered as a simple input or output device and is to be identified with its primary function of display by applying Note 6 (E) of Chapter 84.

iii. As per Note 6(D) to Chapter 84, Heading 8471 does not cover monitors and projectors not incorporating television reception apparatus when presented separately even if they meet all the conditions mentioned in Para(C) of the said Note. Further, para (E) states that machines, instruments or apparatus incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective functions or, failing that, in residual headings.

iv. The description mentioned in the application is "Interactive Flat Panel", thus the main function of subject goods is interaction through display. Essentially, it acts as a display monitor, enabling one to select, to view documents, videos and even web links on a larger scale.

As per jurisdictional Commissionerate, Chennai II, the impugned goods cannot be considered as an Automatic Data Processing machine under CTH 8471, instead they are classifiable under sub-heading 8528 5900 which deals with other monitors.

7.2 The applicant provided an Annexure-wise response to the comments from jurisdictional Commissioner of Customs, Chennai-II(Import). Same is re-iterated below:

#### Inputs on Annexure-A

That the Chennai Commissionerate has filed an appeal against one Advance Ruling issued, or that they have given adverse comments in respect of another pending Advance Ruling is not of relevance, because there are now numerous Advance Rulings on identical issue, which have not been challenged. Thus the issue has attained finality.

#### Inputs on Annexure-B

1. It is submitted that the applicant has clearly set out detailed submissions in its Advance Ruling Application regarding the fact that the subject goods fulfil all conditions mentioned in Note 5(A) to Chapter 84 of the Customs Tariff, and therefore, qualify to be considered as Automatic Data Processing Machines classifiable under Heading 8471. It is not being contended by the Chennai Commissionerate that the goods concerned do not fulfil the conditions set out in Note 5(A). Given the same, the goods are rightly classifiable under Heading 8471.

2. It is instead being contended in Annexure-B that the product in question is a multifunction machine (performing the functions of an ADPM and display), and the display function is the primary function. Thus, reliance is being placed by the Chennai



Commissionerate on Section Note 3 to Section XVI, which pertains to classification of multi-function machine, to contend that the product must be classified under Heading 8528. This argument is grossly incorrect.

3. The above argument could be considered only if Heading 8471 only covered the processing aspect (without the display). However, this is not the case. ADP System under Heading 8471 expressly includes an ADPM when combined with an output unit. That is, ADPM with display attached is specifically covered under Heading 8471. Thus, Heading 8471 covers not just one aspect of the product in question, but the complete product itself.

4. However, heading 8528 only covers the display monitor, when imported without the ADPM. Therefore, while Heading 8471 covers the product in question as a whole, Heading 8528 covers only one aspect of the product. Thus, Section Note 3 Chapter Note 5(E) has been wrongly attempted to be applied by the Chennai Commissionerate to the present case.

5. The fact is, heading 8471 specifically and completely covers the product in question, while Heading 8528 covers only one aspect of the imported product-the display aspect. Thus, on applying Rule 3(a) of the General Rules of Interpretation, heading 8471 will prevail.

6. The products concerned in the cases of Integral Computer and N.I. Systems are not ADPM. Thus, these cases cannot be applied to the present product in question. The product in question is not merely a "display board". The subject goods, on the other hand, are highly sophisticated machines which perform a plethora of functions beyond being used as traditional whiteboards in classrooms. These are not merely used for display of the information or presentation but are also capable of complex operations. That they are not merely "display products" is also evident from the huge difference in price between the imported product and merely display boards or monitors available in the market. The imported product is a superior product and complex ADP System. The same is rightly classifiable under Heading 8471.

8. I have examined the comments forwarded by Commissioner of Customs, Chennai-II(Import) and the rejoinder submitted by the applicant. It is observed that the Jurisdictional Commissionerate has described the subject goods as 'Interactive Flat-Panel Display (IFPD)' that is a large-format touchscreen display ideal for meeting rooms and collaborative spaces; that is a replacement for clunky or outdated projector technology with a higher-quality display, enhanced connectivity, and built-in software solutions; that in a nutshell it is a type of interactive whiteboard whose main function is interaction through display; that the subject goods are not merely an ADPM and in fact it has many other additional inbuilt features with the main purpose to interact through display; that they are mainly display devices incorporating and working in conjunction with an automatic data processing machine i.e. inbuilt CPU; that the primary function of the goods is to display the given input data/images/pictures/videos etc. They have placed emphasis on the following Chapter Notes of Chapter 84:



- i. Note 6(D) to Chapter 84, that categorically states that, "*Heading 8471 does not cover 'monitors and projectors, not incorporating television reception apparatus' when presented separately*",
- ii. Note 6 (E) of Chapter 84 that states "*Machines incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective functions or failing that, in residual headings.*" and
- iii. Chapter Note 3 to Section XVI that states "*Unless the context otherwise requires, composite machines consisting of two or more machines fitted 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*"

8.1 It is pertinent to mention that the principles for classification of goods are governed by the General Rules of Interpretation (GRI) and Harmonized Commodity Description and Coding System (Harmonized System or HSN). According to Rule 1 of the General Rules of Interpretation (GRI), "*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.*"

Chapter 8471 of Customs Tariff Act, 1975 covers, "*Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included*'

Chapter Note 6(A) states that:

"*For the purposes of heading 8471, the expression "automatic data-processing machines" means machines, capable of*

*(1) storing the processing program or programs and at least the data immediately necessary for the execution of the program;*

*(2) being freely programmed in accordance with the requirements of the user,*

*(3) performing arithmetical computations specified by the user; and*

*(4) executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run."*

In order to merit classification under heading 8471, it is clear that subject goods need to satisfy the requirements of note 6(A) to chapter 84. Therefore, there is a need to examine





whether the features and specifications of the subject goods under consideration meet the criteria as laid down in the relevant chapter note reiterated above.

8.2 It is understood that Automatic data processing (ADP) machines have storage capability and also stored programs which can be changed as per the performance of tasks. Digital machines process data in coded form. A code consists of a finite set of characters (binary code, standard six-bit ISO code, etc.). The data input is either automatic through the use of data media such as magnetic tapes or manual by means of keyboards, touchscreen etc. The input data are converted by the input units into signals which can be used by the machine and stored in the storage units. The data is then operated by the CPU and operating system to produce output. From para 2, it is evident that these machines have an in-built CPU, Android operating software and high internal storage capability which is directly accessible for the execution of a particular program and which has a capacity sufficient to store those parts of the processing & translating programs and the data immediately necessary for the current processing run. Therefore, the goods satisfy the condition specified in Note 6(A)(i). As per Note 6(A)(ii), the machine should be able to be freely programmed in accordance with the requirement of the user. From the product details submitted, it appears that these goods come with a pre-installed operating system, namely, Android, that is the customized operating system for these device. It has an OPS slot, enabling connection of additional hardware and installing other operating software such as Windows, etc. It is capable of downloading and installing new programmes in accordance with the needs of the user and executing any application/program stored on its memory. Therefore, the goods satisfy condition as per 6(A)(ii). Interactive Display System, perform the arithmetical computations specified by the user which satisfy condition 6(A)(iii) of the chapter notes. It is submitted that Interactive Display System, have a processing program, which make them capable of modifying its execution by logical decision during the processing run, so it satisfies condition 6(A)(iv) of the chapter notes. From forgoing discussions, it is clear that the subject goods satisfy all the requirements as mandated under Note 6(A) (previously referred to as 5 (A)) to Chapter 84 of the Customs Tariff Act, 1975. Accordingly, the subject goods justify the expression "automatic data processing machine" as is mandated in Note 6(A) of Chapter 84.

8.3 Note 6(B) to chapter 84 states Automatic data processing machines may be in the form of systems consisting of a variable number of separate units. Note 6(C) to chapter 84 specifies the conditions for a unit to be classified as being part of an automatic data processing system. Note 6(D) to chapter 84 lists certain separately presented products that are to be excluded from heading 8471, even if they can be classified as part of an ADP system. Note 6(E) to chapter 84 mentions that a machine incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective functions or failing that, in residual headings. In a standalone configuration, the devices under consideration process applications compatible with the various Android operating system, join wired or wireless networks, access and manipulate folders and files, and perform general computing tasks such as Internet browsing, email, and editing office documents. Therefore, from the working and features of



the impugned goods, it appears that these are neither units of ADP machines nor ADP machines presented in the form of systems, but ADP machines themselves.

8.4 ADP machines are categorized in CTH 8471 as per one dash subheading as follows:

*1st one-dash subheading: Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display*

*2nd one-dash subheading: Other automatic data processing machines*

As the machines under consideration do not have a keyboard, they appear to be classifiable as other ADP machines under 2nd one-dash subheading. Subheading 847141 covers other ADP machines; comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined. For the machines under consideration, the LED screen satisfies the requirement for output and the touchscreen satisfies the requirement for input apart from the CPU inbuilt into the device. Therefore, the subject goods appear to be classifiable under subheading 847141 and more specifically under subheading 84714190 as *“Other automatic data processing machines: Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined: Other”*.

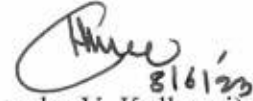
9. The jurisdictional Commissionerate, Chennai Import –II have contended against applicant’s request to classify the subject goods under Chapter heading 8471 and have submitted that the appropriate heading for classification of impugned goods shall be Chapter heading 8528. However, on careful consideration of all parameters of the case, I find that the subject goods are capable of performing plethora of functions independently on standalone basis and these devices are much more than mere display devices. In fact, display is only one of the features of the goods and cannot be construed to be its only function, much less its principal function. Also, the subject goods satisfy all the conditions laid down under Note 6(A) of Chapter 84, thereby validating the expression “automatic data processing machine”. Further, I find that the subject goods are comprised of below mentioned elements mentioned in the HSN Explanatory notes to Chapter heading 8471,

*“A complete automatic data processing system must comprise, at least:*

- (1) A central processing unit which generally incorporates the main storage, the arithmetical and logical elements and the control elements; in some cases, however, these elements may be in the form of separate units.*
- (2) An input unit which receives input data and converts them into signals which can be processed by the machine.*
- (3) An output unit which converts the signals provided by the machine into an intelligible form (printed text, graphs, displays, etc.) or into coded data for further use (processing, control, etc.)*



10. In view of forgoing discussion and the facts on record, I rule that 'Interactive Display System (ViewBoard)' models mentioned in para 1 merit classification under Heading 8471 and more specifically under sub-heading 84714190 of the first schedule to the Customs Tariff Act, 1975.



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