

DIN No:- 202308740R000000D597



CUSTOMS AUTHORITY FOR ADVANCE RULINGS
O/o THE CHIEF COMMISSIONER OF CUSTOMS
NEW CUSTOM HOUSE, NEAR IGI AIRPORT, NEW DELHI-110037

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

Present

Samar Nanda (Customs Authority for Advance Rulings, New Delhi)

The day of 31st July, 2023

Ruling No. CAAR/Del/Samsung/17/2023

In Application No. VIII/CAAR/Delhi/Samsung/24/2023 / 354 to 359
2/8/2023

Name and address of the applicant: Samsung India Electronics Limited,
6th floor, DLF Centre, Sansad Marg,
New Delhi-110001.

Commissioner concerned: Commissioner of Customs,
Chennai-II (Import), Custom House,
60, Rajaji Salai, Chennai-600001.

Present for the Applicant: K. Sivarajan, CA
Rahul Shukla, AR
Yatin Gupta, AR
Abhishek Singhania, AR
Sachin Chawla, AR
Neeraj Aggarwal, Technical Rep.

Present for the Department: None



Recd
RA 1704 Samsung
Rahul Shukla
2/8/23

Ruling

M/s Samsung India Electronics Limited, 6th floor, DLF Centre, Sansad Marg, New Delhi-110001, having IEC No. 0595032818 and PAN-AAACS5123K (applicant, in short) has filed an application dated 16.03.2023, received on 21.03.2023, seeking advance ruling under section 28-H of the Customs Act, 1962, before the Customs Authority for Advance Rulings, New Delhi (CAAR, New Delhi in short). The application was accordingly registered under Serial No. 07/2023 dated 21.03.2023.

2. Import of Samsung Smart Monitors with Model No. LS27BM5 is the proposed activity as stated in the application. The applicant is an importer of the above goods and responsible for their sale, marketing and distribution in India and vide the aforesaid application, they have sought ruling on the question i.e. what is the appropriate classification for Samsung Smart Monitors (Model No. LS27BM5) under Customs Tariff (CTH 8528 or CTH 8471) and whether exemption from duties as per serial number 17 of Notification No. 24/2005 dated 01.03.2005, as amended, is applicable on the import of the goods?

3. The applicant further stated that, the Samsung Smart Monitor intended to be imported is a display device, having a screen size of 27 - 43 inches, depending on the product variant and equipped with an ergonomic stand for long viewing hours; it is designed to carry out the dual function: primarily, like a monitor, display the output of a personal computer as processed by an external Central Processing Unit (CPU)/laptop/mobile phone; and secondly, like a computer, function as an independent device that can run applications and programs by itself without any external CPU; the device works as a monitor and is capable of connecting to other devices such as mobile phones, televisions, soundbars, etc.; the subject goods are equipped with multiple ports, i.e., HDMI port and USB ports for connecting external devices like a computer, laptop, gaming system, soundbar, mobile phone, etc., hence, a user can use the subject goods for a better screen experience; the subject goods run on the company's proprietary operating system and can run the limited fixed applications and programs available on the store by itself; these added smart features of running applications and programs by



itself include, but are not limited to, the following – stream media through Samsung TV Plus, or OTT third party applications such as Netflix, Amazon Prime Video, Hotstar, etc.; in other words, the subject goods have built-in streaming and productivity apps; it connect to video calling through third party applications such as Google Duo, etc.; it enable users to access television content through Samsung TV Plus; it execute workplace functions such as reading/replying to emails, working on documents through Microsoft Word and working on sheets through Microsoft Excel etc.; the subject goods consist of a main printed-circuit board (motherboard) along with a power supply, hard disk for storing data, a processor and in-built speakers; they have Wi-Fi and are Bluetooth enabled, for connectivity; it also consists of 2 HDMI ports and 2 USB ports and is controlled through an infrared remote control to execute and run the applications/program; however, the subject goods, are not equipped with the following features/capable of undertaking the following functions: it cannot operate as a replacement to desktops/computers/laptops; do not incorporate a television reception apparatus such as TV tuner, channel selector or video tuner, etc.; only permit a user to download or use the limited applications and programmes that are either pre-loaded or available on the store. The applicant has further stated that, the subject goods are imported into India in an assembled form at a single line item in a purchase order with a single price i.e. in a standalone basis.

4. Keeping in view, the technical features, functions, usage, capabilities, and composition of the subject goods, the interpretation by the applicant of the Customs Tariff is as follows:

A) Subject Goods are classifiable under Tariff Entry 8528.52.00 of the Customs Tariff as “Other monitors capable of directly connecting to and designed for use with an automatic data processing machine of heading 8471”; in context to the subject goods, the applicant submits that it is a monitor with the primary function to display the output of a personal computer as processed by its external Central Processing Unit, laptops, or mobile phones etc.; further, the subject goods are equipped with connectors such as HDMI port, USB port, etc., which allow the user to connect its ADPs to the Smart Monitor and accept a signal from it as well; the signal so received, is then processed and the output is displayed on the monitor; the applicant, hence, submits that the subject goods merit classification under Tariff Entry 8528.52.00 of the Customs Tariff.



B) Subject Goods are not classifiable under Tariff Entry 8528.59.00 of the Customs Tariff as "Monitors other than those capable of directly connecting to and designed for use with an automatic data processing machine of heading 8471"; the applicant submits that the subject goods are clearly distinguishable from monitors covered under Tariff Entry 8528.59.00 of the Customs Tariff as the subject goods cannot be used at airports, railway stations, factories, and hospitals for information display, rather it is used domestically or in offices for improving the productivity levels; the subject goods are fitted with connectors, i.e., 2 HDMI ports & 2 USB ports for connection with a data processing system; it does not consist of a decoding device and is not capable of receiving coded signals; the subject goods have an ergonomic design and are equipped with a stand for height adjustment and tilt; in other words, a customer can position the subject goods as per his requirement; hence, the subject goods do not merit classification under Tariff Entry 8528.59.00 of the Customs Tariff.

C) Subject Goods are not classifiable under CTH 8471 of the Customs Tariff as "automatic data processing machine" (ADP); in context to the subject goods, the applicant submits that while it is capable of functioning as an independent device that can run applications and programs by itself without any external CPU, it does not merit classification under Tariff Heading 8471 as it cannot process data in coded form and it operates only on fixed programs, i.e., it only permits a user to download or use the limited applications and programmes that are either pre-loaded or available on the store, additionally, the primary function of the subject goods is to operate as a monitor to display the output of external devices like a computer, laptop, gaming system, soundbar, mobile phone, etc. hence, the subject goods do not merit classification under CTH 8471 as automatic data processing machines. The applicant has further submitted that it has been undertaking imports on standalone basis and will continue to do so in the future as well thus subject goods are not imported with any other automatic data processing machine, hence, at the time of assessment, the form of import of the subject goods is on standalone basis, i.e., presented separately; in view of the above, it is squarely covered within the exclusions listed under Note 6(D) to Chapter 84, therefore, the subject goods are not classifiable under CTH 8471 as automatic data processing machines.

D) Subject Goods, if classifiable under Tariff Entry 8528.52.00, are eligible for exemption from levy of basic customs duty under exemption notification. In context to



the subject goods, the applicant has submitted that their primary function is to operate as a monitor which is connected to personal computers, laptops, mobile phones etc. (ADP systems), through its HDMI and USB ports to enhance the screen experience of the user by displaying the output thus, the principal function of the subject goods is to operate as a monitor and the remaining functions and features are secondary in nature hence, if the subject goods are classifiable under Tariff Entry 8528.52.00 of the Customs Tariff, they should also be eligible for exemption from levy of basic customs duty under the exemption notification.

5. Comments in the matter have been received from the concerned Commissionerate of Customs wherein, it is inter-alia stated that, as per the applicant's submissions the case is under investigation by DRI (Hyderabad ZU); since officers of DRI are also notified as Officers of Customs, it can be presumed that the issue is pending before an officer of Customs and hence, the application shall not be allowed; further, the subject goods are "Samsung Smart Monitors with Model No.LS27MB5" which primarily function as a displaying device/monitor designed and capable of connecting to an automatic data processing system and cannot be considered as an Automatic Data Processing Machine under CTH 8471; importer's claim that the subject goods are classifiable under Sub-heading 852852 based on the contention that the subject goods cannot be used at airports, railway stations, factories, and hospitals for information display, rather it is used domestically or in offices for improving the productivity, in this regard, the importer has not submitted any technical reason for which the subject goods cannot be used at airports, railway stations, factories, and hospitals for information display; that the subject goods are fitted with connectors, i.e., 2 HDMI ports & 2 USB ports for connection with a data processing system, in the era of fast growing technology, connectors such as HDMI/USB ports are very common and can be considered as additional features; that the subject goods have an ergonomic design and are equipped with a stand for height adjustment and tilt, in other words a customer can position the subject Goods as per their requirement; thus, this is not the reason to exclude the Smart monitor from the scope of "other monitors" as even the LED/LCD has options of height adjustment and tilt and they are classifiable under sub-heading 852859; further, the applicants have themselves accepted that it can also operate as an independent device that can run applications and programs by itself



without any external CPU, which itself is an evidence that the goods can be classified under 852859; as per rule 3 (c) of the General Rules for Interpretation (GRI, in short), if the goods are classifiable under two or more headings, such goods shall be classified under the heading which occurs last in numerical order among those which equally merit consideration and in this case, the sub-heading 852859 is later than 852852 hence, the subject goods are classifiable under sub-heading 852859. Further, the applicant has claimed that the subject goods are eligible for exemption from levy of basic customs duty under serial number 17 of Notification No. 24/2005, dated 01.03.2005, as amended for the reasons that the benefit is extended to goods falling under the Sub-heading 852842, 852852 or 852862, only and not for goods falling under Sub-heading 852859, hence the claimed exemption under serial number 17 of the Notification No. 024/2005, dated 01.03.2005, as amended is not applicable to the subject goods classifiable under 85285900; the benefit is extended to "All goods of a kind solely or principally used in an automatic data processing system of heading 8471"; the impugned goods are not solely or principally used in an automatic data processing system of heading 8471, hence, the exemption under serial number 17 of Notification No. 024/2005, dated 01.03.2005 as amended is not applicable to the subject goods.

6. Personal hearing in the matter was held on 06.06.2023, wherein the *Authorized Representative (AR) of the applicant referred to the comments of the concerned Commissioner, wherein admissibility of the application has been denied since the case is under investigation by DRI (Hyderabad ZU). The AR presented their submissions regarding applicability/admissibility of Advance Rulings in the instant application vis-a-vis provisions under Section 28-1(2) of the Customs Act, 1962. In this regard, the AR referred to the case of Directorate of Revenue Intelligence Vs M/s Spray-tec India Ltd, wherein the Hon'ble High Court of Delhi has held that the DRI had not issued any pre-condition Notice or SCN which would indicate that the question regarding classification of any goods was pending. Further, the AR also referred to the Rulings of the CAAR, New Delhi issued in the matter of M/s HQ Lamps Manufacturing Co. Pvt. Ltd. wherein the CAAR, New Delhi had examined the ambit of the expression "where the question raised in the applications already pending in the applicant's case before any officer of the Customs". The Authority further asked the Authorized Representative if he wishes to discuss and put forth their contention regarding classification and*



applicability of notification, in respect of goods in question. In this regard, the AR mentioned that they are in the process of examining recent rulings of CAAR, also their technical representative is away. Accordingly, the AR requested for another date of personal hearing, in the instant application for advance ruling.

7. The applicant gave additional submissions vide their letter dated 16.06.2023, wherein apart from reiterating submissions made earlier vide their application for advance ruling, the applicant has made the following submissions:

A) The principal function of the subject goods is to operate as an independent device that can run applications and programs by itself without any external CPU. Further, the subject goods are also qualifying the definition of an Automatic Data Processing Machine (ADPM) and only from a marketing standpoint, the subject goods are being marketed amongst consumers as a 'monitor' that 'can do it all', i.e., a consumer can use the subject goods not only for their work-related aspects but also in their downtime to stream media, access music, etc. In context of the subject goods and the reliance placed on the cases where classification has been determined basis the predominant use of the subject goods/statutory definition, the classification of the subject goods should be determined based on its principal function and not based on its trade parlance.

B) Tariff Heading 8471 of the Customs Tariff covers automatic data processing machines and units thereof and Chapter Note 6(A) explains the meaning of the term, automatic data processing machine, as a machine, capable of storing the processing programme or programmes and at least the data immediately necessary for the execution of the programme, being freely programmed in accordance with the requirements of the user, performing arithmetical computations specified by the user and executing, without human intervention, a processing programme which requires them to modify their execution, by logical decision during the processing run. In context to the subject goods, the applicant submitted that all the requirements set forth are being fulfilled in the following manner: The subject goods can store apps (like Netflix, YouTube, Prime etc.,) i.e., programme for the purpose of executing them and also the data immediately necessary for such apps/programmes; the term "freely programmed" is not defined under the Customs Tariff but the reliance is placed on the jurisprudence of *Ingram Micro India Private Limited versus Principal Commissioner of Customs*



(Import) New Delhi, the Hon'ble CESTAT inter-alia, held that where users can download and install new programmes in accordance with their needs and usage, it can be said that the goods are freely programmable; in the context to subject goods, a user can, with the use of either Android or other operating systems, download and install new programmes in accordance with their needs and usage, thus, goods are machines which can be freely programmed in accordance with the need of the user. Further, subject goods can perform arithmetical functions as they incorporate an Arithmetic Logic Unit ('ALU'), a user can execute workplace functions such as reading/replying to emails, working on documents through Microsoft Word and working on sheets through Microsoft Excel etc; subject goods can execute commands of user by logical decision making without human intervention. The CPU along with the operating system executes the command so given by the user by taking logical decisions during the processing run.

C) Further, in the advance ruling application filed by M/s Supertron Electronics Pvt. Ltd., classification of "Optoma Creative Touch 3-series Interactive Flat Panel", the goods in question, similar to the subject goods are computer systems with extensive connectivity. It comes with facilities like built-in Marketplace, Cloud Drive, and file manager provide easy access to popular Apps and cloud storage, the product has an "embedded android system" pre-loaded with Android 11.0 Android Operating System (OS), which delivers incredible software functionality including a 4K-optimized user interface; apart from Android OS; basis the product functions, features and capability, the Hon'ble Advance Ruling Authority, New Delhi on 09th May 2023 concluded Tariff Entry 8471.41.90 as the appropriate classification of the above-mentioned product.

D) Subject Goods, classifiable under Tariff Entry 8471.41.90, are eligible for exemption from levy of basic customs duty under Notification No. 24/2005-Cus., dated 01.03.2005 issued under sub-section (1) of section 25 of the Customs Act. Further, the applicant has submitted that if the learned bench is of a view that appropriate classification of the subject goods is under Tariff Heading 8528 of the Customs Tariff then also the subject goods be allowed exemption from payment of basic customs duty under serial no. 17 of the Notification No. 24/2005-Cus. Dated 01.03.2005, as all goods classifiable under Tariff sub-heading 852852 which are solely or principally used in an automatic data processing system, classifiable under Tariff heading 8471 shall be eligible for the exemption benefit; in the present case, the subject goods despite being



independent devices, operate principally on being connected to personal computers and laptops, etc. (ADPMs), through its HDMI and USB ports; it is only when the subject goods are connected to an ADPM, that the following functions can be executed: a user can download a new app through an open SDK kit; if a user does not want to download a new app, it can use it by connecting it to a laptop where the new app is already downloaded.

8. The second personal hearing on the matter was held on 21.06.2023 wherein *the Authorized representative (AR) started with explaining features and characteristics of the goods in question and emphasized that the primary function of these goods is to work as Automatic Data Processing machines. He further discussed Chapter Note 6(A) of Chapter 84 along with various features and functions of the goods in question to establish that these goods satisfy various criteria laid down in the chapter notes for classification under heading 8471. He then referred to the judgment in the case of Ingram Micro India Pvt Ltd., advance ruling issued in the past and US Ruling, in support of their contention for classification of the goods under heading 8471. The representatives of the applicant have also explained various functions of the goods in question with the help of representative sample installed for demonstration during the hearing. On being asked AR replied that goods do not incorporate TV tuner, or Video tuner.*

9. The applicant further gave counter-submissions vis-a-vis the comments from the concerned Commissionerate vide letter dated 21.06.2023 as follows:

A) In the comments, it is mentioned that given the functionality/usage, the subject goods cannot be considered as an Automatic Data Processing ('ADP') machine under the heading 8471 based on an analogy of cellular android phones which have all the functionality of an ADP machine and also works on Android OS, yet the same is classified under cellular phones as the primary function. It was thus stated that the principal function of the product is to interact through display, hence, it's a monitor covered under heading 8528. However, the applicant has submitted that comments are technically incorrect as the principal function of the subject goods is to operate like a computer i.e., an independent device that can run applications and programs by itself without any external CPU. Only from a marketing standpoint, the subject goods are



being marketed amongst consumers as a 'monitor' that 'can do it all', i.e., a consumer can use the subject goods not only for their work-related aspects but also in their downtime to stream media, access music, etc.

B) Further, in the comments, term used is "interact" through display to conclude that impugned goods are monitors; however, usage of the said term in relation to the subject goods is incorrect as "interact" means a two-way communication; in the present case, the subject goods only "interact" as an ADP machine by taking inputs and giving outputs by usage of applications including data processing and arithmetical computation as per the need of the user; in other words, the subject goods are comparable to an All in One Computer.

C) Capability of a product to 'interact' is not given as a determinative factor for classification under Tariff heading 8528 of the Customs Tariff, hence, concluding classification of the subject goods on their capability to 'interact' or 'not' is incorrect; it is further submitted that in the case of smart phones, CBIC has clarified vide Circular No. 17/2007-Cus. dated 19.04.2007 that classification of a product under tariff item 851712 is based on telephony being the principal function; in the present case, the principal function is like an ADP machine as it is also mentioned in the comments that the product being an independent device which can run applications and programs by itself and hence, the comments on this account are contradictory.

D) Further, reliance is placed on the Circular No. 20/2013-Cus. dated 14-5-2013 dealing with the classification of tablet computer wherein it has been discussed and clarified while holding the classification under Heading 8471, that, "The tablet computers are not intended to be a substitute for a mobile phone to make voice calls, but, according to its main technical features is designed as a substitute for laptops. The difference between a "Smartphone" and a "Tablet Computer", is not based on whether the product has a voice calling function or not, but on the principal features that a producer has intended for the device when designing and developing it.". Drawing an analogy from the above, in the present case, the product is positioned as a smart monitor as it functions more than a monitor by imparting independent functionality of an ADP machine which user can use as well.

E) Alternatively, the subject goods are classifiable under Sub-heading 8528.52.00 and not 8528.59.00 of the Customs Tariff and are eligible for exemption under Serial No 17 of the Notification No 24/2005-Cus. dated 01.03.2005 however in this regard,



the concerned Commissioner has disagreed on the grounds that the product cannot be used at airports, railway stations, factories, and hospitals for information display, rather it is used domestically or in offices for improving the productivity and in this regard, the applicant has not submitted any technical reason for which the subject goods cannot be used at airports, railway stations, factories, and hospitals for information display, the products are fitted with connectors, i.e., 2 HDMI ports & 2 USB ports for connection with a data processing system; in the era of fast growing technology, connectors such as HDMI/USB ports are very common and can be considered as additional features; the product has an ergonomic design and are equipped with a stand for height adjustment and tilt; in other words, a customer can position the subject goods as per their requirement. The above comments of the concerned Commissioner, are misplaced and lack clear understanding on the scope and coverage of Tariff Entry 85285200 or 85285900; appears to have been given with a pre-conceived notion and objective without appreciating or evaluating the guidance given in the explanatory notes to Harmonised System of Nomenclature, 2022 for both the tariff entries; on comparison of the features of monitors as covered under the heading 8528 of the Customs Tariff based on the guidance given for the heading in the HSN 2022 vis-à-vis the technical facts of the goods in question, the product, as an alternative submission, is classifiable under tariff entry 85285200 and not 85285900 of the Customs Tariff.

F) With regards, exemption from payment of Basic Customs Duty under serial number 17 of the Notification No. 24/2005-Cus. dated 01.03.2005, the subject goods are eligible for the benefit as despite being independent devices, they operate principally on being connected to personal computers and laptops, etc. (ADPMs), through its HDMI and USB ports. In Sony India Pvt. Ltd. versus Commissioner of Cus. & C. EX., New Delhi, the Hon'ble CESTAT, New Delhi classified color data projectors imported by the importer under Tariff Heading 85286100 as "Projectors of a kind solely or principally used in an automatic data processing system of heading 8471; further, the importer was allowed benefit of the said exemption Notification and goods were considered to be principally used with ADPMs; thus, the subject goods merit classification under Tariff Heading 852852 of the Customs Tariff, they are eligible for benefit under the said exemption Notification.

G) Rule 3 (c) of GRI is not applicable to the present case as there is no ambiguity in classification; the concerned Commissionerate has disagreed with coverage of the



subject goods under heading 852852 of the Customs Tariff by application of rule 3 (c) of GRI, which provides that goods are to be classified under the heading which occurs last in numerical order among those which equally merit consideration; in this regard, rule 3(c) of GRI has been incorrectly applied as the goods are covered specifically under Tariff heading 8471 of the Customs Tariff by virtue of their function and technical capabilities. Hence, classification of the subject goods should be determined on the basis of rule 3(a) of GRI which provides that classification should be done under the tariff heading that provides more specific description as compared to the tariff heading which provides a general description; additionally, GRI has been incorrectly applied as the said Rules are to be followed in a sequential manner; in other words, if goods are classifiable under two or more headings, classification of the goods is to be considered by following sequentially through GRI 3(a) to 3(c); in the instant case, the subject goods are specifically covered under heading 8471 by virtue of their technical capabilities and usage; hence, by application of rule 3 (a) of GRI, the subject goods should be classified under heading 8471 of the Customs Tariff.

10.1 In light of the submissions of the applicant and comments of the concerned Commissionerate, I would first take up the issue relating to validity of the instant application for advance rulings, in terms of the provisions under the Customs Act, 1962 and the CAAR Regulations, 2021. I note that the concerned Commissionerate has inter-alia stated that, as per the applicant's submissions, the case is under investigation by DRI (Hyderabad ZU); since officers of DRI are also notified as officers of customs, it can be presumed that the issue is pending before an officer of customs and hence, the application shall not be allowed. However, as regards applicability/admissibility of Advance Rulings in the instant application vis-a-vis provisions under Section 28-I (2) of the Customs Act, 1962, the applicant has stated that in the case of Directorate of Revenue Intelligence vs M/s Spray-tec India Ltd, the Hon'ble High Court of Delhi has observed that the DRI had not issued any pre-condition Notice or SCN which would indicate that the question regarding classification of any goods was pending before an officer and inter-alia held that *therefore, in cases, such as the extant case, wherein an officer of customs is engaged in an investigation that may result in formulation of a question that would be posed before another competent officer would not qualify as "pending before an officer."*



10.2 I also note that the applicant has been engaged in import of the goods in question, whereas in terms of Sub-section (b) of section 28E of the Customs Act, 1962. "Advance Ruling" means a written decision on any questions referred to in section 28H raised by the applicant in his application in respect of any goods prior to its importation or exportation. The present application has posed a question for advance ruling related to on-going activity however, I note that CAAR, New Delhi, had issued an Advance Ruling dated 05.10.2021 in the application for Advance Ruling filed by M/s. Spraytec India Ltd. wherein, while noting that goods in question have been imported in the past, the Authority had also observed that *the application for advance ruling relates to the on-going activity. However, a ruling by the Authority shall impart certainty to the issue of appropriate classification, provided that the jurisdiction of this Authority is not ousted by proviso to section 28-1 (2) of the Customs Act, 1962.*

10.3 Thus, in light of above, I am of the view that it cannot be considered that the question raised in the instant application is pending before an officer of customs. Moreover, in line with the earlier ruling dated 05.10.2021, I intend to issue ruling in the instant application for advance ruling as the same would provide certainty to classification and applicability of exemption notification to the goods in question.

11. Finding that the application is valid in terms of the provisions of the Customs Act, 1962 and the CAAR Regulations, 2021, having gone through submissions, additional submissions, comments of the concerned Commissionerate and having heard the applicant, I proceed to examine the question raised in the application for advance ruling, on merits.

12. Since the question under the application for Advance Ruling relates to classification of goods proposed to be imported, guidance of the Harmonized Commodity Description and Coding System of the World Customs Organization, to which India is a signatory, would be useful.

13.1 I note that the applicant has stated that they are not sure of the classification but to the best of their appreciation of facts, the subject goods should be classified either under Sub-heading/heading 852852 or 8471.



13.2 I also note that the applicant has inter-alia stated that, the goods in question do not incorporate a television reception apparatus such as TV tuner, channel selector or video tuner, etc.; these goods only permit a user to download or use the limited applications and programmes that are either pre-loaded or available on the store; primary function of the goods is to operate as a monitor which is connected to personal computers, laptops, mobile phones etc. (ADP systems), through its HDMI and USB ports to enhance the screen experience of the user by displaying the output thus, the principal function of the subject goods is to operate as a monitor and the remaining functions and features are secondary in nature; a consumer can use the subject goods not only for their work-related aspects but also in their downtime to stream media, access music, etc. The applicant has also submitted a copy of letter written by them to the department wherein they have inter-alia stated that these monitors are designed primarily to be used with computers, the resolution of all the models is pre-set to the PC mode.

13.3 As per the comments of the concerned Commissionerate, goods in question are classifiable under sub-heading 852859 and hence the claimed exemption under serial number 17 of the Notification No. 024/2005, dated 01.03.2005, as amended is not applicable to the goods. The exemption vide serial number 17 of Notification No. 24/2005-Cus dated 01.03.2005, as amended is extended to "All goods of a kind solely or principally used in an automatic data processing system of heading 8471".





13.8 Further, reference is drawn to Note 6 of Chapter 84 vis-a-vis attention is also invited to features of the goods in question. It may be noted that the goods in question are designed and made in such a manner, allowing the machine to also function on their own without connecting to ADP machine and such functions performed may be beyond the capabilities of automatic data processing machines listed under Note 6(A) of Chapter Notes of Chapter 84. Such functions include playing video available on OTT platform, gaming etc. Therefore, it appears that the Unit (goods in question) is not of a kind solely or principally used in an automatic data processing machine. In view of the foregoing, classification of the goods in question, under heading 8471 is ruled out. Specifically, Samsung Smart Monitors (Model No. LS27BM5) merit classification under Sub-heading 85285200.

14. The other question posed by the applicant for advance ruling is regarding applicability of exemption vide serial number 17 of Notification No. 24/2005-Customs dated 01.03.2005, as amended on the proposed import of goods in question. As per the said serial number 17 of the Notification, exemption from duties as per the Notification is admissible to all goods of a kind solely or principally used in an automatic data processing system of heading 8471, falling under Sub-heading 852842, 852852 or 852862 of the First Schedule to the Customs Tariff Act, 1975. Since, the goods in question i.e. Samsung Smart Monitors (Model No. LS27BM5) are not of a kind solely or principally used in an automatic data processing system of heading 8471, the exemption vide serial number 17 of Notification No. 24/2005-Cus. dated 01.03.2005 is not admissible.

15. I rule accordingly.

Date: 31.07.2023


(Samar Nanda)

Customs Authority for Advance Rulings,
New Delhi



F.No. VIII/CAAR/Delhi/Samsung/24/2023

Dated:31.07.2023

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

1. M/s Samsung India Electronics Limited, 6th floor, DLF Centre, Sansad Marg, New Delhi-110001.
2. The Commissioner of Customs, Chennai-II (Import), Custom House, 60, Rajaji Salai, Chennai-600001.
3. The Customs Authority for Advance Rulings, Mumbai, New Custom House, Ballard Estate, Mumbai-400001
4. The Chief Commissioner (AR), Customs Excise & Service Tax Appellate Tribunal (CESTAT), West Block-2, Wing-2, R.K. Puram, New Delhi-110066
5. The Chief Commissioner of Customs, Delhi Customs Zone, New Custom House, IGI Airport Complex, New Delhi-110037
6. The Member (Customs), CBIC, North Block, New Delhi
7. Guard file
8. Webmaster.

AS
31.07.2023
(Anamika Singh)

Secretary & Joint Commissioner,
Customs Authority for Advance Rulings, New Delhi

