



**CUSTOMS AUTHORITY FOR ADVANCE RULINGS
CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS
O/O THE PRINCIPAL CHIEF COMMISSIONER OF CUSTOMS,
NEW CUSTOMS HOUSE, NEW DELHI-110037**

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Present

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

The day of 21st August, 2023

Ruling No. CAAR/Del/Supertron/19/2023

In Application No. VIII/CAAR/Delhi/Supertron/37/2023

Name and address of the applicant: M/s. Supertron Electronics Pvt. Ltd.,
"Supertron House", No. 2, Cooper Lane,
Kolkata 700001

Commissioner concerned: Commissioner of Customs, Import,
Chennai-II, Customs House, No.-60,
Rajaji Salai, Chennai-600001

Present for the Applicant: Shri Gokulraj L., advocate

Present for the Department: None



Ruling

M/s. Supertron Electronics Pvt. Ltd., "Supertron House", No. 2, Cooper Lane, Kolkata-700001, having IEC No. 0295000473 and PAN - AADCS5971L (applicant, in short) has filed an application dated 14.04.2023, received in this office on 06.06.2023 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. 19/2023 dated 06.06.2023.

2. The applicant, vide the aforesaid application, has sought ruling on the question of classification of the proposed items of import namely, "Optoma Creative Touch 5-series Interactive Flat Panel (IFP) (Model- 5652RK+, 5752RK+ & 5862RK+)" (subject goods, in short).

3.1 The applicant has stated in the application that, the subject goods are an All-in-One (AIO) computer system which function like a large size tablet computer and has an inbuilt mother board, (quad core A73) Micro Processor (CPU), Mali G 52 Graphics Card, 8GB RAM, and 64 GB SSC storage, an embedded android system pre-loaded with Android 11.0 Android Operating System (OS); they are of the bonafide belief that the subject goods are rightly classifiable under Sub-heading 84714190. Accordingly, the applicant has raised the question for issue of a ruling on classification of the subject goods under CTH 84714190.

3.2 The applicant has also stated that, the subject goods are an All-in-one (AIO) Computer System, which functions like a large size tablet computer, and has an integrated system with Central Processing Unit, mother board, graphic card, memory (RAM+Storage), touch screen as virtual key board as an input device and video display unit as an output device; the subject goods are not mere display units, rather they are computer systems with extensive connectivity, which offers versatile plug and play compatibility with Windows, Mac and Chrome OS. The applicant has further stated that, facilities like built-in Marketplace, cloud drive, and file manager provide easy access to popular apps and cloud storage; the screen recording capabilities of the subject goods enable easy saving of meetings, lessons or notes for later viewing or sharing; the Panel has an "Embedded Android system" pre-loaded with Android 11.0 Android Operating System (OS), which delivers incredible software functionality, including a 4K UHD user interface; apart from Android OS, this panel is capable of functioning on Microsoft Windows 10 OS, if an optional OPS SLOT-IN PC MODULE is added in the system; in addition, the Panel provides enhanced protection via programmable PIN code and USB port disable, thereby ensuring that the Optoma 5-series IFP is safe and secure for any environment; as per Webopedia an All-in-One (AIO) computer system is a type of computer which has all the parts of a computer like CPU, memory (ram storage), motherboard, graphic processing using or graphic card, all in one place, inside the monitor's body; subject goods also consists of all the parts of a computer like CPU, memory (ram+ storage), motherboard, graphic processing using or graphic card, all in one place, inside the display's body; like a Tablet computer system, the subject goods



also typically come with a mobile operating system and touch screen display processing circuitry, and has two classes of Operating Systems, i.e. Mobile Operating System like Android 11.0, and Desktop Operating Systems Microsoft Windows, like Apple Mac and Chrome OS; in other words, Optoma Creative Touch 5-Series Interactive Flat Panel (IFP) is an All-in-One (AIO) computer system, and functions like a large size tablet computer; subject goods has the necessary hardware memory (RAM+ Storage-SSD), in which the Operating System as well as other software programs are stored to execute the data processing process, and thereby satisfies the condition 5 (A) (1) of the Chapter Notes of Chapter 84; the software loaded in the IFP being freely programmed in accordance with the requirements of the user, fulfilling the condition given in 5(A)(2) of the said Chapter Notes; subject goods perform the arithmetical computations specified by the user which satisfy the condition 5(A)(3) of the said Chapter Notes; subject goods have a processing program, which makes it capable of modifying their execution by logical decision during the processing run, so satisfies the condition 5(A)(4) of the said Chapter Notes; in other words, the subject goods fulfills all the conditions of 5(A) of the said Chapter Notes, and thereby qualifies to be covered by the definition of Automatic Data Processing (ADP) Machine; the subject goods, house in addition to a Central Processing Unit (CPU), a LED Screen, which serves as the output source, and a touch-sensitive surface, which acts as the source of input.

3.3 Further, the applicant has stated that, in a similar matter involving the classification of flat panel display, reported in ruling, NY N2800009 dated 31.10.2016, the National Commodity Specialist Division, United States, has held that the flat panel display, which is freely programmable and houses a CPU, and an input unit and/or an output unit shall be classified under 8471.41.0150 of the Harmonized Tariff Schedule of the United States; for an identical item, the Hon'ble Authority, Mumbai vide Ruling No. CAAR/Mum/ARC/04/2022 dated 02.02.2022, CAAR/Mum/ARC/15/2022 dated 03.06.2022 and CAAR/Mum/ARC/03/2023 dated 31.01.2023 has held that the product, 'Creative Touch Interactive Flat Panel (IFP) merits classification under Sub-heading 84714190 of the First Schedule to the Customs Tariff Act. Lastly, the applicant has prayed that the subject goods be classified under Sub-heading 84714190.

4. Comments in the matter have been received from the concerned Commissioner of Customs, Chennai, wherein, while referring to heading 8471, Chapter Note 6 to Chapter 84, it has been inter-alia stated that, Interactive Flat Panels (IFPs) are different from ADP machine covered under heading 8471 as these have an embedded android system pre-loaded with Android 11.0 Operating System which cannot be re-programmed by the user; catalogue of the imported goods, nowhere mentions that it can be re-programmed therefore subject goods are not freely programmable; thus as per Explanatory Notes to Chapter 84, the machines which operate only on fixed programs are excluded even though the user may be able to choose between a number of such fixed programs; moreover, the subject goods cannot execute the logical functions without human intervention; IFP is a large-format touch screen 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, IFP display is a type of interactive whiteboard which is a large electronic display that has a touch screen and is able to access, manipulate, and interact with electronic files, they easily 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; subject goods support communication and collaboration in ways never before possible in the meeting room; most of the subject goods 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; there are various types of Interactive Devices, known by various names in the industry i.e. Interactive Whiteboard/Smartboard, Interactive Flat Panel Display, Interactive Intelligent Panels etc.; these are an advanced technology goods used in classroom teachings, conferences etc.; the Interactive Display Systems can be used to present documents, information and videos to different groups, for educational purposes i.e. e-learning for example to a group of students in a classroom or during a meeting in a business environment; further, it is also observed that 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 Note 6 (C) of the said Note; also, Note 6 (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; 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.; 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 Chapter Note 6 (E) of Chapter 84, as mentioned above. Referring to rule 1 and rule 3(a) of the General Rules for Interpretation of Import Tariff (GRI, in short), the applicant has also inter-alia stated that the appropriate classification of the subject goods shall be under heading 8528; 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; as per Chapter Note 3 to Section XVI, "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"; it is found that primary function of the subject goods is display and these are also marketed as products with efficient display qualities, touch screen, write or draw on screen etc.; 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 comments of the concerned Commissionerate also referred to the judgement of the Hon'ble Supreme Court in the case of Deena Jee Sansthan vs Commissioner of Central Excise, Meerut-2019 (365) ELT 353 (SC) wherein the Supreme Court 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; in view of the foregoing, subject goods cannot be considered as an Automatic Data Processing machine under CTH 8471; even Cellular Android Phones do incorporate all the functions of an ADP machine and 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 85285900 which deals with other monitors; in the case of Commissioner of Customs (Import & General), New Delhi vs Integral Computer Ltd. 2016 (337) E.L.T. 580 (Tri-Del), 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 get 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 85285900 i.e other monitors.

5. Personal Hearing in the matter was held on 05.07.2023 in virtual mode, wherein the *Authorized Representative of the applicant while explaining description of the goods in question namely Creative Touch 5-Series Interactive Flat Panel (IFP) has mentioned that the same are an All-in-One computer system which has an integrated system with Central Processing Unit, in-built motherboard, graphic card, microprocessor, storage etc. He further explained that the subject goods are not only display units, rather they are computer systems with extensive connectivity and an "Embedded Android system" pre-loaded with Android OS; in addition to the above, it can function on Windows, Mac and Chrome operating system; thus, the AR submitted that Optoma Creative Touch 5-Series Interactive Flat Panel (IFP) is an All in One computer system capable of working as standalone equipment without the need for any other machine or input device and therefore, the AR believe it to be correctly classifiable as an Automatic Data Processing Machine under CTH 8471.*

6. In response to comments of the concerned Commissionerate, the applicant furnished additional submissions, *wherein they reiterated their earlier submissions, as regards the subject goods, meeting requirement with the Chapter Note 5A of Chapter 84, it is further submitted that, the concerned Commissionerate while furnishing their comments on the application for advance ruling has admitted that the goods have built-in software integrations; if a machine has built-in software application, then it requires a CPU to process the said software and therefore it is conceded by the department that the product in question is an Automatic Data Processing machine; the goods do not perform any function other than data processing; the large size display is only a feature/specification of the goods and this cannot be construed to be its function, much less its principal function; the department, therefore, is incorrect in contending that the*



large size of display would mean that the goods are meant for display purpose to a large gathering and, therefore, in terms of Chapter Note 5(E) of Chapter 84, the goods would merit classification as per the specific use; in terms of tariff items contained in Chapter 85 and the HSN Explanatory Notes to CTH 8528, it is more than apparent that CTH 8528 would cover monitors which are capable of receiving and displaying the signals when attached to any of the devices like Automatic Data Processing Machine, Video Camera or Recorder; such monitors do not have the capability of functioning independently or through two way communication; neither they are capable of processing any data on their own nor they are capable of storing any data; identical goods have also been classified under CTH 8471 by the Principal Bench of the Hon'ble CESTAT in the case of Ingram Micro India Pvt. Ltd. Vs. Principal Commissioner of Customs (Import), ICD, Tughlakabad [Final Order No. 50076-50077/2022 dated 02.02.2022] and also by the US Customs CROSS Ruling and WCO Classification Ruling; for an identical product, the Authority for Advance Ruling, Telangana in the case of In Re: Next Education India Pvt. Ltd. reported in 2022 (60) GSTL 483 (A.A.R. -GST- Telangana) has held that Interactive Flat Panel with android is classifiable under CTH 8471; the goods would not merit classification under CTH 8528 since this heading covers monitors which are capable of receiving and displaying the signals when attached to any of the devices like ADPM, Video Camera or Recorder and these monitors do not have capability of functioning independently or through two-way communication; neither they are capable of processing any data on their own nor are they capable of storing any data; the goods, on the other hand, have an in-built CPU, 2GB RAM for executing program, 16 GB storage capacity and are also loaded with Android 7.0 operating software; thus, the goods can perform a plethora of functions beyond being used as a traditional whiteboard in the classrooms; the goods are not merely used for display of the information or presentation but are also capable of complex operations and can function independently on standalone basis; the goods are therefore, much more than mere display devices and would not merit classification under CTH 8528 as "monitors"; the size of the goods and capability of being operated by means of a remote control are also features not usually found in monitors, as per HSN Explanatory Notes to Chapter 85; when the classification of the goods is determined by application of Chapter Notes and GRI 1, there is no occasion for invocation of GRI 3(c); in this connection reliance is being placed on the judgment of the Supreme Court in Commissioner of Central Excise, Nagpur Vs. Simplex Mills Co. Ltd. reported in 2005 (181) E.L.T. 345 (S.C.); the department has placed reliance on the decision of the Hon'ble Tribunal in the case of Commissioner of Customs (Import & General), New Delhi vs. Integral Computer Ltd. reported in 2016 (337) ELT 580 (Tri-Del.); however, the said case is completely distinguishable on facts; in paragraph 3 of the said order, the Hon'ble Tribunal had specifically noted that the "... The product is described as a PC based input equipment which when connected with projector and PC can be used for functions such as writing, noting, drawing, geometric graphics, editing, printing and storing; some of the key features of the white board are that it creates an interactive environment for teaching and demonstration, if connected with PC and projector under the support of dedicated software; the electronic pen supplied with the white board can operate the PC instead of mouse... "; therefore, the product in question was required to be connected to a PC or projector, whereas, the product under consideration in the present case has an in-built CPU and is not required to be connected to a PC or projector to be used; it has an independent functionality; therefore, for the reasons mentioned in the application for advance ruling and for the reasons mentioned above, the applicant has prayed that the product under



consideration, namely, "Optoma Creative Touch 5-series Interactive Flat Panel (IFP) (Model- 5652RK+, 5752RK+ & 5862RK+)" is classifiable under CTH 84714190.

7. Finding that the Customs Authority for Advance Rulings, Mumbai has already issued rulings on the similar items in respect of the applicants other than the applicant in the instant application. Moreover, finding that the application is valid in terms of the provisions of the Customs Act, 1962 and the CAAR Regulations, 2021, having gone through the submissions of the applicant, comments of the concerned Commissioner, having heard the applicant, and recognizing the importance of timely pronouncement of rulings, I proceed to examine the question on merits.

8. I note that the applicant has repeatedly referred to Chapter Note 5 of Chapter 84 however Chapter Notes of Chapter 84 have undergone a change, in the past and reference to Chapter Note 5 is to be treated as reference to Chapter Note 6 of Chapter 84. The applicant has also inter-alia stated that, the subject goods are an All-in-One (AIO) computer system which function like a large size tablet computer; the subject goods are not mere display units, rather they are computer systems with extensive connectivity, which offers versatile plug and play compatibility with Windows, Mac and Chrome OS; apart from Android OS, this panel is capable of functioning on Microsoft Windows 10 OS, if an optional OPS SLOT-IN PC MODULE is added in the system; the subject goods also typically come with a mobile operating system and touch screen display processing circuitry, and has two classes of Operating Systems, i.e. Mobile Operating System like Android 11.0, and Desktop Operating Systems Microsoft Windows, like Apple Mac and Chrome OS; the software loaded in the IFP being freely programmed in accordance with the requirements of the user. Further, I note that the extant Note 6(A) of Chapter 84 lays down, "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.

9.1 Based on the comments of the concerned Commissioner of Customs, Chennai, on the application for advance ruling, it is observed that *classification under heading 8528 instead of claimed classification under heading 8471, has been preferred mainly for the reasons that, Interactive Flat-Panel Display (IFPD) is a large-format touchscreen display ideal for meeting rooms and collaborative spaces; in a nutshell, an IFP-short for Interactive Flat Panel Display-is a type of interactive whiteboard (IWB); 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 Note(C) of the said Note, further, Note (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, 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. and 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, 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.

9.2 On perusal of the comments of the concerned Commissionerate on the application for advance ruling, it is observed that the word, 'Display' in the description of item, 'Interactive Flat Panel Display; has caught their attention and same has been made basis to arrive at essential/principle function of the subject goods however, it appears that importance of the word, 'Interactive' in the description of the subject goods, has not been discussed much. The word, 'Interactive', in the description of the subject goods immediately brings to the front various capabilities of the subject goods and on closer examination, the capabilities of the subject goods meet the requirement under Chapter Note 6(A) of Chapter 84 for a machine to mean as 'automatic data processing machine'. Moreover, once an item has inbuilt input unit, output unit along with processing unit then it is obvious that the item can perform multiple functions. For such an item similar to the subject goods, the issue is to ascertain essential function and terms of the heading read with Section/Chapter Notes for determination of classification of such goods. In light of the foregoing, the issue of classification, in the instant application gets settled in terms of Rule 1 and Rule 6 of General Rules for Interpretation of Import Tariff (GRI) without inviting reference to Rule 3 of GRI.

10. Since the question under the application for advance ruling relates to classification of goods proposed to be imported, guidance of the World Customs Organization, to which India is a signatory, would be useful. It is noted that the Harmonized System Committee (60th Session) of WCO has examined a similar product, i.e an electronic interactive whiteboard ("Smart Board"), size 78 inches, consisting of a touch-sensitive, dry-erase surface with multi-touch functionality, which accepts touch input from a pen or a finger and features integrated speakers generally delivered complete with two pens, device driver software & a user guide which can serve as a surface to display the screen of an ADP machine, projected by the video projector and it is able to accept or deliver data in a form which can be used by the ADP machine. The HS Committee of WCO decided the classification of this product under Sub-heading 8471.60, adopting the classification rationale under General Rules for Interpretation vide Rule 1 read with Note 5 (C) to Chapter 84 and Rule 6 of GRI.

11. I also note that a number of rulings and judgements have been quoted by the concerned Commissioner to justify classification under heading 8528. However, it is felt that judgement of CESTAT, New Delhi in the case of Ingram Micro India Private Limited is the most appropriate, giving detailed explanation for classification of goods similar to the subject goods under heading 8471. It is also noted that



Customs Authority for Advance Rulings, Mumbai examined the question of classification of similar goods and ruled for classification of such goods similar to the subject goods in Sub-heading 84714190, while referring to the Final Order of Hon'ble CESTAT, New Delhi in an appeal filed by M/s Ingram Micro India Pvt. Ltd.

12. Keeping in view the foregoing, it is evident that the proposed items of import namely, "Optoma Creative Touch 5-series Interactive Flat Panel (IFP) " (Model- 5652RK+, 5752RK + & 5862RK+)" merit classification under Sub-heading 84714190 of the First Schedule to the Customs Tariff Act, 1975.

13. I rule accordingly.

Date: 21.08.2023



(Samar Nanda)

Customs Authority for Advance Rulings,
New Delhi.



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

1. M/s Supertron Electronics Pvt. Ltd., "Supertron House", No. 2, Cooper Lane, Kolkata-700001.
2. The Commissioner of Customs (Import Commissionerate), Chennai-II, 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

21/08/2023
(Anamika Singh)

Secretary,
Customs Authority for Advance Rulings, New Delhi

