

CBIC issues clarification regarding the SC's decision on the classification of 'relay'

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The Supreme Court (SC) in the case of M/s Westinghouse Saxby Farmer Ltd. had held that 'relays' are classifiable as parts of 'railway signalling equipment' under Heading 8608. The SC noted that those parts suitable for use solely or principally with an article in Chapter 86 could not be taken to a different chapter as the same would negate the very object of group classification. Therefore, parts suitable for use solely or primarily with an article in Chapter 86 cannot be classified under a different heading.

According to the above, the Central Board of Indirect Taxes and Customs (CBIC) issued instructions dated 5 January 2022 to address divergent practices adopted in 'auto parts' classification/assessment.

Since the review petition filed against the SC ruling has been dismissed, the CBIC has now clarified that the instruction issued earlier and the SC ruling would apply only to the goods in that case and shall not apply to all goods. Further, the earlier instructions would be valid and do not require any changes.

