

TRADE NOTICE 01/2009

Subject: - MRP based assessment - Clarification regarding the scope of entry No. 97 of the Notification No. 2/2006-CE (NT) inserted vide the amending Notification No. 11/06-CE (NT) (present entry no 107 in the notification No. 14/08-CE (NT))-reg.

References received by the CBEC from the field formations regarding the scope of above-mentioned entry have been examined. The entry read as under: -

S.No.	Chapter, heading, subheading or tariff item of the First Schedule	Description of Goods	Abatement as a percentage of retail sale price
97.	Any heading	Parts, components and assemblies of automobiles	33.5%

2.1 The first issue is regarding interpretation of term "automobiles". The said term has not been defined in the Notification; hence its general meaning needs to be considered.

In this regard, reference is invited to Circular No. 22/90-CX.4, dated 11.7.1990. In this circular at para 2, it has been stated that automobiles are conveyances for transportation of passengers and goods on roads (Chapter 87) and that hydraulic excavators cannot be treated as automobiles.

2.2 Further, as per the Automobile Cess Rules (under the industries (Development and Regulation) Act, 1951), automobile is defined as follows: -

"Automobile" means motor cars, buses, trucks, jeep type vehicles, vans, scooters, motorcycles, mopeds, and all other automobiles covered under the sub-heading (5) of heading 7 'Transportation' of the First Schedule to the Act;"

The relevant subheading 7(5) reads as follows: -

*"7. Transportation.
(5) Automobiles (motorcars, buses, trucks, motorcycles, scooters and the like)"*

2.3 It is also to clarify that the term 'automobiles' does not include animal driven or manual driven vehicles.

The above clarification/definition may be considered to interpret the scope of term 'automobile'.

3.1 Another issue that has arisen is the scope of the term 'part' as used in the aforementioned entry. Chapter 87 of the Central Excise Tariff Covers parts of different vehicles. Further, Section Note 2 of the Section XVII also defines the

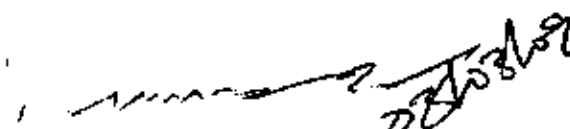
(6)

scope of 'parts' of goods falling in said section. Doubts have arisen as to whether 'parts' classified in Chapter 87 shall only be covered under the said entry or all parts irrespective of their classification should be covered.

3.2 The issue has been examined. The said entry provides that 'parts, components and assemblies' falling in any heading in the tariff are covered. Therefore, it is logical that all 'parts, components and assemblies', irrespective of their classification shall be covered. It is also important to note that there is no specific entry for 'components' or 'assemblies' of automobiles in the Tariff, therefore, this also supports the view that all goods which are commonly known and sold in the trade as 'parts, components and assemblies' are covered by said entry, irrespective of their clarification in the Tariff.

Hence, the term 'parts, components and assemblies' of automobiles includes items like batteries, brake assembly, tyres, tubes and flaps, IC engines, ball bearing, etc.

All the Trade Associations and Chamber of Commerce and Industries are requested to bring the contents of this Trade Notice to the notice of their member constituents.


(V. Manivaaman)

Addl. Commissioner (Tech.)

F.No. VGN(30)10/Trade Notice/09
Pune, the February 2009

(Authority Board's letter F.No. 167/38/2008-CX.4 dated 16.12.2008 issued by the Under Secretary to the Govt of India).

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