

THE WEST BENGAL AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICES TAX

14 Beliaghata Road, Kolkata-700015

(Constituted under section 96 of the West Bengal Goods and Services Tax Act, 2017)

Members present:

Shafeeq S, Joint Commissioner, CGST & CX

Jaydip Kumar Chakrabarti, Senior Joint  
Commissioner, SGST

Preamble

A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called "the GST Act"), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Tax Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

Every such appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed there under, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

Name of the applicant	NAVYA ELECTRIC VEHICLE PRIVATE LIMITED
Address	24/1, Shantikunj Appartment, Ground Floor, Shop No-6, Onkarmal Jetia Road, Bataitalla Phari, Howrah-711103
GSTIN	19AAICN1800C1ZW
Case Number	WBAAR 24 of 2025-26
ARN	AD191025004232P
Date of application	October 31, 2025
Jurisdictional Authority (State)	Shibpur Charge
Jurisdictional Authority (Central)	Shibpur Division, Howrah Commissionerate
Order number and date	26/WBAAR/2025-26 dated 16.01.2026

Applicant's representative heard	Mr. Priya Ranjan Shukla, C.A
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1.1 At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 (the CGST Act, for short) and the West Bengal Goods and Services Tax Act, 2017 (the WBGST Act, for short) have the same provisions in like matter except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the WBGST Act. Further to the earlier, henceforth for the purposes of these proceedings, the expression 'GST Act' would mean the CGST Act and the WBGST Act both.

1.2 The applicant is engaged in the supply of electric three-wheeler passengers and goods transport vehicles (e- rickshaws). To optimize logistics and facilitate sales through authorized dealers/assemblers, the applicant intends to supply these vehicles in a Completely Knocked Down (CKD) condition.

1.3 The applicant has made this application under sub section (1) of section 97 of the GST Act and the rules made there under raising following questions vide serial number 14 of the application in FORM GST ARA-01:

Whether the supply of a complete set of components of an electric three-wheeler vehicle (e- rickshaw) in Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as (a) the finished vehicle itself or (b) a set of parts and what is the applicable rate of GST

1.4 The questions on which the advance ruling is sought for is found to be covered under clause (a) of sub-section (2) of section 97 of the GST Act.

1.5 The applicant states that the questions rose in the application neither have been decided by nor is pending before any authority under any provision of the GST Act.

1.6 The application is, therefore admitted.

#### Submission of the Applicant

2.1 The CKD supply involves providing all necessary components- such as the chassis, motor, battery, controller, body panels and differential- in a single, consolidated

shipment to the registered dealers/assemblers, who then assemble and sell the final, road-worthy electric vehicle.

A clarification is required regarding the classification of this CKD kit and the corresponding Goods and Services Tax (GST) rate, as the tax rate for the finished electric vehicle (typically 5%) differs significantly from the tax rates applicable to various individual parts (which may be 18% or 28%)

### **3. Submission of the Revenue**

3.1 The concerned officer from the revenue has not expressed any view on the merit of the issue raised by the applicant.

### **4. Observations & Findings of the Authority**

4.1 We have gone through the records of the issue as well as submissions made by the authorized representatives of the applicant during personal hearing. The revenue has not expressed any view in this regard.

4.2 According to the facts narrated by the applicant, he is engaged in supply of electric three-wheeler passenger and goods transport vehicle or commonly known as e-rickshaw. To optimise the logistics and facilitate sales through authorised dealers or assemblers, the applicant intends to supply these vehicles in a Completely Knocked Down (CKD) condition. According to the statement of facts, this CKD supply will involve providing all necessary components, such as chassis, motor, battery, controller, body panels and differential in a single consolidated shipment to the registered dealers or assemblers, who will assemble and sell the final road-worthy electric vehicle. The tax rate of finished electric vehicle is 5% (2.5% CGST + 2.5% SGST) while the individual parts are taxable @ 18% (9% CGST + 9% SGST).

4.3 In this context the applicant has placed before us the following two questions:  
A) Whether the supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and

sufficient for the assembly of the finished vehicle, should be classified as the finished vehicle itself?

B) Whether the supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as a set of parts and what is the applicable rate of GST?

4.4 Before going into the discussion, we must look at the definition of vehicles both from common parlance and with reference to the Motor Vehicles Act, 1988.

The Cambridge dictionary defines vehicle as a machine, usually with wheels and an engine, used for transporting people or goods, especially on land. The Merriam-Webster dictionary defines vehicle as a means of carrying or transporting something e.g. planes, trains, and other vehicles. On the other hand, Dictionary.com has defined it as any means in or by which someone travels or something is carried or conveyed; a means of conveyance or transport. For example, a motor vehicle; space vehicles. The Britannica Dictionary defines vehicle as a machine that is used to carry people or goods from one place to another e.g. cars, trucks, and other vehicles.

According to Section 2(28) of the Motor Vehicles Act, 1988 "*motor vehicle*" or "*vehicle*" means *any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding [twenty-five cubic centimetres]*. E-rickshaw having three wheels will not come under this definition.

But with effect from 07.01.2015 e-cart and e-rickshaw has been brought into the ambit of the Motor Vehicles Act, 1988. Section 2A has been added to the act which provides as under:

**2A. e-cart and e-rickshaw.**—(1) Save as otherwise provided in the proviso to sub-section (1) of section 7 and sub-section (10) of section 9, the provisions of this Act shall apply to e-cart and e-rickshaw.

(2) For the purposes of this section, "*e-cart or e-rickshaw*" means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf.

From the above discussion it is clear that electric three wheeler vehicle, commonly

known as e-rickshaw, is included in the definition of vehicle in the Motor Vehicles Act, 1988 with effect from 07.01.2015.

Since the taxability of goods under the GST regime is determined in terms of HSN code to be found in the Customs Tariff Act, 1975, we should refer to the relevant entries under both the CGST Act, 2017 and the Customs Tariff Act, 1975.

As per Notification No. 11/2017 – Central Tax (Rate) Dated 28.06.2017 as amended by Central Notification No. 09/2025-Central Tax (Rate) Dated 17.09.2025 e-rickshaw finds entry in Schedule I vide entry no. 441. The description reads: 'Electrically operated vehicles, including two or three wheeled vehicles'. This entry has an explanation which reads like '*For the purposes of this entry, "Electrically operated vehicles" means vehicles which are run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicles and shall include E- bicycles.*

Under the Customs Tariff Act, 1975 e-rickshaw is covered by HSN code 870380 ('other vehicles, with only electric motor for propulsion') and the specific tariff item no. is 87038040, the description being 'Three-wheeled vehicles'. It is taxable @ 2.5% CGST+ 2.5% SGST vide serial no. 441 of Schedule I.

The parts and accessories of e-rickshaw are covered by the following entries of the CGST Act, 2017 and the Customs Tariff Act, 1975:

Description	Serial no. with schedule of CGST Act	HSN code under the Customs Act
Electrical transformers	477 (Schedule II)	8504
Electrical lighting or signalling equipment	485 (Schedule II)	8512
Chassis fitted with engine	542 (Schedule II)	8706
Bodies	543 (Schedule II)	8707
Parts and accessories	544 (Schedule II)	8708
Seats	610 (Schedule II)	9401

All the above goods are taxable @ 9% CGST + 9% SGST.

4.5 Now we will move to the subject matter of the application. The basic issue before us is to decide whether the supply of e-rickshaw in completely knocked down (CKD) form can be regarded as supply of e-rickshaw in finished form and accordingly to decide the tax rate of e-rickshaw.

It is stated by the applicant that he is engaged in the supply of e-rickshaw. According

to him, in order to optimise the transportation logistics and to facilitate sales through authorised dealers/ assemblers the applicant intends to supply e-rickshaw in CKD condition in a single consolidated consignment.

To understand the issue placed before us we must discuss the concept of CKD vehicles first. It is more practical to understand the concept in juxtaposition to CBU (Completely Build Up) vehicles.

CKD is a concept that is widely used now in automobiles, electronics and furniture

industries. Conceptually it refers to collection of parts requires to be assembled to bring into existence the finished product. In automobiles industry CKD vehicle is a vehicle with all its components in a separated condition. The components, if assembled, bring into existence a finished vehicle. Usually this assembly work is carried out at the workshop of the car dealers. On the other hand, CBU refers to the complete vehicle with all the components fitted. It is shipped in one complete unit and does not need to be assembled.

Usually vehicles are consigned in CKD condition to save space in cargo and convenience in transportation. Sometimes it has tax or duty implications also in a system of taxation where the finished vehicle and its components are differently taxed.

4.6 Whether CKD vehicle can be regarded as finished vehicle has been a contentious issue since long. This extends to the concept of CKD e-rickshaw as well. Especially in the domain of the Customs law this issue has undergone administrative attention and judicial proceedings. All these administrative orders and judicial pronouncements have unequivocal reference to Rule 2(a) of the General Rules for the Interpretation of the Harmonised System (in short GIRs) to the First Schedule of the Customs Tariff Act, 1975. This rule is reproduced here:

2. (a) *Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the **incomplete or unfinished article has the essential character of the complete or finished article**. It shall also be taken to include a reference to that article complete or finished (or failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.* (emphasis added)

It is evident from the above rule that in order to include an incomplete and unfinished article to a complete and finished article in a particular heading, the said incomplete or unfinished article should have the essential character of the complete or finished

article. In other words, if this condition of 'essential character' is satisfied, even an unassembled or disassembled article can be considered as complete or finished article.

4.7 In the year 2013 the Commissioner of Customs, ICD, TKD, New Delhi constituted a committee to decide as to what percentage of components/assemblies combine together make E-rickshaw in CKD SKD as per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975. On the basis of recommendations of this Committee, an Office Order bearing no. C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014 was issued, which is reproduced as below:

C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014

**OFFICE ORDER**

*A Committee was constituted by Commissioner of Customs ICD TKD New Delhi comprising of following below mentioned officers to decide up as to what percentage of components/assemblies combine together make E-rickshaw in CKD SKD as per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975.*

- (1) *Shri Karamvir Singh, Joint Commissioner of Customs, SUR*
- (2) *Shri Gauri Shankar Sinha, Deputy Commissioner of Customs, AG*
- (3) *Shri Vikash, Deputy Commissioner of Customs Import Seed*
- (4) *Shri Nalin Kumar, Deputy Commissioner of Customs Group V*
- (5) *Shri Prashant Kumar Jha, Deputy Commissioner of Customs SUB, and*
- (6) *Shri AbhinavYadav, Assistant Commissioner of Customs Import Shed.*

*2. A meeting of the Committee was held on 6.0.2014 and after deliberation the matter the Committee has decided that as per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975 there are five major components/assemblies such as transmissions motors axles, chassis and controller that provides essential characteristics to make a complete E-rickshaw in CKD SKD condition classifiable at 8703 and are covered under the provisions of Motor Vehicles Act, 1988. However if along with motor any two of the essential components mentioned above are missing then it may be considered as parts of electric rikshaw falling under C.H 8708 and will not attract the provisions of Motor Vehicles Act, 1988. All officers are accordingly directed to decide all pending matters on the above lines.*

*3. This issues with the approval of the Commissioner of Customs, ICD TKD New Delhi.  
(Karamvir Singh)*

*Joint Commissioner of Customs (SUB)*

*ICD, TKD, New Delhi*

The office order *ibid* has identified the five major components or assemblies which provide the essential characteristics to make a complete e-rickshaw in CKD (Completely Knocked Down) and SKD (Semi Knocked Down) condition classifiable in Tariff code 8703. The components are:

1. Transmissions
2. Motor
3. Axles
4. Chassis
5. Controller

The order also provides if along with motor any two of the essential components mentioned above are missing then it may be considered as parts of e-rickshaw. It alternately suggests that presence of motor and any three of the other essential components should be considered as complete e-rickshaw in CKD or SKD condition.

4.8 The above noted office order has got judicial sanctity when the Hon'ble Delhi High Court mentioned and accepted this office order in the judgement pronounced by the Hon'ble High Court in Rama Krishna Sales Pvt. Ltd. Versus Union of India case reported as 2019 (366) E.L.T. 273 (Del.) [31-01-2019]. The relevant portion of the order is reproduced here:

*"16. It is apparent that the scope of Rule 2(a) of the Interpretative Rules is only to interpret Customs duties as applicable to an article imported by any importer. Import of the said Rule is that even an incomplete or unfinished article, which has an essential character of a complete article, would bear the same duties as applicable to the complete article. Rule 2(a) of the Interpretative Rules creates a legal fiction for the purposes of imposition of duties, whereby even an unfinished article or an incomplete article is deemed to be treated as a complete article for the purposes of determining the duties applicable thereon.*

*17. At this stage, it is necessary to refer to the Office Order dated 12-3-2014, which is relied upon by the respondents. The same is set out below :-*

*"C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12-3-2014*

***OFFICE ORDER***

*A Committee was constituted by Commissioner of Customs ICD TKD New Delhi*

comprising of following below mentioned officers to decide up as to what percentage of components/assemblies combine together make E-rickshaw in CKD SKD as per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975.

- (1) Shri Karamvir Singh, Joint Commissioner of Customs, SUR
- (2) Shri Gauri Shankar Sinha, Deputy Commissioner of Customs, AG
- (3) Shri Vikash, Deputy Commissioner of Customs Import Seed
- (4) Shri Nalin Kumar, Deputy Commissioner of Customs Group V
- (5) Shri Prashant Kumar Jha, Deputy Commissioner of Customs SUB, and
- (6) Shri Abhinav Yadav, Assistant Commissioner of Customs Import Shed.

2. A meeting of the Committee was held on 6.0.-2014 and after deliberation the matter the Committee has decided that as per Rule 2(a) of the Interpretative Rules to the First

Schedule to the Customs Tariff Act, 1975 there are five major components/assemblies such as transmissions motors axles chassis and controller that provides essential characteristics to make a complete E-rickshaw in CKD SKD condition classifiable at 8703 and are covered under the provisions of Motor Vehicles Act, 1988. However if along with motor any two of the essential components mentioned above are missing then it may be considered as parts of electric rikshaw falling under C.H 8708 and will not attract the provisions of Motor Vehicles Act, 1988. All officers are accordingly directed to decide all pending matters on the above lines.

3. This issues with the approval of the Commissioner of Customs, ICD TKD New Delhi. (Karamvir Singh)  
Joint Commissioner of Customs (SUB)  
ICD, TKD, New Delhi."

18. It is apparent from the above that the High Powered Committee was constituted to decide as to what percentage of components/assemblies combined together should be considered as an E-rickshaw for the purposes of Rule 2(a) of the Interpretative Rules.

19. The aforesaid Office Order indicates the combination of essential components and assemblies of E-Rickshaws that are required to be considered as the finished article (a complete E-Rickshaw). The aforementioned Office Order has to be read in the context of Rule 2(a) of Interpretative Rules. It is, at once, clear that the import of the Office Order is that the duties as applicable to import of E-Rickshaws would also be applicable to the components which are determined as representing the essential

*character of the complete E-Rickshaw. The Committee had identified five major components/assemblies, namely, (i) transmission, (ii) Motor, (iii) axel, (iv) Chassis and (v) Controller which would essentially constitute an E-rickshaw in CKD/SKD (Complete Knock Down/Semi- Knock Down) condition. The Committee had further opined that if any two of the essential components along with the motor are missing then the remaining components could be considered as parts of the motor vehicle (E-Rickshaw). In other words, if along with the motor other essential components/assemblies were imported, the same would be considered to have the essential character of an E-Rickshaw.”*

We have in our hand the orders passed by the Customs, Excise & Service Tax Appellate Tribunal, New Delhi in the case of M/s Y.C. Electric Vehicle vs. Principal Commissioner, Customs (Import), New Delhi (ICD, TKD) and the Customs, Excise & Service Tax Appellate Tribunal, Eastern Zonal Bench, Kolkata in the case of Commissioner of Customs (Port) vs. M/s Jade Korea Pine Life. In both the cases the

respective tribunal while passing the order relied solely on the aspect of essential character of Rule 2(a) *supra*.

In the former case the Tribunal put emphasis on a conjoint reading of the office order mentioned Paragraph 4.5 and Rule 2(a) and allowed the import of parts and accessories of e-rickshaw as import of vehicle since the criterion of essential character of vehicle as per Rule 2(a) was satisfied with the components imported. In the latter case, the Tribunal ordered that due to absence of import of essential components of e-rickshaw the relevant consignment could not be considered as import of e-rickshaw. It failed the essential character test of Rule 2(a).

4.9 Even the Supreme Court of India has in several cases in other but somewhat comparable contexts has emphasised the need for application of Rule 2(a) *supra*.

In **Varshtronics v. CC 1999(106) ELT 89 (CEGAT)**, it was held by the Apex Court that washing machine imported in SKD condition (excepting a few parts) would be classifiable as 'washing machine', applying rule 2(a). In **Hindustan Udyog v. CCE 2001(133) ELT 405 (CEGAT)**, the Apex Court held that 'belt conveyor system' supplied with all material except belt (as belt was to be procured from market and fitted by buyer) has to be classified as 'Belt Conveyor' as per rule 2(a), as it has essential character of final product.

In **CC v. Hindustan Motors Ltd. 2003 (156) ELT 155 (CESTAT)** the case was that almost all the components of engine were imported in one consignment by Hindustan

Motors Ltd. Invoice showed them as 'set of engine'. The assembly of the components would give engine the essential characteristic of engine, though some local components would be required to complete the engine. It was held by the Supreme Court that the import was of complete engine. It was also held that the complexity of the assembly method is not required to be taken into account for the purpose of application of rule 2(a).

4.10 From the foregoing discussion and references we can note down the vital points relevant for our case as under:

- 1) CKD vehicle means collection of vehicle parts to be assembled to bring into existence the finished vehicle.
- 2) It is usually done for convenience of transportation.
- 3) This phenomenon is popular in automobiles, electronics and furniture industries.
- 4) The accepted legal position in respect of CKD vehicle is that the issue is to be understood and interpreted in terms of the provisions of Rule 2(a) of the General Rules for the Interpretation of the Harmonised System (in short GIRs) to the First Schedule of the Customs Tariff Act, 1975.
- 5) The spirit of Rule 2(a) *supra* is that the incomplete or unfinished article can be considered as complete or finished article under a particular heading if the incomplete or unfinished article has the essential character of the said complete or finished article.
- 6) In the context of e-rickshaw any CKD e-rickshaw must pass the test of 'essential character' as stipulated in Rule 2(a) read with the office order C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014 issued by ICD, TKD, New Delhi mentioned in Paragraph no. 4.7.
- 7) The above office order has identified five components viz. transmissions, motor, axles, chassis and controller that provide the 'essential character' of a complete e-rickshaw.
- 8) According to the office order as mentioned above, absence of any two components along with motor does not fulfil the 'essential character' test of a complete vehicle. Alternately it suggests that presence of motor along with three other essential components fulfils the criteria of finished e-rickshaw even in a CKD condition.
- 8) The above noted components in a consignment in appropriate and proportionate numbers are capable of building a complete e-rickshaw as such. Such e-rickshaw in CKD form can be regarded as finished one.

4.11 If we apply the ratio of the foregoing discussion to the case in our hand, we can

conclude that three-wheeler vehicle (e-rickshaw) in a CKD condition can be regarded as finished vehicle

- A) if the CKD parts contain any three of the four components fulfilling the 'essential character' of e-rickshaw viz. transmissions, axles, chassis and controller along with motor.
- B) if the consignment carries appropriate and proportionate numbers of components capable of building such numbers of e-rickshaws.

In view of the foregoing discussion, we rule as under:

### **RULING**

**Question 1: Whether the supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as the finished vehicle itself and what is the applicable rate of GST?**

**Answer:** The answer is in the affirmative if a complete set of components of an electric

three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form includes motor and any three of the other four major components (other than motor) viz. transmissions, axles, chassis and controller in proportionate number for the assembly of the finished vehicle.

As such, GST is applicable @ 2.5% CGST + 2.5% SGST vide HSN code 87038040 and serial no. 441 of Schedule I of Notification No. 11/2017 – Central Tax (Rate) Dated 28.06.2017 as amended by Central Notification No. 09/2025-Central Tax(Rate) Dated 17.09.2025.

**Question 2: Whether the supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as a set of parts and what is the applicable rate of GST?**

**Answer:** The answer is in the affirmative if the supply does not include either motor or any two of the other four major components (other than motor) viz. transmissions, axles, chassis and controller in proportionate number for the assembly of the finished

vehicle.

In that case, the supply will be regarded as that of components of e-rickshaw and is taxed @ 9% CGST + 9% SGST under different serial numbers as enumerated in Paragraph 4.4.

(SHAFEEQ S.)

Member  
West Bengal Authority for Advance Ruling

(JAYDIP KUMAR CHAKRABARTI)

Member  
West Bengal Authority for Advance Ruling

Place: Kolkata

Date: 16<sup>th</sup> January 2026

To,

NAVYA ELECTRIC VEHICLE PRIVATE LIMITED  
24/1, Shantikunj Apartment, Ground Floor,  
Shop No-6, Onkarmal Jetia Road, Bataitalla Phari, Howrah-711103

Copy to:

- (1) The Principal Chief Commissioner, CGST & CX, 180, Shantipally, R.B.Connector, Kolkata-700107
- (2) The Commissioner of State Tax, West Bengal, 14, Beliaghata Road, Kolkata-700015
- (3) The Charge Officer, Shibpur Charge, 7/1 Mackenzie Lane, Howrah-711101
- (4) The Commissioner, CGST & CX, Howrah Commissionerate, 15/1, Strand Road, MS Building, Kolkata-700001
- (5) Office Copy