

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
CHENNAI**

REGIONAL BENCH - COURT No. III

(1) Customs Appeal No. 40335 of 2024

(Arising out of Order-in-Original No.104345/2024 dated 09.01.2024 passed by Principal Commissioner of Customs, Preventive Commissionerate, Custom House, No.60, Rajaji Salai, Chennai 600 001.)

The Commissioner of Customs **Appellant**
Chennai-II (Imports)
Custom House, 60, Rajaji Salai,
Chennai 600 001.

VERSUS

**M/s.Hyundai Transys India
Private Limited** ... **Respondent**
C/o KIA Plant, Block 4,
SF No.146-2, Erramanchi Village,
Penukonda Mandal,
Andhra Pradesh 515 164.

WITH

(2) Customs Appeal No. 40292 of 2025

(Arising out of Order-in-Appeal C.Cus.I/771/2024 dated 21.11.2024 passed by the Commissioner of Customs (Appeals-I), 3rd Floor, New Custom House, GST Road, Meenambakkam, Chennai 600 016.)

**M/s.Hyundai Transys India
Private Limited** ... **Appellant**
C/o KIA Plant, Block 4,
SF No.146-2, Erramanchi Village,
Penukonda Mandal,
Andhra Pradesh 515 164.

VERSUS

The Commissioner of Customs **Respondent**
Chennai-VII Commissionerate,
New Custom House,
Chennai 600 016.

APPEARANCE :

Ms. A. Aruna, Advocate for the Assessee
Shri Anoop Singh, Authorized Representative
for the Revenue

CORAM :

HON'BLE MR. P. DINESHA, MEMBER (JUDICIAL)
HON'BLE MR. VASA SESHAGIRI RAO, MEMBER (TECHNICAL)

FINAL ORDER Nos.40048-40049/2026

DATE OF HEARING : 24.11.2025
DATE OF DECISION : 09.01.2026

Per: Shri P. Dinesha

Appeal No. **40335 of 2024** is filed by the Revenue against the Order-in-Original No.104345/2024 dated 09.01.2024 passed by the Principal Commissioner of Customs, Chennai-III pertaining to imports made through Chennai Sea Customs and Appeal No. **40292 of 2025** is filed by the Assessee against the Order-in-Appeal C.Cus.I/771/2024 dated 21.11.2024 of the Commissioner (Appeals-I) pertaining to imports made through the Air Cargo Complex, Chennai. These Appeals though are filed impugning different orders, but since facts and issue in both the Appeals are similar, they are clubbed for common disposal.

2. Shri Anoop Singh, Id. Joint Commissioner appeared and argued for the Revenue in both the Appeals and Ms. A. Aruna, Id. Advocate appeared and argued for the Assessee in both the Appeals. We have carefully considered the documents placed on record before us, in support, by both the parties.

3. The imported goods have been declared as "Actuator Assy. Clutch" and "Tube Connector Assy.-Clutch" since these are the subject-matter of the classification dispute in the present Appeals, at least a rudimentary understanding of their functions is crucial to determining their classification. The impugned orders as well as the verbal and written submissions presented by both the sides have thrown sufficient light in this regard, to enable us to understand the factual background and importance of these items involved. Hence, we are only reproducing some of the facts, in our endeavor to answer the issue regarding classification.

4. The issue before us to be addressed to is, "whether subject items are classifiable under CTI 8708 9900 as ordered in the subject original orders or under CTI 8708 9300 as proposed in the subject SCN."

5. It is the case of the Department that the subject item is part of Clutch and the Clutch will not function without Actuator and Tube connector in Intelligent Manual Transmission (**iMT**) and also contended that the Entry 8708 9300 which reads as '*Clutches and Parts thereof*' and covers clutch assembly, for which support is drawn from **Sl. No. III 452L of IGST Notification No. 01/2017**, which reads as "*clutch assembly and its parts thereof for tractors*". The Department for the purpose of understanding the subject item relied upon the open sources (Hyundai-KIA's Intelligent Manual Transmission explains-auto evolution as in date 27.03.2024). *Per contra*, the Importer-Assessee viz., M/s. Hyuundai Transys India Private Ltd. (HTIPL) has contended that the subject item cannot be considered as 'part of clutch', it could only be an 'accessory to the clutch'; CTI 8708 9300 covers only '*clutch and its parts*' and it does not cover '*clutch assembly or clutch system*'. Reference in this regard is drawn attention to the Entry 8708 8000, which specifically mentions 'Suspension Systems and parts thereof'. They have also relied upon various open sources to explain the subject items. We find that both the Department and the Assessee are on same line

and in conformity with the technical details and functions of the iMT, Actuator and Tube Connector Assembly. We find from the technical details given by the Department in their Appeal that the subject items are exclusively used in intelligent manual transmission (iMT) of cars. The iMT system consists of Transmission Gear Shaft lever (**TGS**), intelligent intent sensor, hydraulic actuator and electronic transmission control unit (**TCU**) and clutch. All these components work together with a conventional manual gear mated to the engine. The iMT is the gearing system which is in between manual and automatic gear shift in terms of technicality and function. In an iMT car, when the driver is shifting the gear, the intention sensor senses the intention of the driver to shifts gear and conveys the same to the TCU. The TCU sends a signal to the Actuator and the Actuator based on the signal creates the pressure, which is conveyed to either engage or disengage the clutch plate, so as to shift the gear up or down.

6. Actuator is a component of a machine which is responsible for moving and controlling a mechanism or system; for example, by opening a valve a function is carried out. An Actuator requires a control device (controlled by control signal) and a source of energy. Its main energy

source may be an electric current, hydraulic pressure, or pneumatic pressure. An Actuator helps a machine or device to achieve physical movements by converting energy into mechanical force.

7. Tube Connector Assembly connects Actuator Assembly and the Concentric Slave Cylinder and supplies clutch oil from reservoir to concentric slave cylinder (CSC). It is made of plastic, rubber and metal. It is only used to convey the pressure/force to the concentric slave cylinder through clutch oil and it is only a passage for the oil between the reservoir and the CSC.

8. From the data provided, we find that the iMT is entirely controlled by Electronic Transmission Control Unit and the Actuator acts by the input and control of the TCU. The transmission of power from engine to gear is done through clutch. The function of clutch is to enable shifting of gear smooth and efficient. Now going by the Explanatory Notes, the items covered under the said Entry of "*Clutch and parts thereof*" are, (i) **Clutch (cone clutch, plate clutch, hydraulic clutch, automatic clutch)**, (ii) **Clutch casing (part of clutch)**, (iii) **Levers (part of clutch)**, (iv) **Mounted linings (part of clutch)**. The Actuator Assembly

and Tube Connector Assembly are not covered under the said Entry. Hence, the subject items which are not included as per the Explanatory Notes cannot be considered as 'parts of clutch'.

9. In a manual transmission the gear shift is carried out by manually engaging and disengaging the clutch plate, in the automatic transmission system, the gear shifting is done automatically by the transmission control unit by sensing the speed of the vehicle on real time basis. In iMT the engagement and disengagement of clutch plate are done by the TCU through the Actuator. The Actuator therefore is not an integral part of a clutch, rather it is in the functional line of the TCU, which enhances, makes easy, improvise and facilitates engagement and disengagement of clutch plate; and as such they cannot be equated and fitted into the term of 'part'. We may consider the example of computer which was invented (by *Charles Babbage*), the operation was done through keyboard (teletype machines) and punch cards and computer mouse was not there. The Computer Mouse was invented during 1964. The mouse in a computer facilitates and makes easy the operation of the computer. The computer without mouse can also be operated using the keyboard but the mouse makes the operation easier and

faster. Hence, the mouse cannot be considered as a 'part of computer' and it is only an 'accessory to computer'. Likewise, the clutch can be operated using the manual pedal, if the same is not having the TCU. The TCU with Actuator makes the engagement and disengagement of clutch plate easier, smoother and it enhances the function of the clutch. In the case of **Saraswati Sugar Mills Vs. Commissioner of C.Ex., Delhi-III** reported in 2011 (270) ELT 465 (S.C.), the Hon'ble Supreme Court observed that ***component part of an article is an integral part necessary to the constitution of the whole article and without it, the article will not be complete*** and the Hon'ble Supreme Court in the case of **Pragati Silicons Pvt., Ltd. Vs. Commissioner of Central Excise, Delhi** reported in 2007 (211) ELT 534 (S.C.) held that 'accessory' is something supplementary or subordinate in nature and need not be essential for the actual functioning of the product.

10. We find that the First Appellate Authority had while observing that the subject goods are integral part of iMT Hydraulic Clutch System, classified them under CTI 8708 9300, which is against his own observation. When the item is part of iMT system which includes Gear, TCU, TGS, Sensor, Clutch, Actuator Assembly, the iMT system cannot be

classified under CTI 8708 9300 – “*Clutch and parts thereof*”. Further stretching the interpretation to include subject item as part of clutch may lead to absurd inference of including TCU and Sensor also as ‘parts of clutch’. We also find that the Explanatory Notes to CTH 8708 only talks about the kinds of clutches covered therein and mentioning of “hydraulic” is only with reference to the kind of clutch and it is in no way related to the ‘Actuator’.

11. Going by the above we find that the Actuator Assembly and Tube Connector, even though help in engagement and disengagement of clutch plate, they cannot be considered as ‘part of clutch’ since they only enhance the function and helps to ease the effort of the driver in shifting the gear. Therefore, they can be considered as ‘accessories to the Clutch Assembly System’.

12. We also find that the Importer-Assessee had adopted different classification for the subject item including under CTI 8708 9300. We find, as rightly contended by the Department in their Appeal that, it is settled law that the principles of *res-judicata* and *estoppel* are not applicable to taxation statutes. In the case of **Dunlop India Ltd. & Madras Rubber Factory Ltd. Vs. Union of India and**

others, reported in 1983 (13) ELT 1566 (S.C.), the Hon'ble Supreme Court held as below:

“40. At one stage Mr. Sanghi pointed out that in certain Bills of Entry of Dunlop India Limited, their Agents, Messrs, Mackinnon, Mackenzie & Co., Private Ltd., gave the I.C.T. Item No. 87 with regard to the imported V.P. Laitex. This, according to Mr. Sanghi, clearly shows how the appellants themselves have understood the matter. There is, however, no estoppel in law against a party in a taxation matter. In order to clear the goods for the customs, the appellants Agents may have given the classification in accordance with the wishes of the authorities or they may even be under some misapprehension. But when law allows them the right to ask for refund on a proper appraisal and which they actually applied for. we do not attach any significance to this aspect of the matter pointed out by counsel. The question is of general importance and must be decided on its merit.”

13. In the case of **Jayaswal Neco Ltd. Vs. Commissioner of Central Excise, Raipur** reported in 2015 (322) ELT 587 (S.C.) and **Laxmi Colour Lab Vs. Collector of Customs** reported in 1992 (62) ELT 613 (Tribunal), which was upheld by Hon'ble Supreme Court as reported in **1997 (90) ELT A183**, it has been held that there is no estoppel against tax law. In the case of **C.C.E. Nagpur Vs Shree Baidyanath Ayurved Bhavan Ltd.** reported in 2009 (237) ELT 225 (SC), the Court has held that the principle of *res*

judicata does not apply to taxation matters. Therefore, we hold that the previous classification/s have no impact in classifying the subject item under the right Entry in the First Schedule to the Customs Tariff Act, 1975.

14. Coming to the issue of classification of the subject items, we find that the Department strongly contended that subject items are classifiable under CTI 8708 9300 for the reason that the expression 'Clutch Assembly' is also covered under CTI 8708 9300 and in this regard, they have relied on **Sl. No. III 452L of IGST Notification No. 01/2017**, which reads as 8708 9300 – "*Clutch Assembly and its parts thereof for tractors*". Assessee would seriously counter the above by urging that CTI coverer only "*Clutch and its parts*" and it cannot not read as "*Clutch Assembly or Clutch System*", as has been the case in respect of CTI 8708 8000, which reads as "*Suspension System and parts thereof*". If the Entry covers 'Clutch Assembly' or 'Clutch System', we are also of the considered view that subject item will be covered therein as any system or assembly enlarges the scope of the item covered therein, as 'system' and 'assembly', in addition to parts, covers accessories and components, which constitute that system and assembly.

15. In order to appreciate subtlety of the above issue of classification, the CTH 8708 is reproduced below:

“CTH 8708 - Parts and accessories of motor vehicles of heading nos. 8701 to 8705.

8708 10 - Bumpers and parts thereof :

8708 10 10 --- For tractors-

8708 10 90 --- Other

- Other parts and accessories of bodies (including cabs):

8708 21 00 -- Safety seat belts

8708 29 00 -- Other

8708 30 00 - Brakes and servo-brakes; parts thereof

8708 40 00 - Gear boxes and parts thereof

8708 50 00 - Drive-axles with differential, whether or not provided with other transmission components, non-driving axles; parts thereof

8708 70 00 - Road wheels and parts and accessories thereof

*8708 80 00 - **Suspension systems and parts thereof** (including shock absorbers)*

- Other parts and accessories:

8708 91 00 -- Radiators and parts thereof

8708 92 00 -- Silencers (mufflers) and exhaust pipes; parts thereof

8708 93 00 -- Clutches and parts thereof

8708 94 00 -- Steering wheels, steering columns and steering boxes; parts thereof

8708 95 00 -- Safety airbags with inflater system; parts thereof

8708 99 00 – Other”

16. The Heading 8708 covers not only parts of automobile but also accessories of automobile. Out of eight sub-headings under the Heading, the last one is clearly the residual sub-heading which covers “*other parts and accessories*”. The Entry 8708 9300 also falls under the said sub-heading and within the sub-heading the last entry is a residual entry (8708 9900) – ‘*other*’ which obviously covers all the parts and accessories that are classifiable under Heading 8708 but not covered in any of the previous entries therein. The Entry 8708 9300 clearly reads as “*Clutch and parts thereof*”. One of the Entries in 8708, viz., 8708 7000 reads as “*Road wheels and parts and accessories*” which clearly shows that the Tariff mentions the terms “*accessories*” wherever the accessories of a part or component of an automobile is to be classified with that part or component. Hence, it is obvious that if an Entry is not having the term ‘*accessory*’, then the said Entry does not cover the ‘*accessory*’ of that component. Further, the Heading clearly differentiates a part or component from a “*system*” or “*assembly*”. It is also a settled position of law

that a statute has to be understood as per the wording and plain reading of the statute without imparting any intention or notion. Hence, when the Entry reads as "*Clutch and parts thereof*", it obviously does not cover 'Clutch System' or 'Clutch Assembly'. The term 'Clutch Assembly' or 'Clutch System' clearly denotes the entire/complete parts, components and items which are connected together to carry out the complete function of gear shifting. The function of shifting gear involves clutch, gear, transmission control unit, and sensor. The TCU, Gear and Sensor are not classified under CTI 8708 9300. It is also a fact that the Entries in the Tariff cannot be interpreted or understood through the Notification and such an interpretation of statute is not akin to legal jurisprudence and not allowed in law.

17. In view of the foregoing, we find that an 'accessory of a clutch' cannot be classified as 'part of clutch' under CTI 8708 9300. Subject items being 'accessory of clutch' and 'gear shifting mechanism' are not at all classifiable under CTI 8708 9300. However as '*other accessories*' are covered under the last sub-heading and within the said sub-heading there is no specific Entry provided for subject items, we hold that they are rightly classifiable under the residual entry of 8708 9900, which covers *all other parts and accessories of*

heading 8708. When the goods are rightly classifiable under CTI 8708 9900 as ordered in the respective original order, the consequent issues of confiscation, fine and penalty cannot stand.

18. Resultantly, the Appeal of the Department in Appeal No. **C/40335/2024** is rejected and the Appeal of M/s. HTIPL (Importer-Assessee) in Appeal No. **C/40292/2025** is allowed with consequential benefits, if any, as per law.

(Order pronounced in open court on 09.01.2026)

sd/-

(VASA SESHAGIRI RAO)
Member (Technical)

sd/-

(P. DINESHA)
Member (Judicial)