

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

Customs Appeal No. 40829 of 2024

(Arising out of Order in Original No. 108559/2024 dated 12.08.2024 passed by the Commissioner of Customs, Chennai – II (Imports), Chennai)

Hitevision Tech India Pvt. Ltd.

Workafella No. 37, TTK Road
Alwarpet, Chennai – 600 018.

Appellant

Vs.

Commissioner of Customs

Chennai II Commissionerate
Customs House, 60, Rajaji Salai
Chennai – 600 001.

Respondent

APPEARANCE:

Shri S. Murugappan, Advocate for the Appellant
Shri Anoop Singh, Authorised Representative for the Respondent

CORAM

Hon'ble Shri M. Ajit Kumar, Member (Technical)

Hon'ble Shri Ajayan T.V., Member (Judicial)

FINAL ORDER NO. 40125/2026

Date of Hearing: 06.08.2025

Date of Decision: 21.01.2026

Per M. Ajit Kumar,

This appeal is filed by the appellant against Order in Original No. 108559 of 2024 dated 12.08.2024 passed by the Commissioner of Customs, Chennai – II (impugned order).

2. Brief facts of the case are that the appellant had imported goods declared as 'Interactive Flat Panel with inbuilt CPUAIO-VDU' and 'parts and accessories of IFPD'. The goods were imported vide Bills of Entry, dated 09.08.2023 to 19.03.2024 as stated at Annexure 'A' and 'B' to the SCN and classified under CTI 8471 4900 and CTI 8473 3099

respectively before being warehoused. The imports were taken up for investigation by Customs. During examination of the goods by the officers of SIIB, Chennai it was found that the importer had filed ex-bond bills of entry for clearance for a part of the goods. The department was of the opinion that there are various types of interactive devices known by various names in the industry i.e. Interactive Whiteboard / Smartboard, Interactive Flat Panel Display etc. which are advanced technology devices used in conferences, classroom teachings etc. The essential functions of these device was felt to be that of a display monitor with an independent function which can act as an output device of a computer. The officers were of the opinion that the device could function individually with inputs from other sources as pen drives or from inputs from the internet sources etc., thus its main function is that of a monitor and not an ADP machine and the goods were classifiable as monitors for automatic data processing machines. After due process of law, the Ld. Commissioner of Customs classified the Interactive Flat Panel and its parts and accessories under CTI 8528 5900 and 8529 9090 respectively. He demanded differential duty of Rs.34,89,01,972/- under section 28(8) with applicable interest under section 28AA of the Customs Act, 1962 besides imposing fines and penalties. Hence the present appeal.

3. The Ld. Advocate Shri S. Murugappan appeared for the appellant and Ld. Authorized Representative Shri Anoop Singh appeared for the respondent. The Ld. Advocate requested for permission for a live demonstration of their product's function. The Ld. A.R. had no objections and the same was permitted.

3.1 The Ld. Counsel for the appellant submitted that the Interactive Flat Panels have central processing units, touch screen facilities with graphic processing units and inbuilt software and these are widely used in educational institutes, training centers and corporate organizations for teaching, meetings and conferences etc. The goods are nothing but, automatic data processing units with large display screen and it satisfies all the conditions for classification under CTH 8471. Further the parts for these display units are classifiable under 84733099. The Interactive Flat Panels are not simpliciter monitors or passive display panels. He stated that the findings in the impugned order that the machines have an embedded operating system (OS) which is fixed and cannot be reprogrammed by the user is misleading. All computers have OS that are fixed and copyrighted which cannot be tampered with by the user. They have OPS slots for installing other operating software such as Windows. The system also permits the user to create and run other applications. It can also perform mathematical functions. He stated that there was no improper description or declaration of the goods imported as alleged in the SCN and the issue involves interpretation of correct classification. Therefore, the ingredients relating to invocation of extended period under Section 28(4) of Customs Act, namely, collusion or wilful misstatement or suppression of facts are not present. On this preliminary ground, the extended period invoked cannot be sustained and the proceedings are liable to be set aside. In this regard, the Ld. Counsel drew attention to the Judgment of the Supreme Court in the case of **Northern Plastic Lid. Vs. Collector of Customs & Central Excise** reported in 1998 (101)

ELT. 549 (SC). The Ld. Counsel further stated that in respect of similar goods imported by **M/s. Ingram Micro India Pvt. Ltd.** [2022 (2) TMI 308 – CESTAT NEW DELHI / (2023) 2 Centax 62 (Tri-Del)], the CESTAT Principal Bench allowed the party's appeal classifying the goods under CTH 8471. The judgment referred to the decision of the Mumbai Bench of the Tribunal in the case of **Cloudwalker Streaming Technologies** reported in (2023) 4 Centax 226 (Tri – Mum.) with approval. Further written submissions dated 05.08.2025 were submitted during the hearing on 06.08.2025. The Ld. Counsel prayed that the impugned order may be set aside and the appeal may be allowed.

3.2 The Ld. A. R. Shri Anoop Singh, submitted that the imported Interactive Flat Panel, with added features and integrated software, is primarily used for display purposes in settings like schools and hospitals. Although capable of receiving various signals and performing data processing, its main function remains display, so it should be classified under CTI 8528 5900 rather than as an ADP machine. The following legal precedents were cited to support his submissions that classification depends on the primary functional character of the goods, and similar products have previously been classified under CTH 8528.

- (i) **Atul Glass Industries Ltd. vs. Collector of Central Excise** [1986 (25) ELT. 473 (S.C.)) and
- (ii) **Real Optical Co. vs. Appellate Collector of Customs** (2001 (129) E.L.T. 7 (S.C.)).
- (iii) **Xerox India Ltd. vs. Commissioner of Customs, Mumbai** (2010 (260) E.L.T. 161 (S.C.))]

(iv) **Bangalore Tribunal in Logic India Trading Co. vs. Commissioner of Customs, Cochin** [2016 (337) E.L.T. 65 (Tri - Bang)], the appeal against which was dismissed by the Supreme Court on 30.09.2016 and the judgment is reported in Commissioner vs. Logic India Trading Co. [2016 (342) ELT. A34 (S.C.)].

(v) **Commr. of Cus. (Import & General), New Delhi vs. Integral Computer Ltd.** [2016 (337) E.L.T. 580 (Tri.-Del.)]

3.3 As regards CESTAT, New Delhi's decision dated 02.02.2022 in the case of **M/s Ingram Micro India Private Limited**, relied upon by the appellant, the Tribunal attempted to resolve to classification dispute for the particular product after considering rival tariff entries, namely, CTH 84714190 and CTH 85285200, whereas the rival tariff entries for consideration in this case are CTH 84714900 and CTH 85285900 and the order is hence distinguished. Relying on this Tribunals order in **MOTONIC INDIA AUTOMOTIVE PVT. LTD. VERSUS COMMISSIONER OF GST & CENTRAL EXCISE, CHENNAI** [2025 (5) TMI 638-CESTAT CHENNAI], which carried a detailed analysis of the doctrine of binding precedent, ratio decidendi, obiter dicta, and judicial discipline, referencing recent Supreme Court jurisprudence, he stated that in the instant case, the relevant Tariff lines, Chapter Notes, GIR applicable etc. were different. As per the stated principles, the said decision of CESTAT New Delhi is not applicable to the facts of this case. It can't hence be considered as a binding precedent. The Ld. A.R. prayed that the appeal may be rejected.

4. We have heard the rival parties and perused the connected records and have witnessed a public demonstration of the impugned good. The issue involves the classification of 'Interactive Flat Panel with inbuilt CPUAIO-VDU' and 'parts and accessories of IFPD'. The Hon'ble Supreme Court in **Union of India Vs Garware Nylons Ltd.** reported in 1996 (87) E.L.T. 12 (S.C.), held that the burden of proof is on the taxing authorities to show that the particular case or item in question, is taxable in the manner claimed by them. [Also see: **HPL Chemicals Ltd. Vs Commissioner of Central Excise, Chandigarh** - 2006 (197) ELT 324 (SC)].

5. We find that the Hon'ble Supreme Court in its recent judgment in **COMMISSIONER OF CUSTOMS (IMPORT) Vs M/S WELKIN FOODS** [2026 INSC 19 / CIVIL APPEAL NO. 5531 OF 2025, Dated: 06.01.2026], had an occasion to examine the specific aspects relevant to classification disputes, which included the common parlance or trade parlance test to interpret the meaning of words in the statutes, the consideration of end use as a factor for determining classification and the role of Harmonised System Nomenclature (**HSN**), which comprises more than 5,000 commodity groups and is utilised by over 200 countries as a foundation for their Customs tariff and ensures uniformity in customs procedures. The Apex Court held:

"26. Customs classification is best described as the process of identifying the appropriate heading, subheading, or tariff item for a good. This is the most crucial step in the customs law, as it is not just an administrative task. Instead, the classification determines the legal and financial treatment of the goods in question, including the applicable duty rate and eligibility for exemptions.

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28. GRI 1 is the fundamental rule for effectively navigating the HSN. The influence of GRI 1 is pervasive and forms the basis for customs

classification of goods under the Act, 1975. GRI 1 states that: (i) headings of sections, chapters and subchapters are for reference only and (ii) for legal purposes, the classification shall be determined by the terms of headings and the relevant section or chapter notes. **Thus, GRI 1 essentially establishes the primacy of the notes and terms of headings for determining the classification of a product.**

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(b) Role of HSN Explanatory Notes

37. The official interpretation of the HSN is provided in the Explanatory Notes published by the World Customs Organisation (hereinafter “Explanatory Notes”). **Therefore, these Explanatory Notes form the foundation for interpreting the HSN.** Given their importance for classification, it is apposite to understand how they can be used when addressing questions of classification under the First Schedule of the Act, 1975.

38. This Court, in **Commissioner of Central Excise, Salem Vs Madhan Agro Industries (India) Private Ltd.**, reported in 2024 SCC OnLine SC 3775, while dealing with a classification dispute under excise law, made the following pertinent observations regarding consideration of the Explanatory Notes:

“16. Ergo, in resolving disputes relating to tariff description and classification, a ready reckoner is the internationally accepted nomenclature in the HSN. That being said, we must hasten to reiterate what was pointed out in Wood Craft Products Ltd. If the headings/entries in the First Schedule to the Act of 1985 are different from the headings/entries in the HSN or if they are not fully aligned, reliance cannot be placed upon the HSN for the purpose of classifying those goods under the Act of 1985.

17. To sum up, the First Schedule to the Act of 1985 is based on the HSN, which is an internationally standardized system developed and maintained by the World Customs Organization for classifying products, and **unless the intention to the contrary is found within the Act of 1985 itself, the HSN and the Explanatory Notes thereto, being the official interpretation of the Harmonized System at the international level, would be of binding guidance in understanding and giving effect to the headings in the First Schedule. It is only when a different intention is explicitly indicated in the Act of 1985 itself that the HSN would cease to be of guidance. In effect, the legislative intention to depart from the HSN must be clear and unambiguous.** For instance, in *Camlin Ltd. v. Commissioner of Central Excise, Mumbai*, this court found that there was an inconsistency between the Central Excise Tariff description and the entry in the HSN and, therefore, reliance upon the HSN entry was held to be invalid. It was affirmed that it is only when the entry in the HSN and the tariff description in the First Schedule to the Act of 1985 are aligned that reliance would be placed upon the HSN for the purpose

of classification of such goods under the correct tariff description.”

(Emphasis Supplied in the judgment)

Thus, in Madhan Agro (supra), this Court clarified the applicability of the Explanatory Notes. Their application is governed by a single, critical condition of ‘alignment’. This test is met when the domestic tariff entry (in the First Schedule of the Act, 1975) is fully aligned with the corresponding HSN heading, and no explicit deviation or contrary legislative intent is found in the Act, 1975. **Where such alignment exists, the Explanatory Notes are to be treated as binding guidance. The rationale is based on the legislative intent.** Since the First Schedule of the Act, 1975 was amended to be in accordance with the HSN, the Explanatory Notes, being the official, international interpretation, are the most authentic guide to understanding the scope of the headings. (emphasis added)

6. It may also be relevant at this stage to extract the summary of the Courts findings laying out the governing principles for applying (i) the ‘common or trade parlance test’ and (ii) the ‘consideration of use test’, which has been referred to by revenue.

“(c) Summary

66. Based on the aforementioned case law, the following governing principles can be culled out with regard to the application of the common or trade parlance test while dealing with classification disputes under taxation laws:

- a. **The common or trade parlance test must be applied restrictively.** Its function is limited to ascertaining the common or commercial meaning of a term found within a tariff heading or its defining criterion.
- b. **The trade or common parlance test can be invoked when dealing with a classification dispute only when the following conditions are satisfied.**

- i. The governing statute, including the relevant tariff heading, Section Notes, Chapter Notes, or HSN Explanatory Notes, does not provide any explicit definition or clear criteria for determining the meaning and scope of the tariff item in question.
- ii. The tariff heading does not include scientific or technical terms, or the words used in the heading are not employed in a specialised, technical context.
- iii. The application of the common parlance test must not contradict or run counter to the overall statutory framework

and the contextual manner in which the term was used by the legislature.

Thus, broadly speaking, the common or trade parlance test cannot be invoked where the statute, either explicitly or implicitly, provides definitive guidance. Explicit statutory guidance exists where the legislature provides a specific definition or a clear criterion for a term within the Act itself. Conversely, implicit guidance is found where the terms employed are scientific or technical in nature, or where the statutory context indicates that the words must be construed in a technical sense. It is only in a state of statutory silence, where the legislative intent remains unexpressed, that the tribunals or courts may resort to the common or trade parlance test.

c. In the contemporary HSN-based classification regime, the common or trade parlance test cannot serve as a measure of first resort. It should only be employed after a thorough review of all relevant material confirms the absence of statutory guidance.

d. When interpreting terms in a tariff item by relying on the basis of common or trade parlance, an overly simplified approach should be avoided, and the words should be understood within their legal context. Further, when a party asserts a meaning of a term based on common or trade parlance, it must present satisfactory evidence to support that claim.

e. When a tariff item is general in nature and does not indicate a particular industry or trade circle, the common parlance understanding of that term is appropriate. However, when a tariff item is specific to a particular industry, the term must be understood as it is used within that specific trade circle.

f. The common or trade parlance test cannot be used to override the clear mandate of the statute. Specifically:

i. The test cannot be applied in a way that results in the reclassification of a good that is clearly identifiable under a particular heading according to the statute, simply because that good is marketed or called by a different name in trade or common parlance.

ii. Conversely, the test cannot be used to challenge the classification of goods under a statutory heading if those goods retain the essential characteristics defined by that heading, even if they have a unique or specialised trade name.

In other words, the character and nature of the product cannot be veiled behind a charade of terminology which is used to market the product or refer to it in common or commercial circles.

g. To establish a separate commercial identity, it is essential to demonstrate that the good has undergone such a substantial transformation that it can no longer be characterised as a mere sub-type or category of a broader class and thus falls outside the ambit

of the common or commercial understanding associated with such a class of goods.

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Summary

96. Based on the aforesaid discussion, the legal position regarding **consideration of use** when dealing with classification disputes under the First Schedule, Act 1975, can be summarised as follows:

a. 'Use' can be considered as a relevant factor when dealing with classification, only if the concerned tariff heading allows for consideration of 'use' or 'adaptation', either explicitly or implicitly.

b. A tariff entry is said to allow consideration of 'use' or 'adaptation' for classification in the following scenarios:

i. The tariff heading itself explicitly contains a reference to use or adaptation.

ii. The notes related to a tariff item provide a legal definition or criterion that includes a reference to use or adaptation.

iii. Use or adaptation is inherent in the wording of the tariff entry itself.

iv. The heading is an eo nomine term with no statutory definition, and based on the common or trade parlance test, the Court concludes that the common or commercial meaning of the good includes 'use' or 'adaptation' of the good as a defining aspect of its identity.

c. Unless statutory intention to the contrary is proven, an importer cannot classify goods based on the actual use to which the goods are put.

d. If the importer wishes to classify goods based on their 'intended use', then the following conditions must be fulfilled:

i. First, the tariff heading under which the importer seeks to classify should allow consideration of 'use' as a relevant factor;

ii. Secondly, if such a tariff heading allows for consideration of 'use', the 'use' mentioned in the tariff heading and the 'intended use' claimed by the importer must be consistent.

iii. Lastly, the intended use as claimed by the importer:

1. should be inherent in the goods in question and should be discernible from their objective

characteristics and properties, which include, among other things, factors such as function, design and composition; and

2. should conform to the standard of use established for that entry.

e. When a tariff heading contains both an eo nomine component and a use component, both criteria must be satisfied. An importer cannot rely on the use criterion to ignore the product's fundamental eo nomine identity.” (emphasis added)

7. We find that the main classification dispute between the parties is between CTI 8471 4900 (appellant) and CTI 8528 5900 (revenue).

It is the departments case that:

- i) The clear defined function of the imported machine is one of being a monitor, which is a device with an independent function. It acts as an output device of a computer
- ii) It has the capacity to function individually with input from various sources including pen drives and other storage devices or from internet sources etc.
- iii) Its main function is that of a monitor and not of an ADP machine.
- iv) The machines have an embedded Android system preloaded with Android 11.0 operating system and Android is a fixed operating system and it cannot be reprogrammed by the user of the device. The user can choose only those applications available on the Android App Store.

Per contra the appellant has stated that:

- i) Note 6(A) to chapter 84 deals with “automatic data processing machines”. It thus refers to self-contained machines. Notes 6(B) onwards are relevant for composite machines and systems consisting of separate units etc. and are not relevant to the impugned goods. The

impugned machines meet the criteria stated at Note 6(A) and hence merits classification under heading 8471.

ii) It is an admitted fact that the panels under reference have inbuilt CPUs having internal storage capacity capable of storing data. The impugned order also admits that all hardware is contained in a flat panel display. Thus condition No.(i) to Note 6 is satisfied. Though they come with pre-installed operating system, they have OPS slots for installing other operating software such as Windows. Thus, they are freely programmable hence condition No.(ii) is satisfied. These displays can perform general computing task thus condition No.(iii) also is satisfied. The user can give command by touch and the same is executed without any further intervention of the user. The central processing unit with operating system executes the command by taking logical decisions and thus condition No.(iv) is also satisfied.

iii) The input output interfaces contained in the machine include VGA, VGA audio IN, OPS PC, HDMI, SPDIF, USB 3.0 etc.

iv) They offer the option of TV connectivity which can be done by connecting the set-top boxes through HDMI port.

v) The goods are capable of transmitting and reception of voice images or other data including apparatus for communication in a wired or wireless network such as a local or wide area network.

vi) All computers have OS that are fixed and copyrighted which cannot be tampered with by the user. The impugned goods have OPS slots for installing other operating software such as Windows. They also permits the user to create and run other applications. It can also perform mathematical functions.

vii) The goods are a complete self-contained, large format tablet type computer which is in the trade parlance for convenience sake referred to as interactive displays. The tablet computer which is of a small size also has only a display and other components are in the back of the flat panel. It will be a misnomer to call such a tablet computer as a monitor. In the same way, these goods are computers having large size displays.

Viii) CTH 8528 only covers monitors which are output devices displaying the output from a separately presented data processing equipment, unlike the impugned goods which are automatic data processing machines.

8. It would be relevant at this stage to reproduce the rival classification headings as claimed by the parties.

Appellant

Tariff Item	Description of Goods	Unit	Rate of Duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)
8471	Automatic Data Processing Machines and Units thereof; Magnetic Optical Readers, Machines for Transcribing Data onto Data Media in coded form and machines for processing such data, not elsewhere specified or included			
8471 30	- Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display			
8471 30 10	--- Personal computer	U	Free	-
8471 30 90	--- Other	U	Free	-
	Other automatic data processing machines			
8471 41	- Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined			
8471 41 10	--- Micro computer	U	Free	-
8471 41 20	--- Large or main frame computer	U	Free	-
8471 41 90	--- Other	U	Free	-

8471 49 00	-- Presented in the form of systems	U	Free	-
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Revenue

Tariff Item	Description of Goods	Unit	Rate of Duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)
8528	Monitors and Projectors, not incorporating television reception apparatus, reception apparatus for television, whether or not incorporating, radio-broadcast receivers or sound or video recording or reproducing apparatus			
	- Cathode-ray tube monitors			
8528 42 00	-- Capable of directly connecting to and designed for use with an automatic data processing machine of heading 8471	U	10%	-
8528 49 00	- Other - Other monitors:	U	10%	-
8528 52 00	-- Capable of directly connecting to and designed for use with an automatic data processing machine of heading 8471	U	10%	-
8528 59 00	--- Other	U	10%	

9. As stated by the Apex Court in **WELKIN FOODS** (supra), the First Schedule of the Customs Tariff Act, 1975, outlines the principles that govern the classification of goods under the schedule and are commonly referred to as the General Rules for Interpretation (hereinafter referred to as "**GRI**"). GRI 1 is the fundamental rule for effectively navigating the Customs Tariff and the HSN. Hence only in the event that the goods cannot be classified solely on the basis of GIR 1, and if the headings and legal notes do not otherwise require, the remaining Rules 2 to 6 may then be applied in sequential order. Rule 1 of the GIR provides that the classification of goods shall be determined according to the terms of the headings of the tariff and any relative Section notes or Chapter notes.

10. The impugned order has referred to Notes of Section XVI in denying the classification of the impugned goods under CTH 8471. We examine the same. As stated by the appellant and demonstrated before us the Interactive Flat Panel under reference have inbuilt CPUs having internal storage capacity capable of storing data. They are not composite machines consisting of two or more machines. Hence the Ld. A.A.'s reference in the OIO to Chapter Note 3 to Section XVI which pertains to composite machines consisting of two or more machines and Section notes 4 of Section XVI which pertains to machines (including a combination of machines) consists of individual components, are not relevant for the classification of the impugned goods and the discussion on the same is an exercise in futility. The impugned order itself admits that all hardware is contained in a flat panel display. As stated at para 6.3 of the impugned order the interactive flat panel does not require a projector because **all hardware is contained in a flat panel display**. Further at para 7.3(d) the order states as under;

“d. Thus the imported goods are capable of being used directly without being connected to an ADP machine or Central Processing Unit as it can be seen from brochure 1, 2 & 3 that the 1/0 interfaces mentioned also include VGA, VGA Audio IN, OPS PC, HDMI, SPDIF, USB 3.0, USB Type-B, RJ45, LAN, RS232, Wifi module etc. They also have HDMI In 2.0, for audio and video signals through cables, mic input port for microphone input, RJ 45 input and output connection ports for LAN, HDMI and SPDIF which is a commonly used modular interconnection device matched with a cable to provide data communication service to various electronic devices and systems, HDMI and Type C ports among others. They offer the option of TV connectivity which can be done by connecting the set top boxes through HDMI port which are available in the imported goods as per specifications mentioned in brochure 1, 2 & 3. Further, the imported goods are capable of transmitting and reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network) as it can be seen from the brochure 2 that Wifi Receiver is a part of 1/0 interfaces of the imported goods which are specifically excluded from CTH 8471.” (emphasis added)

Hence the machine contains in the same housing the central processing unit and an input and output unit, satisfying the description of tariff heading 8471 41. The Ld. A.A. has also taken recourse to the Chapter Notes to find the goods unsuitable for classification under Chapter 84. We examine the same.

11. Note 6 to the Chapter 84 reads as follows:

A. For the purposes of heading 8471, the expression "automatic data processing machine" means a 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.

B. Automatic data processing machines may be in the form of systems consisting of a variable number of separate units.

C. Subject to paragraphs (D) and (B), a unit is to be regarded as being part of an automatic data processing system if it meets all of the following conditions:

- i. it is of a kind solely or principally used in an automatic data processing system,
- ii. it is connectable to the central processing unit either directly or through one or more other units; and
- iii. it is able to accept or deliver data in a form (codes or signals) which can be used by the system.

Separately presented units of an automatic data processing machine are to be classified in heading 8471

However, keyboards, X-Y co-ordinate input devices and disk storage units which satisfy the conditions of (ii) and (ii) above, are in all cases to be classified as units of heading 8471.

D. Heading 8471 does not cover the following when presented separately, even if they meet all of the conditions set forth in paragraph (C):

- i. printers, copying machines, facsimile machines, whether or not combined;
- ii. apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network).
- iii. loudspeakers and microphones,
- iv. television cameras, digital cameras and video camera recorders,
- v. monitors and projectors, not incorporating television reception apparatus.

E. Machines 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.

12. We find from the description of the goods and the public demonstration of the impugned good i.e 'Interactive Flat Panel with inbuilt CPUAIO-VDU', that as stated by the appellant, the machine is a single unit with display, CPU, touch mechanism and other input output terminals, all integrally assembled in one housing and can function on a standalone basis. It is seen that Note 6(B) onwards to Chapter 84, deals with Automatic data processing machines **in the form of systems** consisting of a variable number of separate units, which are not pertaining to the impugned goods. The Ld. Adjudicating Authority by missing this crucial point has mis-guided himself and has also gone

about elaborately discussing Note 6(B) onwards in relation to the impugned goods and finding non-compatibility between the Notes and the impugned machine. For example, in classifying a tablet computer there is no need to dwell into Chapter Notes 6(B) to 6(E). Same is the case in this issue. He has further gone on to discuss principle use etc, which has no direct bearing on the point in issue. As held by the Apex Court in **WELKIN FOODS** (supra), 'Use' can be considered as a relevant factor when dealing with classification, only if the concerned tariff heading allows for consideration of 'use' or 'adaptation', either explicitly or implicitly. We find that neither does the tariff heading 8471 4900 nor does Note 6(A) explicitly contains a reference to use or adaptation. Hence the department's attempt to bring in the 'use' criteria for classifying the impugned goods must fail.

13. The impugned goods being automatic data processing machines, albeit with very large screens, satisfy all requirements of Note 6(A) and are not classifiable as monitors and projectors under CTH 8528. Its features are not very different from those of a handheld tablet computer, except for having a much larger screen size. They have the facility to store the processing programme or programmes along with data and the machines are freely programmable in accordance with the requirements of the user. They have been demonstrated to perform arithmetical computations specified by the user. The machine can execute, without human intervention, a processing programme using logical decisions. Revenue has hence failed to discharge its burden and prove that the goods fall under CTH 8528 whereby the appellants classification of the goods at the 4 digit level under CTH 8471 and their

parts under CTH 8473 remain undisturbed. The misreading of the Section and Chapter Notes has proved fatal to the Ld. A.A.'s findings. We find that CTI 8471 49 00 opted for by the appellant at the 8 digit level, pertains to other automatic data processing machines, "Presented in the form of systems", may not be the most suitable heading for standalone automatic data processing machines. However as stated by a Coordinate Bench of this Tribunal in **Pepsico Holdings Pvt. Ltd. Vs Commissioner of C. Ex, Pune III** [2019 (25) G.S.T.L. 271 (Tri. - Mumbai)], "we cannot decide on a classification that has not been pleaded before us. Once the classification proposed by Revenue is found to be inappropriate, that claimed, while clearing the goods, will sustain even if it may appear to be inappropriate." [Also see para 2 of the Hon'ble Supreme Court's judgment in **Warner Hindustan Limited** - (1999) 6 SCC 762 / 1999 (113) E.L.T. 24 (S.C.)]. The issue being decided on merits in favour of the appellant, the question of duty, interest, confiscation, fine and penalties do not arise and merits to be set aside.

14. During the hearing the Ld. A.R. in support of revenue's classification referred to Note (B) of HSN Notes to CTH 85.28, to read as under:

(B) MONITORS OTHER THAN THOSE OF A KIND SOLELY OR PRINCIPALLY USED IN AN AUTOMATIC DATA PROCESSING SYSTEM OF HEADING 84.71

This group includes monitors which are receivers connected directly to the video camera or recorder by means of co-axial cables, so that all the radio-frequency circuits are eliminated. They are used by television companies or for closed-circuit television (airports, railway stations, factories, hospitals, etc.). These apparatus consist essentially of devices which can generate a point of light and display it on a screen synchronously with the source signals. They incorporate one or more video amplifiers with which the intensity of the point can be varied. They can, moreover, have separate inputs

for red (R), green (G) and blue (B), or be coded in accordance with a particular standard (NTSC, SECAM, PAL, D-MAC, etc.). For reception coded signals, the monitor must be equipped with a decoding device covering (the separation of) the R, G and B signals. The most common means of image reconstitution is the cathode-ray tube, for direct vision, or a projector with up to three projection cathode-ray tubes; however, other monitors achieve the same objective by different means (e.g., liquid crystal screens, diffraction of light rays on to a film of oil). These may be in the form of CRT monitors or **flat panel displays**, e.g., LCD, LED, plasma. (emphasis added)

The Ld. Counsel for the appellant has pointed out that the said extract is from the 2017 edition of the Explanatory Notes to the Harmonized Commodity Description and Coding System. The impugned Bills of Entry pertain to the period 09.08.2023 to 19.03.2024. The 2022 Edition of the Explanatory Notes which is relevant to the said period states as under:

(B) MONITORS OTHER THAN THOSE CAPABLE OF DIRECTLY CONNECTING TO AND DESIGNED FOR USE WITH AN AUTOMATIC DATA PROCESSING MACHINE OF HEADING 84.71

This group includes monitors which are capable of receiving signals when connected directly to the video camera or recorder by means of composite video, s-video or co-axial cables, so that all the radio-frequency circuits are eliminated. They are typically used by television companies or for closed-circuit television (airports, railway stations, factories, hospitals, etc.). They can, with a particular standard (NTSC, SECAM, PAL, D-MAC, etc.). For reception of coded signals, moreover, have separate inputs for red (R), green (G) and blue (B), or be coded in accordance B signals. They are not fitted with connectors characteristic of data processing systems, and they the monitor must be equipped with a decoding device covering (the separation of) the R. G and do not incorporate tilt, swivel and height adjusting mechanisms, glare-free surfaces, flicker-free display, and other ergonomic design characteristics to facilitate prolonged periods of viewing at close proximity to the monitor. They do not incorporate a channel selector or video tuner.

It is seen that the reference to flat panel displays is conspicuous by its absence in the revised Notes of 2022. Hence this submission also does not come to revenue's rescue.

15. Guided by the governing principles of classification as stated by the Apex Court in **WELKIN FOODS** (supra) the impugned goods on

first principles basis are classifiable as per GRI 1 of the First Schedule to the Customs Tariff Act, 1975 under CTH 8471 and 8473 at the 4 digit level. We find that the judgments cited by revenue supporting their contention that classification depends on the primary functional character and end-use of the goods are distinguished. Moreover, in this case a discussion on the end use of the impugned goods is found not relevant. Each of the judgment cited by revenue is applicable in the setting of its own facts but is not relevant to the facts in issue in this case. While we have examined the issue independently and have not gone by precedents, our conclusion on the classification of the goods find parity with that of the Coordinate Benches in the case of **Cloudwalker Streaming Technologies** (supra) and **M/s. Ingram Micro India** (supra) at the four-digit level.

16. Based on the discussions above we find that revenue has not succeeded in discharging its burden of demonstrating that the impugned goods and their parts are taxable in the manner claimed by them. The impugned 'Interactive Flat Panel' remain classified at the 4-digit level under CTH 8471 and their parts under CTH 8473, as self-assessed. The appeal hence succeeds and the impugned order is set aside. The appellant is eligible for consequential relief as per law. The appeal is disposed of accordingly.

(Order pronounced in open court on 21.01.2026)

Sd/-
(**AJAYAN T.V.**)
Member (Judicial)

Sd/-
(**M. AJIT KUMAR**)
Member (Technical)