

**CUSTOMS AUTHORITY FOR ADVANCE RULINGS**  
**O/o THE COMMISSIONER OF CUSTOMS**  
**NEW CUSTOM HOUSE, NEAR IGI AIRPORT, NEW DELHI-110037**  
[Email: cus-advrulings.del@gov.in]

Din 202510740R000011A34  
Present

Shailesh Kumar (Customs Authority for Advance Rulings, New Delhi)

F. No. VIII/CAAR/Delhi/HP/(ACC Import Delhi)/97/2025

The day of 1st, October, 2025

Ruling No. CAAR/Del/ Hewlett/Pacakrd/68/2025

In application No. 93/2025 dated 08.05.2025

Name and address of the applicant	:	M/s. Hewlett-Packard Enterprise India Private Ltd, 2 <sup>nd</sup> floor, (Block-2) DLF Downtown, Block V, DLF City, Phase III, Sector 25A, Gurugram Haryana12200
Commissioner concerned	:	The Pr. Commissioner/ Commissioner of Customs, Air Cargo Complex (Import), New Customs House, New Delhi-110037.
Present for the Applicant	:	Mrs. Archana Koul, AR, Sh. Akshay, AR, Sh. Mahesh G, AR Sh Gulzar Didwani, AR Sh. Animesh Mohanty, AR
Present for the Department	:	None

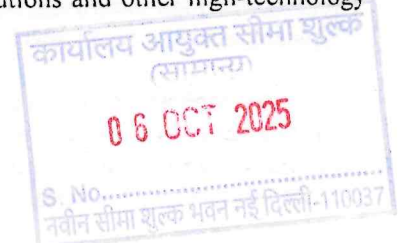
**Ruling**

M/s. Hewlett-Packard Enterprise India Private Ltd, 2<sup>nd</sup> floor, (Block-2) DLF Downtown, Block V, DLF City, Phase III, Sector 25A, Gurugram Haryana12200 having IEC No. 0715007190 and PAN- AADCH5900Q (the applicant, in short) filed an application in Form CAAR-1 before the Customs Authority for Advance Rulings, New Delhi (CAAR, in short) for seeking advance ruling. The complete application was received in the Secretariat of the CAAR, New Delhi on 08.05.2025 along with their enclosures in terms of Section 28H(1) of the Customs Act, 1962 (hereinafter referred to as the 'Act').

1.1 The applicant's submissions are as given below:-

1.2 We Hewlett Packard Enterprise India Private Limited ('HPE' or 'the Applicant' or 'the Company'), having registered office at Sy-192, Hewlett- Packard Enterprise, Whitefield Road, Mahadevapura, Bengaluru Karnataka, India - 560048. are a company engaged in trading, importing, and selling of networking hardware, enterprise solutions and other high-technology services and products.

o/c



- 1.3 To undertake its business activities, the applicant is engaged in regular import of goods into India since the year 2015. The applicant is major importer & seller of B2B enterprise grade communication solutions and is providing scalable technology solutions to its customers. Amongst various enterprise grade communication products imported by the applicant, small form factor Pluggable (SFP) transceivers modules are one of the products. Currently, SFP Transceivers modules hereinafter referred to as 'Product under consideration'/'Product') is being imported by the applicant under Tariff Entry 8517 62 90 of the Customs Tariff as "*other machines for the reception, conversion and transmission or regeneration of voice, images or other data*". The applicant is importing transceivers and selling the same domestically to its customers. The applicant is currently importing the subject goods at Delhi, Mumbai, Bangalore, Chennai, Kolkata, Hyderabad, Nhava Sheva & Chennai Sea customs port.
- 1.4 Before proceeding to discuss the recent judicial rulings, which have caused an ambiguity in the appropriate classification of the product under consideration, it is essential to discuss its usage, functions and other technical capabilities.

#### **Product usage, functions, and other technical capabilities**

- 1.5 The Applicant uses transceiver modules of different configurations which can be categorized majorly on two basis as below:
- a. Basis of type of fiber & transmission method;
  - b. Basis of the form factor.
- 1.6 Different versions of transceiver modules are based on the type of fiber and transmission method, such as Single-Mode Fiber SFP, Multimode Fiber SFP, and Bi-Directional (Bi-Di) SFP modules, among others. Different versions of SFP module based on the Form factor (i.e., size) of the SFP which are as follows:
- Category A: Small Form-Factor Pluggable (SFP) transceivers modules (including SFP+ modules etc.)- SFP modules are compact optical transceivers used primarily for data communication applications. They support multiple data rates and are commonly used in networking equipment such as switches, routers, and network interface cards.
  - Category B: XFP- This is mainly used for 10gbps and mainly used for routers, switches and network interface cards;
  - Category C: Quad Small Form-Factor Pluggable (QSFP) transceivers modules (including QSFP+ etc.)- QSFP modules support higher data rates as compared to SFP modules, i.e., ranging from 40 Gbps up to 400 Gbps. They are designed to handle multiple lanes of data transmission simultaneously, making them ideal for high-speed networking applications in data centers and cloud computing environments. QSFP modules come in various configurations, including QSFP+, QSFP-DD, etc.
  - Category D: C Form-Factor Pluggable (CFP) transceivers module (including CFP2 modules etc.)- CFP modules are larger and more robust than SFP modules, designed to support higher data rates. They typically operate at multiple data rates, making them suitable for high-capacity applications such as long-haul telecommunications and data center interconnects.
  - Category E: Direct attach copper cable with SFP transceiver module
- 1.7 It is humbly submitted that these transceiver modules operate at different speed. HPE imported transceiver modules support data transfer rate of 10 GBPS, 25 GBPS, 40GBPS, 100 GBPS & 200 GBPS. To summarize, the higher the number, the faster the data can be transmitted, which is crucial for modern, high-bandwidth networks. The choice between different speed rate such as 10G and 25G typically depends on the specific needs of the network in terms of performance, cost, and scalability.
- 1.8 It is also emphasized that these transceiver modules imported by the applicant are proprietary of the Original Equipment Manufacturer (i.e., these transceiver modules are not cross compatible with devices of other manufacturers). e.g., a transceiver manufactured by HPE would be usable only in a HPE networking switches and nowhere else.

- 1.9 Based on the above submissions, the applicant submits that although the transceiver modules imported by the applicant are designed for different fiber types and form factors, the function of the transceiver modules remains the same.
- 1.10 The transceiver modules are used in enterprise grade communication network equipments using different technologies to facilitate high speed connection between switches and networking equipments. Before we proceed to understand in detail on the function of the transceivers, it is important to first provide an overview of the equipments, within, which such transceivers are used.
- 1.11 The various enterprise grade communication solutions which the applicant provides to its customers are scalable and modular in architecture. The equipments consist of shelves optimized for various network deployment environments. The equipment can be deployed as a single shelf, a main shelf, or an expansion shelf as the need arises. There are various cards which are required to be slotted into a shelf to be usable. The shelf provides the electrical power to all slotted networking switches and the local controller on each networking switches (when present) interfaces with the equipment controller to enable the correct operation of the network switches itself.
- 1.12 All the networking switches interface with each other via backplane in the shelf of the main equipment. The backplane interface is proprietary of the manufacturer and not universal. The networking switches forming part of the equipment are populated printed circuit boards assembly ("PCBA") comprising of mechanics, connectors, faceplate and a number of other electronic components, which contribute to the manipulation of optical signals via carrier current systems and/or digital line systems. However, there are some networking switches which require a transceiver module to be inserted into networking switches to work within the equipment and to provide the required result.
- 1.13 In the instant case, the applicant imports transceiver modules which are capable of being used with applicant's networking switches only. Networking switches enable communication between devices on different networks and manage the data traffic between them. *Use of transceiver module in networking switches:* Transceiver Module is inserted into networking switch, which allows to transmit data to network switch/ or any other enterprise grade networking equipment connecting the other end through fiber optic cables by converting the electric signal into optic signal. The other end transceiver module converts the signal received into electric signal which enable scalability and allows network operators to incrementally increase the capacity or modify network configurations without replacing entire units.
- 1.14 Basis the above submissions, applicant submits that even though the transceiver modules are used by the applicant in multiple telecom equipment's using different technologies, whereas the function of the transceiver module is same.
- 1.15 These imported transceiver modules are compact, hot-pluggable network interface module used in high-bandwidth data communications applications. Transceivers interface between networking equipment (switch) and interconnecting cabling (copper/fiber). Transceiver modules converts the serial electrical (ethernet) signals to serial optical signals and vice versa. A brief of the characteristics and functions of the transceiver modules is herein summarized below for easy reference:
- ✓ SFP transceiver modules facilitate high-speed communication between switches and other enterprise grade networking equipment. They are used with copper or fiber optics cable. SFP's are used for various types of communication networks to interface network devices.
  - ✓ Transceiver modules imported by the applicant are pluggable module which can be plugged into applicant's networking switches only and could act as connector providing interface between two domains i.e., electrical and optical.
  - ✓ The applicant's SFP transceiver modules gives information about optical power levels and electrical supply parameters, but only when SFP is plugged into networking switch which has the requisite software to report these values.

- ✓ SFP transceiver modules imported by the applicant are typically inserted into the networking switches which has front doors, the doors are to be closed and the functioning of the SFP can start only thereafter.
- ✓ They are available with a variety of transmitter and receivers' specifications, allowing users to select the appropriate transceivers for each link to provide the required optical reach over the available optical fiber type.
- ✓ In the present case, transceiver module imported by the applicant needs external hardware parts to be functional. It is submitted that these transceivers are not standalone product in itself, and it doesn't function on its own.
- ✓ Transceiver modules thus provides interface to connect equipment's over multiple networks via optical fiber cable. The structure of transceiver module is just like a pen drive having ports on both the ends, where one end of the transceiver is inserted to the networking switch and other end connected with the optic fibre cable/copper cables.

1.16 The Product under consideration doesn't performs the function of reception, transmission, and conversion of data. Its primary function is to link/connect the networking switches to the various communication networks. Further, SFP transceiver modules does not directly perform the conversion between electrical and optical signals; instead, it facilitates the process by interfacing with the equipment that handles the actual conversion.

1.17 Transceivers cannot function on its own in a stand-alone mode because it lacks power, which is obtained from the devices into which the transceivers are inserted, switching capability provided by the enterprise grade networking switches to which these are connected. Further, it is noted that enterprise grade networking switches provide for functionality of transport, multiplexing, switching, management, supervision, and survivability of optical channels carrying client signals, whereas transceivers cannot perform such functions. To reiterate, it cannot even function independently on its own.

1.18 In other words, transceiver modules are not capable of performing their specific functions independently and execute their tasks of converting without external assistance and the fact they need to be inserted into a networking switch, primarily change their functional independence.

1.19 There are two types of transceivers, optical and electrical, which perform essentially the same function, except that optical transceivers convert optical signals to electrical signals and vice versa, while electrical transceivers convert one format of electrical signal to another format of electrical signal (usually Ethernet electrical signal to a signal recognized by the host).

1.20 The applicant has been importing the product under consideration and classifying the same under tariff sub-heading 8517 62 90. In respect of the previous clearances of the said goods, the applicant has not received any pre-consultation notice, show cause notice or any other form of formal communication from any Customs officer. Therefore, it is submitted that the question posed for advance rulings before the Authority in the case of applicant is not pending before any officer of Customs, the appellate tribunal, or any court of law.

1.21 However, the applicant has come across certain Supreme Court & Tribunal decisions and orders of courts on the matter of classification of SFP transceiver modules in respect of other parties, which are discussed hereinafter. Therefore, for the purpose of abundant clarity, the applicant seeks an advance ruling on the classification of SFP transceiver modules being imported by them, which have not been questioned by the customs authorities, taking into account, inter alia, the applicability or otherwise of the said judicial pronouncements.

1.22 One such decision is of the Hon'ble CESTAT order in the matter of Commissioner of Customs-Mumbai Vs Reliance Jio Infocom Ltd., Final Order no. A/85669-85671/2022, which has discussed classification of SFP transceivers, which has been summarized below:

*"It was held that, to classify SFP transceivers appropriately, it is crucial to decide whether they function on standalone basis as machinery capable of transmitting and receiving optical data or if they are simply parts of Ethernet switches, routers, or other telecom equipment. If the product can*

*function on standalone basis, it can be classified under Tariff Entry 8517 62 90 but if the product cannot function on standalone basis as a machine and can function only when used along with router, switches, or other telecom equipment, it will be classified as parts of telecom equipment under Tariff Entry 8517 70 90 (now the corresponding entry is 8517 79 90). Hence, SFP transceivers are to be classified under Tariff Entry 8517 79 90."*

1.23 In relation to the said Order, an appeal was filed before the Hon'ble Supreme Court, Civil Appeal Nos. 1475-1477 of 2023. Before the Hon'ble Supreme Court, Revenue accepted the classification as held by Mumbai bench of CESTAT and the appeal filed by department was dismissed. For ease of reference, an extract of the Supreme Court Order is provided below:

*"2. Mr. Balbir Singh, learned Additional Solicitor General, would submit, after getting instructions that the classification as has been done in the impugned order, has been accepted by the Department-Revenue (See order dated 25.01.2017 passed by Commissioner of Customs and Central Excise (Appeals), Hyderabad).*

*3. In view of the aforesaid fact, the civil appeals are dismissed.*

*4. Pending applications stand disposed of."*

1.24 Further reliance is place on the judgement of the Hon'ble CESTAT Mumbai in the matter of IBM India Pvt Ltd., Customs Appeal No. 85855 of 2022 having Final Order No. A/85426/2024 (2025) 27 Centax 54 (Tri.-Bom), have also held that Small Form-factor Pluggable Optical Transceiver (SFP Transceiver), to link switch/router devices to network, are classifiable under Tariff Item 8517 70 90 as 'other parts' and not under Tariff Item 8517 62 90, and eligible to exemption under Sr. No. 5(a) of Notification No. 57/2017-Cus., dated 30-6-2017. For ease of reference, the relevant paragraph of the aforementioned case is provided below:

*"10. In view of the foregoing discussions and analysis, as well as on the basis of the judgment of the Hon'ble Supreme Court, we conclude that the product under consideration i.e., 'Small Form-factor Pluggable Optical Transceiver' of various models are classifiable under Customs Tariff Item (CTI) 8517 7090, and not under CTH 8517 62 90, as claimed by Revenue. Accordingly, the impugned goods are eligible for exemption/duty concession under Serial No. 5(a) of Notification No. 57/2017-Customs dated 30.06.2017, as amended. Therefore, we are of the considered view that the impugned order passed by the learned Commissioner (Appeals) in confirmation of the adjudged demands in the original order cannot be sustained on merits."*

1.25 Reliance is also placed on the judgement of the Hon'ble CESTAT Bangalore in the matter of Juniper Networks Solution India Pvt. Ltd., (2025) 26 Centax 238 (Tri.-Bang), wherein by placing reliance on the Reliance Judgment (supra) & IBM Judgment (supra), the Hon'ble Tribunal has decided that SFP transceiver, are classifiable under Tariff Item 8517 79 90 as 'other parts' and not under Tariff Item 8517 62 90, and eligible to exemption under Sr. No. 5(a) of Notification No. 57/2017-Cus., dated 30-6-2017.

1.26 Reliance is also placed on the Hon'ble Delhi High Court judgment in the matter of Nokia Solutions & Networks India Pvt Ltd. Vs CAAR, New Delhi, vide Customs Appeal No. CUSAA 40/2025 & 41/2025 dated 21<sup>st</sup> February 2025, wherein the ruling issued by the CAAR, New Delhi vide Order No. CAAR/Del/Nokia Solutions/57/2024 dt. 26<sup>th</sup> September 2024 was overruled. The Hon'ble High Court, after reviewing the matter, found that the classification of SFP transceiver module as parts under CTH 8517 7990 had already been conclusively decided by various rulings, including the CESTAT orders and Supreme Court judgments, particularly in the Reliance Jio Infocomm and IBM India cases (*Supra*). The Court observed that the department had accepted these rulings and had not filed any appeal against them, leading to the conclusion that the classification of SFP transceiver module under 8517 7990 was appropriate and in line with the previous decisions. The impugned ruling by the AAR, which sought to classify SFP transceiver modules under 8517 6290 with a 20% BCD, was deemed inconsistent with settled precedents and was therefore set aside. The Court affirmed that SFP transceiver should be classified under 8517 7990, qualifying for the applicable nil rate of duty exemptions under Sr No. 5 of Customs Notification No. 57/2017. For ease of reference, the relevant paragraph is provided below:

*"10. Entries have also been perused by the Court. In view of the fact that the classification of SFP's has already been decided in various decisions and has also been accepted by the Department, the impugned ruling dated 26th September, 2024 by which the Authority has observed that SFP's would*

*be classifiable under 85176290 with Basic Customs Duty Act of 20% would not sustain and the same is liable to be set aside. The goods i.e., SFPs shall stand covered under Entry 85177990 and shall also be entitled to applicable exemptions.*

*Accordingly, the impugned rulings are set aside.*

*Both the appeals are allowed in the above terms and disposed of. Applications, if any, are also disposed of."*

- 1.27 In addition to the above, we also wish to place reliance on the Order-in-original (OIO) dated 09<sup>th</sup> June 2023 passed by the Principal Commissioner of Customs, Bengaluru in IBM India Private Limited matter for import of transceivers for period January 2016 to February 2018. Therein, the Hon'ble Principal Commissioner of Customs has held that the Transceivers are parts of equipments and are correctly classifiable under CTH 8517 70 90 and are entitled to duty exemption in terms of Sr No. 5 of Notification no. 57/2017.
- 1.28 A bare perusal of the IBM CESTAT/OIO order (supra) or Juniper order (supra), it is evident that reliance has been placed on Commissioner of Customs-Mumbai Vs Reliance Jio Infocom Ltd, SC & CESTAT Mumbai (supra) and a conclusion has been arrived.
- 1.29 The applicant also submits that although the transceiver modules imported by the applicant are designed for different fiber types and form factors, the function of the transceiver modules remains the same. Therefore, it is clarified that there is no difference in the function of transceivers imported by the applicant or IBM or any other manufacturer. Thus, the above-mentioned judgment of Reliance Jio, IBM, Juniper (supra) is squarely applicable to determine the classification of transceivers imported by the applicant.
- 1.30 Further, what has to be determined in this application is as to whether transceivers are parts/components of networking equipment such as switches classifiable under CTHS 8517.70/8517.79 OR they themselves qualify as a networking equipment/machine of CTHS 8517.62?
- 1.31 The test for determining whether a product is a 'parts' or 'standalone products' has been laid down by the Hon'ble Principal Bench of CESTAT New-Delhi in the matter of Vodafone Idea v. Principal Commissioner of Customs (Import) judgment, Final Order No.- 50874/2022
- 1.32 Having noted the above orders, we seek answers from the plain reading of the Chapter Heading, Sub-heading, Section Notes, Chapter Notes, Explanatory Notes (EN) by World Customs Organization (WCO), 2022 Edition ('WCO Explanatory Notes') as well as the above judgments. As per the applicant, the imported transceiver modules are appropriately classifiable under Tariff Entry 8517 79 90 of Customs Tariff as 'parts'.
- 1.33 On the basis of self-assessment, the applicant has been paying customs duty at the prescribed standard rate of the goods under tariff entry 8517 62 90 of the Customs Tariff. For ease of reference, gist of the competing entries is herein reproduced below:

Competing entry	Description	Rate of BCD	Effective rate of BCD
1	2	3	4
8517	Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks: other apparatus for the transmission or reception of vice, images, or other data, including apparatus for communication in a wired or wireless		

	network (such as a local or wide area network), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528		
	- Other apparatus for 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):		
8517 62	-- Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus		
8517 62 90	--- Other	20%	20%
	- Parts		
8517 79	-- Others		
8517 79 90	--- Others	15%	Nil (Sr No. 5 of Notification No. 57/2017)

1.34 In addition to above, there exists a difference duty of 20% in the applicable custom duty between the two competing entries as mentioned above.

1.35 The applicant has observed divergent classification practices, perhaps after issuance of the Reliance Jio Infocom Ltd., (supra), wherein a few of the importers have been classifying goods similar to the product under consideration under Tariff Entry 8517 79 90 of Customs Tariff, which pertains to parts of the items covered under heading 8517.

1.36 Further, the said suppliers have also been availing benefit under Serial no. 5 of Notification No. 57/2017-Cus., dated 30.06.2017, which provides that all goods other than parts of cellular mobile phones or wrist wearable devices (commonly known as smart watches), classifiable under Tariff Entry 8517.79.90 shall be eligible for an unconditional nil rate of basic customs duty. Relevant extract of the said Notification is provided below for ease of reference

S. No.	Sub-heading	Description of goods	Standard rate	Condition No.
5	8517 71 00 or 8517 79 90	All goods other than the parts of cellular mobile phones or wrist wearable devices (commonly known as smart watches)] Inputs or sub-parts for use in manufacture of parts mentioned at (a) above	Nil	-

1.38 In view of the above facts, the applicant has approached your Authority seeking a ruling on appropriate classification of the products in question under Tariff Entry 8517 62 90 covering "other

machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus" as the applicant is currently declaring under the self-assessment provisions, OR Tariff entry 8517 79 90 as 'parts' of items covered under Tariff Heading 8517.

1.39 In case the Authority rules that the product under consideration is more appropriately classifiable under Tariff entry 8517 79 90 of the Customs Tariff, whether the same is eligible for an unconditional nil rate of basic customs duty under Sr. no. 5 of Notification No. 57/2017-Cus., dated 30.06.2017.

1.40 The applicant's submissions in relation to the above questions and its prayer before your Authority is provided in the ensuing paragraphs. The applicant reserves its right to add / modify / retract submissions as may be needed.

**Statement containing the Applicant's interpretation of law and facts in respect of the aforesaid question(s)**

1.41 Section XVI covers machinery and mechanical appliances; and their parts and accessories as well. Chapter 85 under the said Section cover 'electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.

1.42 Prior to discussing the scope of the two competing Tariff Entries, i.e., Tariff entry 8517 62 90 and Tariff entry 8517 79 90 of the Customs Tariff, it is essential to discuss the scope and ambit of Tariff Heading 8517 of the Customs Tariff.

1.43 Amongst other things, Tariff Heading 8517 covers "other 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)".

1.44 The WCO Explanatory Notes, 2022 Edition ('WCO Explanatory Notes') of Tariff Heading 8517 lay down the ambit of the Tariff Heading to include "apparatus for the transmission or reception of speech or other sounds, images or other data between two points by variation of an electric current or optical wave flowing in a wired network or by electro-magnetic waves in a wireless network". Further, the apparatus of the said Tariff heading may communicate in signals, which may be analogue or digital.

1.45 CTH 8517 is further subdivided into three 1-dash sub-headings. The second one-dash subheading (i.e., 8517 62) covers 'other apparatus for 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)' as well as switching and routing apparatus.

1.46 The WCO Explanatory Notes further provide that this group includes apparatus which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images, or other data within such a network. Communication networks include within, inter alia, carrier-current line systems, digital line systems and combinations thereof. They may be configured, for example, as the public switched telephone networks, Local Area Networks (LAN), Metropolitan Area Networks (MAN) and Wide Area Networks (WAN), whether proprietary or open architecture. The group pertaining to 'Other Communication apparatus' inter alia includes:

- Network Interface Cards (e.g., Ethernet interface cards).
- Modems (combined modulators-demodulators).
- Routers, bridges, hubs, repeaters, and channel adapters
- Multiplexes and related line equipment (e.g., transmitters, receivers or electro-optical converters).
- Codecs (data compressors/decompressors) which have the capability of transmission and reception of digital information,
- Pulse to tone converters which convert pulse dialled signals to tone signals.

1.47 Relevant part of Note G to heading 8517 is herein reproduced below for reference:

*"This heading covers apparatus for the transmission or reception of speech or other sounds, images, or other data between two points by variation of an electric current or optical wave flowing in a wired network or by electromagnetic waves in a wireless network. The signal may be analogue or digital. The networks, which may be interconnected, include telephony, telegraphy, radiotelephony, radiotelegraphy, local and wide area networks.*

\* \* \* \*

*(G) Other communication apparatus. This group includes apparatus which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images, or other data within such a network.*

*Communication networks include, inter alia, carrier-current line systems, digital-line systems and combinations thereof. They may be configured, for example, as public switched telephone networks, Local Area Networks (LAN), Metropolitan Area Networks (MAN) and Wide Area Networks (WAN), whether proprietary or open architecture.*

- 1.48 In view of the above understanding, it is clear that CTH 8517 62 covers machines or apparatus which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images, or other data within such a network. The products such as network interface cards, modems etc. covered under CTH 8517 62 are independent products in themselves and are capable of performing the transmission or reception of data over wired or wireless communication network. These devices are standalone machines/equipments which can perform the reception and transmission of data independently.
- 1.49 The product in question is a transceiver module which acts as an interface between networking equipment (such as switches,) and interconnecting cabling (copper/fiber). The product in question does not constitute, in itself, a communication apparatus or apparatus that is used for transmission or reception of voice, images or other data rather it is intended for used in conjunction with communication apparatus or devices.
- 1.50 Thus, it can be concluded the classification of SFP transceivers under CTH 8517 62 is not feasible as machine or apparatus capable of transmission or reception of speech or other sounds, images, or other data within such a network. Hence, classification under CTH 8517 62 is ruled out.

#### **Test for determination of Parts:**

- 1.51 What has to be determined in this application is as to whether transceivers are parts/components of Networking equipment classifiable under CTHS 8517.79 OR they themselves qualify as a networking equipment/machine of CTHS 8517.62. According to the applicant transceiver imported by them are parts/components of a networking equipment and are not themselves networking equipments/machines of CTHS 8517.62.
- 1.52 The test for determining whether a product is a 'parts' or 'standalone products' has been laid down in the Vodafone Idea v. Principal Commissioner of Customs (Import) judgment, Final Order No.-50874/2022 wherein the Hon'ble Principal Bench of CESTAT New-Delhi has put forwarded the following test:
- A. Whether the item has a separate identifiable/individual function of its own, when compared to the main machine? And
- B. Whether the item is capable of operating independently of the main machine on its own?
- 1.53 Further, it has also been specifically mentioned in *Para 23 of the Vodafone judgment (supra)* that if the answer to both the aforesaid questions is in the negative, then same would be classifiable as 'parts' and not as an apparatus falling under its own appropriate heading. Relevant para herein enclosed as under:
- "23. If the answer to both the aforesaid questions is in the negative, the item would be classifiable as parts and in that case the item will not be classifiable as an apparatus falling under its own appropriate heading."*

- 1.54 While deciding the classification of Router line card in the Vodafone idea judgment (*supra*) the Hon'ble CESTAT has decided as under in para 24 of the judgment:

"24. A perusal of the catalogue of Router Line Cards shows that these cards/modules are only parts of the existing Routers which have already been imported or installed by the appellants. The Router chassis has dedicated slots marked for these line cards, switch cards and router processor cards. The line cards are simply inserted in these slots in the existing Routers. These line cards become functional only when plugged into the said slots in the Router chassis. The line cards source intelligence from control and processor module of the Router. These line cards cannot perform its function on a stand-alone basis in the imported condition. Further, communication between the line cards and the other components of the Router, most importantly, the switch processor board, is in the electrical domain and in completely proprietary data protocols. These facts are decisive to conclude that the line card/modules in question are parts, as they cannot perform independently of the Router because unless and until the said cards/modules are slotted into the dedicated slots into the chassis of the equipment, the said cards/modules cannot function. The cards/modules are dependent on the intelligence (i.e. timing information) provided by the control and timing modules. The timing information provided by the control and timing modules is essential for the proper functioning of these cards. Without connection to the overlying software of the equipment and the control/timing information being provided to them, said line cards are incapable of operation. The line cards are proprietary of the Original Equipment Manufacturer. These line cards are, therefore, not cross compatible with devices of other manufacturers but are only usable for the purpose for which they are designed for e.g., a line card manufactured by Cisco would be usable only in a Cisco Router and nowhere else. In other words, these cards/modules possess no functionality other than when used in the dedicated slot designed for them in the primary equipment chassis. Each primary equipment will possess dedicated and proprietary slots into which alone the said cards/modules must be inserted. Thus, there is no individual and separable function performed by line cards."

1.55 In the same lines, by applying the *Ratio decidendi* of the judgment in the present case, we are of the following view:

- a. Networking equipments or switches just like routers have dedicated slots marked for these transceivers.
- b. These transceivers are simply inserted in these slots in the existing networking equipments etc.
- c. These transceivers become functional only when plugged into the said slots in the networking equipment chassis.
- d. Just like line cards, transceivers also source intelligence from control and processor module of the networking equipments.
- e. Similar to line cards, transceivers imported by the applicant cannot perform its function on a stand-alone basis in the imported condition.
- f. Further, the transceiver is a passive device, hence it relies upon the networking equipment to draw electricity.
- g. These transceivers are dependent on the networking equipment to undertake conversion of optical data to electric and vice versa (i.e. Conversion). As stated above, it is essential for transceiver modules to be connected to the networking equipment for proper functioning.
- h. Without connection to the overlying software of the networking equipment and the command information being provided to these transceiver modules, said transceiver modules are incapable of operation.
- i. It is also emphasized that these transceivers are proprietary of the Original Equipment Manufacturer. Therefore, these transceivers are not cross compatible with devices of other manufacturers. For example: a transceiver manufactured by HPE would be usable only in a HPE networking equipment such as switches and nowhere else.
- j. In other words, these cards/modules possess no functionality other than when used in the dedicated slot designed for them in the primary equipment chassis.

1.56 These facts are decisive to conclude that the transceiver modules in question are parts, as they cannot perform independently of the networking equipments because unless and until the said transceiver modules are slotted into the dedicated slots into the chassis of the equipment, the said transceiver modules cannot function.

1.57 The product in question lacks the ability to operate independently of the primary network setup. Their role is entirely dependent on being part of a network equipments, confirming that they qualify as parts rather than standalone devices. Consequently, they fail both tests of independence and individual functionality.

1.58 It is submitted that since both responses to the aforementioned test set forth by Hon'ble Principal Bench of CESTAT are negative, therefore, the applicant is of the view that the product in question (i.e., Transceivers) are appropriately classifiable as 'parts'.

1.59 It is respectfully submitted that in the recent advance rulings regarding transceivers, specifically the Nokia Solution Ruling (supra), the test for determination of parts as set forth by the Hon'ble Principal Bench of the New Delhi CESTAT has not been addressed in any of the rulings. The criteria for determining parts, have not been considered or discussed in relation to the classification of transceivers where the central issue remains whether transceivers should be classified as machines/equipment or as parts.

1.60 In light of the above discussion, we are of the view that advance ruling issued by the Hon'ble CAAR (New Delhi & Mumbai) are *per incuriam and* should have no bearing in the present application.

1.61 Further, to appreciate this, reference can be made to HSN Explanatory Notes to Heading 84.79 which deals with machines having individual functions. The inference that can be drawn from the explanatory notes to CTH 8479 is HSN itself considers an article which has an individual function as an 'independent machine' and not as a 'part'. However, there are exemption to it. This is clear from the examples provided therein i.e., in the case of a carburetor for an internal combustion engine, it is explained that the function performed by carburetor is distinct from that of the engine. However, the said function is not an individual function as the operation of the carburetor is inseparable from that of the engine. Hence, the carburetor is considered as a part of the engine as opposed to an independent machine. For ease of reference, the relevant part of the explanatory note is herein enclosed:

*"Example: A chain cutter is a device which is mounted on an industrial sewing machine, and which automatically cuts the thread so that the machine can run without interruption. This device performs an individual function because it plays no part in the "sewing" function of the machine; as there is no other more specific heading, the chain cutter falls to be classified here. On the other hand, the function of a carburettor for an internal combustion engine is distinct from that of the engine but it is not an "individual function" as defined above because the operation of the carburettor is inseparable from that of the engine. Separately presented carburetors are therefore to be classified as parts of engines in heading 84.09.*

1.62 Although not admitting but for the purpose of argument the applicant accepts that transceivers imported by the applicant have an independent function on its own. However, by relying upon the example of carburetor from explanatory notes to CTH 8479, inference can be made that in case of transceivers, even if the said function is an individual function, the same can't be considered as an individual function on its own because the operation of the transceivers is inseparable from that of the networking equipments. Hence, the transceivers should be considered as a part of the networking equipment as opposed to an independent machine.

Therefore, separately presented transceiver modules are therefore to be classified as part of networking equipment under tariff entry 8517.79.90.

**Classification of the product under consideration under tariff entry 8517 79 90:**

- a. The third one-dash subheading (i.e., 8517 79) covers 'PARTS'. Further, as per the explanatory notes to CTH 8517, parts of the apparatus of this heading are classified here.
- b. Thus, it can be concluded that parts which are used in switching and routing apparatus of sub heading 8517 62 are to be classified under this heading itself.
- c. It is reiterated that the function of the product in question is to link/connect the networking equipments to the network.
- d. Given the above understanding, it is clear that transceiver modules can't perform the function of switching/ routing independently and they need to be specifically plugged into networking equipments for providing interface. As such these transceiver modules are parts and correctly classifiable under CTH 8517 79 90.

1.63 In the view of the above submissions, the applicant continues to be of the view that the product under consideration merits classification under Tariff entry 8517.79.90 as an 'parts' and not under Tariff Entry 8517.62. 90 as 'machines/apparatus'.

1.64 We seek ruling of your Authority whether the product under consideration should continue to be classified under Tariff Entry 8517 62 90 as an apparatus/ a machine OR change the classification to consider transceivers as a part of goods covered by Tariff Heading 8517, viz. to Tariff Entry 8517 79 90. Further, we seek guidance on the appropriate basic customs duty rate on the same in light of Notification No. 57/2017 – cus., dated 30.06.2017. If covered under serial no. 5 of the said Notification, is it eligible for an unconditional nil rate of basic customs duty.

1.65 It is submitted that in case, your Authority rules that the appropriate classification of the product under consideration is Tariff entry 8517.62.90 of the Customs Tariff, it may also be ruled whether the product under consideration will be eligible for concessional basic customs duty under Serial no. 20 of Notification No. 57/2017-Cus., dated 30.06.2017.

S N	Sub-heading	Description of goods	Standard rate	Condition No.
20	8517 62 90 or 8517 69 90	All goods other than the following goods, namely:- a. Wrist wearable devices (commonly known as smart watches) and other smart wearable devices including smart rings, shoulder bands, neck bands or ankle bands; b. Optical transport equipment; c. Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS); d. Optical Transport Network (OTN) products; e. IP Radios; f. Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; g. Packet Transport Node (PTN) products, Multiprotocol Label Switching- Transport Profile (MPLS-TP) products;; h. Multiple Input/Multiple Output (MIMO) products; i. Long Term Evolution (LTE) products.	10%	

Whether the question(s) raised is pending in the applicant's case before any officer of Customs, Appellate Tribunal or any Court of Law?

1.66 In the present case, it is the Applicant's submission that the question raised by it in this Application are not pending before any officer of Customs, Appellate Tribunal or any Court of Law. It is humbly submitted that the Applicant has not been issued any summons mandating it to provide any kind of information with respect to import of the subject goods (i.e., indicator panels). However, it is pertinent to clarify that issuance of such summons by any officer of Customs is not equivalent to the questions being pending before any officer of Customs, Appellate Tribunal or any Court of Law.

1.67 In its regard, reliance is placed on M/s Spraytec India Ltd versus Directorate of Revenue Intelligence (2023) 4 Centax 211 (Del.) wherein the Hon'ble Delhi High Court adjudicated on whether the classification concluded by Hon'ble Customs Authority of Advance Ruling (CAAR) was erroneous or not as the goods imported under the said CTHs were at the time detained at the port of import. It was held that the Order passed by Hon'ble CAAR. was valid as only summons had been issued and no pre-consultation notice or show cause notice had been issued by DRI or any other Authority. Hence, it would be erroneous to hold that the question of classification was pending before any Custom officer, Appellate Tribunal, or any Court. For ease of reference, the relevant extract of the case has been provided below:

*"The proviso to Sub-Section (2) of 28-I of the Customs Act proscribes the CAAR from allowing any application filed for advance ruling, where question raised in the application is pending in the applicant's case before "any officer of customs, the Appellate Tribunal or any Court" or if the said question has already been decided by the Appellate Tribunal or any Court. In the present case, DRI had not issued any pre-consultation notice or show cause notice which would indicate that the question regarding classification of any goods was pending before DRI. Thus, even if it is accepted that an officer of DRI is an officer of Customs, it cannot be accepted that the question raised by the respondent in its application under section 28H of the Customs Act was pending 'in the applicant's case' before DRI. In order for a question to be considered as pending before any officer of customs, it would be necessary for the question to be raised in any notice enabling the assessee to respond to the said issue. It is only after this stage that it would be necessary for the officer of customs to render its decision on the question. Merely because an officer of customs contemplates that a question may arise, does not mean that the question is pending consideration. For a question to be stated to be pending, the concerned officer must formally set forth the same for the assessee to contest the same. Any preliminary exercise done by an officer of customs, to consider whether any question for consideration arises, would not preclude the CAAR from giving its advance ruling on that question. The possibility that a question would arise for consideration of a customs officer, appellate tribunal or court, is not a ground contemplated under clause (a) of the proviso to Section 28-I(2) of the Customs Act. Clearly, a distinction must be made between that question pending consideration and a possibility of a question arising consideration."*

1.68 Additionally, reliance is placed on an advance ruling issued to H.Q. Lamps Manufacturing Co. Ltd., (2023) 4 Centax 336 (A.A.R - Cus -Del.) wherein CAAR, New Delhi opines that an investigation is considered pending before an officer when a show cause notice or pre-consultation notice has been issued. For ease of reference, the relevant extract of the case is provided below:

*"13.6 On the basis of the careful examination of the relevant provisions of the Customs Act, Rules and CAAR Regulations, 2021, I am on the considered view that an application may be considered "pending" before any officer of customs only if it is pending before an officer in formal manner before an officer who is competent to answer the said question in terms of specific powers vested with the officer under the Customs Act, 1962. An illustrative list of such situations would include cases wherein a Show Cause Notice has been issued; bill of entry has been provisionally assessed under section 18 of the Act *ibid*; the matter is pending before the Special Valuation Branch of the Customs Commissioner for the purpose of valuation of the goods in question; or the proper officer has held the pre-notice consultation with the applicant in terms of the proviso of sub-section (a) of Section 28(1) of the Customs Act, 1962. Therefore, in cases, such as the extant case, wherein an officer of customs is engaged in an investigation that may result in formulation of a question that would be posed before another competent officer would not qualify as "pending before an officer"*

*In view of the above, I reject the contention of the Principal Commissioner of Customs (Preventive), New Delhi and allow the application for advance ruling in terms of Section 28-1 (2) of the Customs Act"*

1.69 Hence, in the present context, it is the Applicant's submission that the questions raised by it in the present application are not pending before any officer of Customs, Appellate Tribunal or any Court of Law.

1.70 In light of the facts, relevant legal provisions and our submissions made in the above paragraphs, our humble prayer before your good self is as follows:

- a.) The product under consideration should be classified under Tariff Entry 8517 79 90 as 'part' of items covered under Tariff Heading 8517 such as networking equipments etc. and not as other machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus; and
- b.) If the product under consideration is still classifiable under 8517 79 90, it should be coverage under Serial no. 5 of Notification No. 57/2017 – Cus., dated 30.06.2017 allowing for unconditional nil rate of basic customs duty.
- c.) If the product under consideration is still classifiable under 8517 62 90:
  - o Coverage under Serial no. 20 of Notification No. 57/2017 – Cus., dated 30.06.2017 allowing a concessional rate of basic customs duty.
  - o The appropriateness of the identifier code under Circular No. 8/2023-Cus., declared be clarified.
- d.) Allow us to present our case in a personal hearing before your good self-prior to issuance of any Order.

## **2. Comments of the Port Commissionerate**

The Comments of the port Commissionerate i.e. ACC Import were sought vide this office Letter F.No. VIII/CAAR/Delhi/Hewlett(ACC Import)/97/2025/268 dated 28.05.2023, and letter of even number 420 dated 03.07.2025 sent through email. However, no reply was received from the concerned port commissionerate.

## **3. Personal Hearing:**

Representatives appeared before Authority for personal hearing in virtual mode on 29.08.2025 and reiterated the facts already mentioned in the application. During the course of personal hearing, it has come to notice that the matter has already been decided by the CESTAT in case of other party. Hence, prima facie liable for rejection under Sub section 2 of Section 28 1 of the Customs Act, 1962. The A.R argued against this and requested to grant one week time to submit their views before disallowing the application.

## **4. Additional Submissions:**

4.1 Before the personal hearing the applicant, has filed additional submission vide email dated 29.08.2025. The submissions are reproduced below:

4.2 We Hewlett-Packard Enterprise India Private Limited ('HPE' or 'the Applicant' or 'the Company' or 'We') having IEC 0715007190, have filed advance ruling application requesting clarity on the classification of transceiver modules (i.e., Small Factor Pluggable (SFP) transceiver) (hereinafter referred to as 'product' or 'product under consideration' or 'product in question').

4.3 HPE is currently importing transceiver modules under Tariff Entry 8517.62.90 as "other machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus". However, due to recent judicial rulings and divergent industry practices, it appears that a few industry peers are classifying transceiver modules under Tariff entry 8517.79.90 as parts of items covered under Tariff Heading 8517 the Customs Tariff Act, 1975 ('Customs Tariff'). In view of the above, the applicant seeks advance rulings regarding:

- a) the classification of the product under consideration, and

b) eligibility of the same for concessional rate of duty under Notification No. 57/2017-Cus., dated 30.06.2017.

**4.4 Issues involved:**

1. What should be appropriate classification of SFP transceivers? (8517.62.90 vs 8517.79.90)
2. Whether the product in question is eligible for concessional/nil rate of Basic Customs Duty (BCD) under Notification No. 57/2017-Cus., dated 30.06.2017?

**4.5 Competing entries under consideration:**

	Competing entry 1	Competing entry 2
<b>Tariff entry</b>	8517 62 90	8517 79 90
<b>Heading Description</b>	Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks: other 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), other than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528 Electrical transformers, static converters (for example, rectifiers) and inductors	
	- Other apparatus for 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):	- Parts
	-- Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus - - - Others	-- Others - - - Others
<b>Standard rate of duty</b>	20%	15%
<b>Effective rate of duty</b>	10% (Sr No. 20 of Notification No. 57/2017)	Nil (Sr No. 5 of Notification No. 57/2017)
<b>Remarks</b>	Currently adopted by HPE for import clearance	Proposed HS classification

**4.6 Product understanding-**

1. The Applicant imports various transceiver modules, categorized primarily by:
  - a) **Fiber type and transmission method** – including Single-Mode, Multimode, and Bi-Directional (Bi-Di) SFP modules.
  - b) **Form factor** – classified into:
    - **Category A:** Small Form-Factor Pluggable (SFP/SFP+) – compact modules for general networking.
    - **Category B:** XFP – used for 10 Gbps applications.
    - **Category C:** Quad Small Form-Factor Pluggable (QSFP/QSFP+) – supports 40 to 400 Gbps for high-speed data centers.
    - **Category D:** C Form-Factor Pluggable (CFP/CFP2) – larger modules for long-haul and high-capacity networks.
    - **Category E:** Direct Attach Copper cables with SFP modules.
  - c) It is humbly submitted that these transceiver modules operate at different speed. HPE imported transceiver modules support data transfer rate of 10 GBPS, 25 GBPS, 40GBPS, 100 GBPS & 200

GBPS. To summarize, the higher the number, the faster the data can be transmitted, which is crucial for modern, high-bandwidth networks. The choice between different speed rate such as 10G and 25G typically depends on the specific needs of the network in terms of performance, cost, and scalability.

- d) It is also emphasized that these transceiver modules imported by the applicant are proprietary of the Original Equipment Manufacturer (i.e., these transceiver modules are not cross-compatible with devices of other manufacturers). e.g., a transceiver manufactured by HPE would be usable only in HPE networking switches and nowhere else.
- e) Based on the above submissions, the applicant submits that although the transceiver modules imported by the applicant are designed for different fiber types and form factors, the function of the transceiver modules remains the same.

**4.7** In light of above, the detailed function and understanding of product is delineated below:

- a) Transceivers modules are compact, hot-pluggable network interface modules used in high-bandwidth data communication applications.
- b) Are inserted into networking switches or routers.
- c) Acts as an interface between networking equipment and copper/fiber optic cables.
- d) It doesn't perform the function of reception, transmission, and conversion of data
- e) Are not cross-compatible—each module is proprietary to its OEM (e.g., HPE modules work only with HPE switches).
- f) SFP modules do not function independently since they require:
  - Power from the host device.
  - Software from the switch/router to operate.
  - Physical insertion into a dedicated slot.

#### **4.8** Grounds for classification of transceivers modules under 8517.79.90

##### **1. Judicial Precedents:**

- a) There are plethora of judgements (Supreme Court/High Court/Tribunals) on the matter of classification of transceivers module (same ones which have been imported by the applicant) in respect of other parties. Judicial Precedents that support the classification of transceivers under 8517.79.90 as 'parts'-
  - **Reliance Jio Infocom Ltd. (Civil appeal no. 1475-1477/ 2023 & Final Order no. A/85669-85671/2022)** – CESTAT & Supreme Court held transceiver modules are classifiable as 'parts' under 8517.79.90.
  - **IBM India Pvt. Ltd. (Final Order No. A/85426/2024 (2025) 27 Centax 54 (Tri.-Bom)** – CESTAT relying upon Reliance Jio judgement upheld the classification under 8517.79.90.
  - **Juniper Networks ((2025) 26 Centax 238 (Tri.-Bang)**– CESTAT affirmed classification of transceivers as parts under 8517.79.90.
  - **Nokia Solutions & Networks India Pvt Ltd (February 2025)** - Hon'ble Delhi High Court has overruled the Delhi Advance Ruling Authority order (**Order No. CAAR/Del/Nokia Solutions/57/2024**) dated **26.09.2024** and have classified transceiver module under 8517.79.90.
- b) Since, the matter is already a covered issue and the classification dispute has been settled by Hon'ble courts, we pray before your good self to classify the product under 8517.79.90 as 'parts' of items covered under Tariff Heading 8517 such as networking equipments etc.

##### **2. Coverage as per Explanatory notes (EN) to heading 8517:**

Coverage under EN to heading 8517	The function of product in question
<p>In terms of EN, CTH 8517 62 covers <b>machines or apparatus</b> which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images, or other data within such a network. The products such as <b>network interface cards, modems</b> etc. covered under CTH 8517 62 are <b>independent products</b> in themselves and are capable of performing the transmission or reception of data over wired or wireless communication network. <b>These devices are standalone machines/equipments which can perform the reception and transmission of data independently.</b></p>	<p>On the contrary, the product in question <b>acts as an interface</b> between networking equipment and interconnecting cabling between networking equipment (such as switches,) and interconnecting cabling (copper/fiber). The product in question <b>does not constitute, in itself, a communication apparatus or devices</b> that is used for transmission or reception of voice, images or other data <b>rather it is intended for used in conjunction with communication apparatus or devices.</b></p> <p>Therefore, product in question cannot be considered as machine or apparatus capable of transmission or reception of speech or other sounds, images, or other data within such a network.</p>

### 3. Determination of Parts:

- a) Now, we need to understand whether the product can be considered as parts/components of Networking equipment classifiable under tariff entry 8517.79.90.
- b) The test for determining parts has been laid out in **Vodafone Idea v. Principal Commissioner of Customs (Import) judgment, Final Order No.- 50874/2022** wherein the Hon'ble Principal Bench of CESTAT New-Delhi has put forwarded the following test:
- Whether the item has a separate identifiable/individual function of its own, when compared to the main machine? And
  - Whether the item is capable of operating independently of the main machine on its own?
- c) Further, it has also been specifically mentioned in *Para 23 of the Vodafone judgment (supra)* that if the answer to both the aforesaid questions is in the **negative**, then same would be classifiable as 'parts' and **not** as an **apparatus falling under its own appropriate heading**.
- d) **Further, in para 24 of said judgement, it was decided that:**
- Router line cards/modules are **only parts** of existing Routers.
  - The Router chassis has **dedicated slots** for these line cards. These **line cards become operational only when plugged into the said slots in the Router chassis.**
  - These line cards **cannot perform their function on a stand-alone basis** in the imported condition.
  - The cards/modules are **dependent on the intelligence (i.e. timing information) provided by the control and timing modules.**
  - The line cards are **proprietary** of the Original Equipment Manufacturer.
- e) In the same lines, by applying the Ratio decidendi of the aforementioned judgment in the present case, we are of the following view:
- Networking equipments or switches just like routers have **dedicated slots** marked for these transceivers.
  - These transceivers are **simply inserted** in these slots in the existing networking equipments etc.

- These transceivers become functional only when **plugged into the said slots** in the networking equipment chassis.
  - Just like line cards, transceivers also **source intelligence** from control and processor module of the networking equipments.
  - Similar to line cards, transceivers imported by the applicant **cannot perform its function on a stand-alone basis in the imported condition.**
  - Further, the transceiver is a **passive device**, hence it relies upon the networking equipment to draw electricity.
  - These transceivers are dependent on the networking equipment to undertake conversion of optical data to electric and vice versa (i.e. Conversion).
  - Without connection to the **overlying software** of the networking equipment and the command information being provided to these transceiver modules, **said transceiver modules are incapable of operation.**
  - It is also emphasized that these transceivers are proprietary to the Original Equipment Manufacturer. For example: a transceiver manufactured by HPE would be usable only in HPE networking equipment such as switches and nowhere else.
  - In other words, these cards/modules **possess no functionality other than when used in the dedicated slot** designed for them in the primary equipment chassis.
- f) The product in question lacks the ability to operate independently of the primary network setup. Their role is entirely dependent on being part of a network equipments, confirming that they qualify as parts rather than standalone devices. Consequently, they **fail both tests of independence and individual functionality. Thus, satisfying the criteria to be considered as parts.**

**4.9 Classification under tariff entry 8517.79.90:**

- a) The third one-dash subheading (i.e., 8517.79) covers 'PARTS'. Further, as per the explanatory notes to CTH 8517, **parts of the apparatus of this heading are classified here.**
- b) Thus, it can be concluded that parts which are used in switching and routing apparatus of sub heading 8517 62 are to be classified under this heading itself.
- c) It is reiterated that the function of the product in question is to link/connect the networking equipments to the network.
- d) Given the above understanding, it is clear that transceiver modules can't perform the function of switching/ routing independently and they need to be specifically plugged into networking equipments for providing interface. **As such these transceiver modules are parts and correctly classifiable under tariff entry 8517.79.90.**

**4.10 Exemption of Basic Customs Duty (BCD) under Notification No. 57/2017-Cus., dated 30.06.2017-**

- a) In light of Notification No. 57/2017 – cus., dated 30.06.2017, since transceiver modules are rightly classified under 8517.79.90, the applicable rate of BCD should be Nil in terms of serial no. 5 of the said Notification. Relevant extract of notification is reproduced below:

S. No.	Sub-heading	Description of goods	Standard rate	Condition No.
5	8517 71 00 or 8517 79 90	All goods other than the parts of cellular mobile phones or wrist wearable devices (commonly known as smart watches)] Inputs or sub-parts for use in manufacture of parts mentioned at (a) above	NIL	

- b) In terms of coverage under aforementioned notification, all goods are covered except the following:
  - Parts of cellular mobile or

- Parts of wrist wearable watches
- c) Since the product in question is neither a part of cellular mobile phone nor a part of wrist wearable watches, therefore the **same is eligible** for concessional rate of BCD under Sr. no. 5 of Notification no. 57/2017.
- d) It is submitted that in case, your Authority rules that the appropriate classification of the product under consideration is Tariff entry 8517.62.90 of the Customs Tariff, it may also be ruled whether the product under consideration will be eligible for concessional basic customs duty under **Serial no. 20 of Notification No. 57/2017-Cus., dated 30.06.2017.**

**4.11** In light of the facts, relevant legal provisions and our submissions made in the above paragraphs. our humble prayer before your good self is as follows:

- a. The product under consideration should be classified under Tariff Entry 8517.79.90 as 'part' of items covered under Tariff Heading 8517 such as networking equipments etc. and not as other machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus; and
- b. If the product under consideration is still classifiable under 8517.79.90, it should be coverage under Serial no. 5 of Notification No. 57/2017- Cus., dated 30.06.2017 allowing for unconditional nil rate of basic customs duty.
- c. If the product under consideration is still classifiable under 8517.62.90:
  - Coverage under Serial no. 20 of Notification No. 57/2017 – Cus., dated 30.06.2017 allowing a concessional rate of basic customs duty.
  - The appropriateness of the identifier code under Circular No. 8/2023-Cus., declared be clarified.
- d. Allow us to present our case in a personal hearing before your good self-prior to issuance of any Order.

4.12 The applicant, as requested in personal hearing has filed additional submission vide email dated 24.09.2025 which is reproduced as below:-

4.13. We Hewlett-Packard Enterprise India Private Limited (hereinafter referred to as 'HPE' or 'the Applicant' or 'the Company' or 'We') having IEC 0715007190, have filed advance ruling application requesting clarity on the classification of transceiver modules (i.e., Small Factor Pluggable (SFP) transceiver) (hereinafter referred to as 'product' or 'product under consideration' or 'product in question').

4.14. In furtherance of the advance ruling hearing held on 29.08.2025, the applicant has received comments from the office of Customs Advance Ruling Authority, New Delhi on the issue of maintainability under section 281 (2) proviso (b) of the Customs Act, 1962 vide mail dt. 29.08.2025. In pursuance to the comments received, the applicant is hereby making the following counter submissions in the ensuing paragraphs.

**The present application is not barred by Section 281 (2) proviso (a) & (b)**

4.15 Section 281 (2) empower the customs advance ruling authority to allow or reject an application after examination. However, the proviso clearly states that an application shall not be allowed in two scenarios:

- a) The question raised in the applicant's case is pending before an officer of customs/tribunal/ court,
- b) The question raised in the application has been decided by a tribunal/court.

4.16 At the outset, it is clarified that the question raised in the applicant's case is not pending before any Customs officer, tribunal, or court. Therefore, there is no issue of maintainability under proviso (a) to Section 281 (2) of the Customs Act.

4.17 So far as the proviso (b) is concerned, to exclude the jurisdiction of advance ruling, the question raised in the application need to have been decided by a tribunal/court. While it is noted that there are several decisions of the Hon'ble Supreme/ High Court in the case of other entities, on the issue of

classification of transceiver modules, most importantly it doesn't automatically preclude the Authority from examining whether the facts in the present case are identical or distinguishable.

4.18 In this context, it is imperative to read provisos (a) and (b) to Section 281 (2) conjointly, Proviso (a) bars questions pending in the applicant's own case before any authority or court, while proviso (b) excludes questions already decided by a Tribunal or Court. The legislative intent behind these provisos is to prevent parallel proceedings in respect of the same applicant. Therefore, for an application to be excluded from maintainability under proviso (b), the question must have been conclusively decided in the applicant's own matter and not merely in the case of other entities. Reading proviso (b) in isolation would defeat the purpose of advance rulings, which is to provide clarity based on the applicant's specific facts and circumstances.

4.19 Further, the Customs Authority for Advance Rulings a quasi-judicial body specifically empowered under Chapter V-B of the Customs Act to provide clarity on transactions. Its mandate includes examining the applicant's unique factual matrix to determine whether the cited judicial precedent squarely covers the issue or whether there exist distinguishing features warranting an independent ruling.

4.20 Therefore, while the High Court's ruling serves as a guiding precedent, it does not dispense with the Authority's statutory obligation to assess whether the applicant's case is factually congruent with that precedent. Denying such examination without this analysis would undermine the purpose of advance rulings, which is to provide certainty to the applicant based on their specific facts.

4.21 Further, it is submitted that the proviso to Section 281 (2) (b) uses the term "same question", not "similar question." This means the bar applies only when the question in the applicant's own case is identical to one already decided, not merely because there is a similar issue decided elsewhere in case of any other applicant. If such a view is adopted it would not only be contrary to the proviso (b), but also unduly restrict the scope of advance rulings in customs, thereby, defeating the very purpose of advance rulings.

4.22 The above line of submissions has been squarely upheld by the Hon'ble Customs Authority for Advance Rulings, New Delhi Re: Supertron Electronics Pvt. Ltd. ((2023) 11 Centax 290 (A.A.R. - Cus. Del.), wherein the authority proceeded to examine the application on merits despite the existence of similar rulings, thereby affirming that the jurisdiction of the authority is not ousted merely because similar issues have been adjudicated in other case. It specifically held that the mere existence of a ruling on similar goods by CAAR, Mumbai in the case of a different applicant does not render the application non-maintainable, and that for the bar under the second proviso to Section 281 (2), the question must have been decided in the applicant's own case, and not merely in the case of another entity. The relevant paragraph from the ruling is reproduced below:

*" Finding that the Customs Authority for Advance Rulings, Mumbai has already issued rulings on the similar item and on being informed that the Department is in the process of filing SLP, I draw attention to the second proviso under Sub- section (2) of Section 28-1 of the Customs Act, 1962 which bars the Authority to allow application where the question raised in the application, is already pending in applicant's case before any officer of customs, the Appellate Tribunal or any court, or same as in a matter decided already by the Appellate Tribunal or any court. However, I note that CAAR, Mumbai has issued rulings on similar goods against the application for advance rulings filed by the applicant other than the applicant in the instant application. Thus, finding that the application is valid in terms of the provisions of the Customs Act and the CAAR Regulations, 2021, having gone through the submissions of the applicant, comments of the concerned Commissioner, having heard the applicant, and recognizing the importance of timely pronouncement of rulings, I proceed to examine the question on merits."*

4.23 Reliance is also placed on In Re: Amazon Seller Services Pvt. Ltd. ((2023) 5 Centax 186 (A.A.R. - Cus. - Mum.)), wherein it was held that advance ruling cannot be disallowed when similar matters are under dispute/litigation as it will be contrary to proviso (b) of Section 28-1 (2) of Customs Act, 1962 and defeat purpose of advance rulings. Relevant portion of the ruling is herein reproduced below:

*" Since the issue of maintainability has arisen, I reproduce the relevant provisions of law here. Sub-section (2) to section 28-1 reads as under: -*

*(2) The Authority may, after examining the application and the records called for, by order, either allow or reject the application:*

Provided that the Authority shall not allow the application 23[\*] where the question raised in the application is -

(a) already pending in the applicant's case before any officer of customs, the Appellate Tribunal or any Court;

(b) the same as in a matter already decided by the Appellate Tribunal or any Court:

Provided further that no application shall be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided also that where the application is rejected, reasons for such rejection shall be given in the order.'

The statute provides only two grounds for rejection of advance ruling applications:

The question raised in the applicant's case is pending before an officer of customs/tribunal/court,

The question raised in the application has been decided by a tribunal/court.

4.24 So far as the proviso (a) is concerned, to exclude the jurisdiction of advance ruling, the question raised in the applicant's case must be pending before an officer of customs, tribunal or court. In this case, the question raised is not the same. The subject matter of dispute on which the Commissioner (Audit), Mumbai Customs Zone-I has issued a show cause notice is an earlier version of the Fire TV Stick. The decision of the said notice, pending before the Commissioner of Customs (Import), ACC, Mumbai has been stayed by the Hon'ble High Court of Bombay. Therefore, I am not inclined to accept the view, suggested by the Commissioner of Customs, Nhava Sheva-V that scope of advance ruling shall stand excluded even when similar matters are under dispute/litigation. If such a view is adopted it would not only be contrary to the proviso (b) reproduced/discussed above which uses the terms 'same matter', but also unduly restrict the scope of advance rulings in customs, thereby, defeating the very purpose of advance rulings. Besides, the applicant has also pointed out that the same devices were under consideration before the Customs Authority for Advance Rulings, New Delhi in the case another applicant and the matter stands decided. Therefore, deferring the decision in these applications or even rejecting them would not serve any purpose. In so far as the issue of advance rulings in respect of an ongoing activity is concerned, with due regard to the definition of advance ruling in law, it is my considered opinion that operation of advance rulings do not get extinguished just because an activity of import/export has taken place earlier, irrespective of the frequency of such activity. Drawing strength from the provisions of law reproduced earlier in this paragraph, a correct interpretation would be that advance rulings can be sought and given even for ongoing activities, so long as such activities, in respect of the same applicant, are not involved in any dispute; or already settled by an order of any competent tribunal/court. However, the application of such an advance ruling, in respect of an ongoing activity, shall be prospective and would not have any implication for activities, which stand concluded."

4.25 in light of the facts, relevant legal provisions and our submissions made in the above paragraphs, our humble prayer before your good self is as follows:

(a) To kindly hold that the present application is maintainable under proviso (a) and (b) to Section 281 (2) of the Customs Act, 1962, and accordingly proceed to examine the matter on merits.

(b) In any case, the applicant respectfully requests that an opportunity of personal hearing be granted before passing any adverse order, in the interest of natural justice

## **5. Discussion, Findings and Conclusion**

5.1 Having completed the procedure laid down in the CAAR Regulations, I first allow the application taking into account the facts of the case and submissions made by the applicant. In view of the submissions made in the application for advance ruling and argument made during the personal hearing by the applicant, I proceed to decide the present application regarding classification of 'SFP Transceivers such as SFP/SFP+, QSFP/QSFP-DD, CFP/CFP2' on the basis of the information on record as well as the existing legal framework having bearing on the classification of the subject product. under the first schedule of the Customs Tariff Act, 1975.

5.2 The applicant has submitted its response on the question raised during the personal hearing on maintainability of the application under section 28-I (2)(b). On the issue of maintainability of application under section 28-I (2)(b), they stated that the term used in the said proviso is “same” question, not “similar” question. I note that the subject goods in the instant applicant i.e. different types of HP transceivers such as ‘SFP Transceivers such as SFP/SFP+, QSFP/QSFP-DD, CFP/CFP2’ are not the same but similar with respect to the goods covered in case of M/s IBM India Pvt. Ltd. and Nokia Solutions and Networks India Pvt. Ltd. wherein Hon’ble CESTAT and Delhi High Court pronounced the rulings respectively. Further, the subject goods in the instant application having unique factual matrix are distinguishable from those wherein the Tribunal/ Court pronounced their judgements. Therefore, I am of the opinion that the instant application is maintainable in view of proviso (b) to Section 28-I (2) of the Customs Act 1962.

**Ex-parte decision related findings:-**

5.3 “As per the sub-rule 19 of the CAAR Regulation 2021 as provided under Notification No.01/2021-Customs (N.T.) dated 04.01.2021 as amended vide Notification No.63/2022-Customs (N.T.) dated 20.07.2022, Hearing of application ex parte. –

- *Where on the day fixed for hearing or any other day to which the case is adjourned, the applicant or the Principal Commissioner or Commissioner does not appear in person or through an authorised representative when the application is called for hearing, the Authority may dispose of the application ex parte on merit:*

- *Provided that where an application has been disposed of [under this regulation] and the applicant or the Principal Commissioner or Commissioner, as the case may be, applies within seven days of receipt of a copy of the order or advance ruling and the Authority is satisfied that there was sufficient cause for his non-appearance when the application was called for hearing, the Authority may, after allowing the opposite party a reasonable opportunity of being heard, make an order setting aside the ex parte order or advance ruling and restore the application for fresh hearing.”*

5.3.1 It is observed that the department failed to submit its comments in spite of written communication issued vide letter of even no. 268 dated 28.05.2025, 420 dated 03.07.2025 sent through e-mail, no reply received. Also, in spite of sharing Webex link to join the Personal Hearing on 29.08.2025, no one attended the PH from the concerned Port.

5.4 After finding that the application is valid in terms of the provisions of the Customs Act, 1962 and the CAAR Regulations, 2021, having gone through CAAR-I application, additional submissions made by the applicant after the hearing and the legal framework governing the classification of proposed imports in the form of relevant Chapter notes, Section notes and HSN Explanatory Notes to the respective Chapter headings and Notification 57/2017. Now, I proceed to deliberate upon the issue on the basis of information available on record to decide the present application:

5.5 I have carefully considered the application made by the applicant, the additional written submissions, and the arguments advanced during the course of personal hearing. I have also examined the technical documents, product literature placed on record, the relevant tariff provisions under the First Schedule to the Customs Tariff Act, 1975, the Explanatory Notes to the Harmonised System of Nomenclature (HSN), the exemption Notification No. 57/2017-Cus., dated 30.06.2017, and the case laws cited. The issues before me are confined to the correct classification of the transceiver modules sought to be imported and their consequential eligibility for the benefit of the said Notification.

**PRODUCT UNDER CONSIDERATION AND ITS FUNCTION**

5.6 I note that the goods under consideration are Small Form-factor Pluggable (SFP) and similar pluggable transceiver modules such as SFP+, QSFP, CFP, XFP, etc. The applicant has explained, supported by technical literature, that these modules are compact, hot-pluggable devices designed to be inserted into designated slots of host networking equipment such as routers and switches. It is observed that they provide the electrical and optical interface between the host equipment and fibre optic or copper cabling, thereby enabling connectivity within the network.

5.7 It is further observed that these transceivers, in the imported condition, do not operate independently. They require power from the host device, depend on the host’s control software and firmware, and rely on timing and signalling from the host equipment to function. They do not contain

independent switching or routing capability. They are also proprietary in design, with modules manufactured by one Original Equipment Manufacturer (OEM) not being cross-compatible with equipment of other OEMs. The above features demonstrate that the transceivers are designed as integral components of the host networking equipment rather than as self-standing apparatus.

5.8 In order to ascertain the classification of the impugned goods, the competing tariff headings 8517, Sub-heading 8517 62 and Sub-heading 8517 79, require examination in their right perspective. The said competing tariff headings covers as follows:-

8517		<b>TELEPHONE SETS, INCLUDING SMARTPHONES AND OTHER TELEPHONES FOR CELLULAR NETWORKS OR FOR OTHER WIRELESS NETWORKS; OTHER 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), OTHER THAN TRANSMISSION OR RECEPTION APPARATUS OF HEADING 8443, 8525, 8527 OR 8528</b>
		<i>Telephone sets, including smartphones and other telephones for cellular networks or for other wireless networks:</i>
8517 11		<i>Line telephone sets with cordless handsets:</i>
.....		.....
8517 62		<i>Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus:</i>
8517 62 10		PLCC equipment
8517 62 20		Voice frequency telegraphy
8517 62 30		Modems (modulators-demodulators) for xDSL based Wireline Telephony
8517 62 50		Digital loop carrier system (DLC)
8517 62 60		Synchronous digital hierarchy system (SDH)
8517 62 70		Multiplexers, statistical multiplexers for PDH based Wireline Telephony
8517 62 90		Other
8517 69		<i>Other:</i>
8517 69 10		ISDN System
8517 69 20		ISDN terminal adapters
8517 69 40		X25 pads
8517 69 60		Set top boxes for gaining access to internet for Wireline Telephony
8517 69 70		Attachments for telephones
8517 69 90		Other
		<i>Parts :</i>
8517 71 00		Aerials and aerial reflectors of all kinds; parts suitable for use therewith
8517 79		<i>Other :</i>
8517 79 10		Populated, loaded or stuffed printed circuit boards
8517 79 90		Other

5.9 The relevant HS Explanatory Notes to the Tariff Heading 8517 are reproduced below:-

**“(II) OTHER APPARATUS FOR 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)**

*(A) Base stations. The most common types of base stations are those for cellular networks, which receive and transmit radio waves to and from cellular telephones or to other wired or wireless networks. Each base station covers a geographical area (a cell). If the user moves from one cell to another while telephoning, the call is automatically transferred from one cell to another without interruption.*

*(B) Entry-phone systems. These systems usually consist of a telephone handset and keypad or a loudspeaker, a microphone and keys. These systems are usually mounted at the entrance of buildings*

housing a number of tenants. With these systems, visitors can call certain tenants, by pressing the appropriate keys and talk to them.

(C) Videophones. Videophones for buildings, which are a combination consisting principally of a telephone set for line telephony, a television camera and a television receiver (transmission by line).

(D) Apparatus for telegraphic communication other than facsimile machines of heading 84.43. These apparatus are essentially designed for converting characters, graphics, images or other data into appropriate electrical impulses, for transmitting those impulses, and at the receiving end, receiving these impulses and converting them either into conventional symbols or indications representing the characters, graphics, images or other data or into the characters, graphics, images or other data themselves.

Examples are :

- (1) Apparatus for transmitting messages, such as dial or keyboard transmitters and automatic transmitters (e.g., teleprinter or teletypewriter transmitters).
- (2) Apparatus for receiving messages (e.g., teletypewriter receivers). In some cases the receiver and the transmitter apparatus are combined into one receiver-transmitter.
- (3) Picture telegraphic apparatus. The ancillary photographic equipment used with this apparatus (e.g., developing equipment) falls in Chapter 90.

(E) Telephonic or Telegraphic Switching Apparatus.

- (1) Automatic switchboards and exchanges.

These are of many types. The key feature of a switching system is the ability to provide, in response to coded signals, an automatic connection between users. Automatic switchboards and exchanges may operate by means of circuit switching, message switching or packet switching which utilize microprocessors to connect users by electronic means. Many automatic switchboards and exchanges incorporate analogue to digital converters, digital to analogue converters, data compression/decompression devices (codecs), modems, multiplexors, automatic data processing machines and other devices that permit the simultaneous transmission of both analogue and digital signals over the network, which enables the integrated transmission of speech, other sounds, characters, graphics, images or other data.

Some types of automatic switchboards and exchanges consist essentially of selectors, which select the line corresponding to the impulses received from the calling sets and establish the connection. They are operated automatically, either directly by the impulses from the calling set or via auxiliary apparatus such as directors.

The different types of selectors (pre-selectors, intermediate selectors, final selectors) and, where used, the directors, are often assembled in series and in groups of the same type on chassis which are then incorporated into the exchange on metal racks. Particularly in smaller-sized installations they may, however, all be mounted on a single rack to form a self-contained automatic exchange.

Automatic switchboards and exchanges may also incorporate such facilities as abbreviated dialling, call waiting, call forwarding, multi-party calling, voice mail, etc. These facilities are accessed from the user's telephone set through the telephone network.

They are used for the public network or for private networks that utilise a private branch exchange (PBX) which is connected to the public network. Automatic switchboards and exchanges may also be equipped with consoles similar to telephone sets for when intervention or service by an operator is required.

- (2) Non-automatic switchboards and exchanges.

These consist of a frame on which are mounted the various manual switching devices. They require an operator to manually connect each call received by the switchboard or exchange. They comprise "call" or "clear" indicators for signalling that a call is being made or is completed; operators' telephone sets (sometimes specially mounted); switching devices (mounted jacks or sockets and plugs connected to a

cord); and key switches electrically connected to the plugs and cords to enable the operator to answer the caller, supervise the progress of the call and note its completion.

(F) Transmitting and receiving apparatus for radio-telephony and radio-telegraphy.

This group includes :

(1) Fixed apparatus for radio-telephony and radio-telegraphy (transmitters, receivers and transmitter-receivers). Certain types, used mainly in large installations, include special devices such as secrecy devices (e.g., spectrum inverters), multiplex devices (used for sending more than two messages simultaneously) and certain receivers, termed "diversity receivers", using multiple receiver technique to overcome fading.

(2) Radio transmitters and radio receivers for simultaneous interpretation at multilingual conferences.

(3) Automatic transmitters and special receivers for distress signals from ships, aircraft, etc.

(4) Transmitters, receivers or transmitter/receivers of telemetric signals.

(5) Radio-telephony apparatus, including radio-telephony receivers, for motor vehicles, ships, aircraft, trains, etc.

(6) Portable receivers, usually battery operated, for example, portable receivers for calling, alerting or paging.

(G) Other communication apparatus.

This group includes apparatus which allows for the connection to a wired or wireless communication network or the transmission or reception of speech or other sounds, images or other data within such a network.

Communication networks include, inter alia, carrier-current line systems, digital-line systems and combinations thereof. They may be configured, for example, as public switched telephone networks, Local Area Networks (LAN), Metropolitan Area Networks (MAN) and Wide Area Networks (WAN), whether proprietary or open architecture.

This group includes :

(1) Network interface cards (e.g., Ethernet interface cards).

(2) Modems (combined modulators-demodulators).

(3) Routers, bridges, hubs, repeaters and channel to channel adaptors.

(4) Multiplexers and related line equipment (e.g., transmitters, receivers or electro-optical converters).

(5) Codecs (data compressors/decompressors) which have the capability of transmission and reception of digital information.

(6) Pulse to tone converters which convert pulse dialled signals to tone signals. "

5.10 On perusal of the Tariff Heading, HSN Explanatory Notes, I observe that sub-heading 8517 62 includes apparatus such as modems, multiplexers, routers and similar machines that can transmit or receive signals on their own and perform conversion/regeneration functions independently. The Notes also emphasise that where a product has no independent function and operates only as a component of the host apparatus, it is to be treated as a part.

5.11 I note that the applicant has explained that the subject transceivers do not possess the functionality of a modem, router, or switching apparatus. They are not capable of reception, conversion and transmission or regeneration of data independently. On examination of the product specifications, I observe that the transceivers only convert electrical signals from the host equipment into optical signals for transmission over fibre (and vice versa) but do so entirely under the control of the host device. It is also noted that the modules cannot transmit or receive data unless connected to the host networking equipment. They have no independent software, user interface, or control logic to configure or manage network transmission. The dependence on host power and firmware makes them incapable of functioning as stand-alone machines.

5.12 In this context, I observe that classification under sub-heading 8517 62 90 requires that the goods be "machines for the reception, conversion and transmission or regeneration of data". The wording implies the capability to perform such operations independently, in the manner of a modem or a router.

As the subject goods cannot perform these functions on their own, they do not satisfy the description of “machines” under this sub-heading. I therefore find that the subject goods are not appropriately classifiable under 8517 62 90.

5.13 Having rejected classification under 8517 62 90, I now turn to sub-heading 8517 79 90 which covers “Other parts.”

5.13.1 I note that the test for determining whether an item is to be treated as a “part” is well settled. The Hon’ble CESTAT in *Vodafone Idea Ltd. v. Principal Commissioner of Customs (Import)* [Final Order No. 50874/2022] held that two questions must be examined:

- (i) Does the item have a separate identifiable function distinct from the main machine?
- (ii) Is the item capable of operating independently of the main machine?

If both questions are answered in the negative, the item is to be treated as a part.

5.13.2 In the present case, I observe that the subject transceivers do not have a separable, independent function. Their sole purpose is to act as an interface within the host equipment. They do not transmit or receive data independently nor do they perform switching or routing. Further, they cannot operate independently of the host equipment, as they require power and firmware from the host device. Accordingly, both questions are answered in the negative, and the modules must be regarded as parts.

5.13.3 Additionally, the HSN Explanatory Notes also illustrate this distinction. For instance, a carburettor is considered a part of an engine, not an independent machine, since it cannot perform its function outside the engine. By comparison, the transceiver modules are inseparable components of the host networking equipment and fall to be classified as “parts.” I therefore conclude that the subject transceiver modules are correctly classifiable under tariff item 8517 79 90 of the First Schedule to the Customs Tariff Act, 1975.

5.13.4 I observe that this conclusion is consistent with judicial pronouncements on identical goods.

- (a) In *IBM India Pvt. Ltd. vs Commissioner of Customs (Import)* [Final Order No. A/85426/2024 dated 22.04.2024], the CESTAT reiterated that such modules are correctly classified under 8517 79 90.
- (b) The Hon’ble Delhi High Court in *Nokia Solutions and Networks India Pvt. Ltd. v. CAAR, New Delhi* [CUSAA 40/2025 & 41/2025] set aside a CAAR ruling which had classified SFP transceivers under 8517 62 90, holding that in light of the consistent judicial pronouncements, classification under 8517 79 90 was the correct position.

5.13.5 In view of above discussions and findings I am of considered view that the subject transceiver modules are correctly classifiable under tariff item 8517 79 90 of the First Schedule to the Customs Tariff Act, 1975.

#### **APPLICABILITY OF NOTIFICATION NO. 57/2017-CUS [Sr. No.5].**

6. Having held supra that the impugned goods are appropriately classifiable under tariff item 8517 79 90, I now take up the other issue whether the impugned goods are eligible for duty exemption under Sr. No. 5 of Notification No. 57/2017-Cus dated 30.06.2017.

6.1 I note that the Central Government vide said notification exempted the goods of the description as specified in column (3) of the Table below, as the case may be, and falling within the Chapter, heading, sub-heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as are specified in the corresponding entry in column (2) of the said Table, when imported into India, from so much of the duty of customs leviable thereon under the said First Schedule as is in excess of the amount calculated at the standard rate as specified in the corresponding entry in column (4) of the said Table subject to any of the conditions, as specified in the Annexure to this notification, the condition number of which is mentioned in the corresponding entry in column (5) of the said Table

Sr. No.	Chapter or Heading or Sub-heading or tariff item	Description of goods	Standard rate	Condition No.
5	8517 71 00 or 8517 79 90	(a) All goods other than the parts of cellular mobile phones or wrist wearable devices (commonly known as smart watches)] (b) Inputs or sub-parts for use in manufacture of parts mentioned at (a) above	Nil	-

6.2 On perusal of the Serial No. 5 of Notification No. 57/2017-Cus., dated 30.06.2017, it is evident that the same prescribes nil rate of BCD for goods falling under tariff items 8517 71 00 and 8517 79 90, other than parts of cellular mobile phones and wrist wearable devices and Inputs or sub-parts for use in manufacture of parts mentioned at (a) above.

6.3 In this case, it is observed that the subject transceivers are neither parts of cellular mobile phones or wrist wearable devices nor Inputs or sub-parts for use in manufacture of parts of these goods. They are designed exclusively for network switches, routers and other enterprise networking equipment. Hence, they clearly fall within the scope of Serial No. 5 of the No. 57/2017-Cus., dated 30.06.2017.

6.4 I note that judicial precedents also support this view in case of *M/s. IBM India Pvt. Ltd.*, whereby the Tribunal extended the benefit of Notification No. 57/2017-Cus. to identical goods classified under 8517 79 90. Accordingly, I find that the subject goods, being classifiable under 8517 79 90, are eligible for nil rate of BCD under Serial No. 5 of Notification No. 57/2017-Cus., dated 30.06.2017.

7. For the reasons recorded in the foregoing discussion and findings, I rule as under:

- (i) The goods under consideration, viz. transceiver modules including SFP/SFP+, QSFP/QSFP-DD, CFP/CFP2 and other similar variants, are classifiable under tariff item 8517 79 90 of the First Schedule to the Customs Tariff Act, 1975 as "Other parts" of apparatus of heading 8517.
- (ii) The said goods are covered under serial number 5 of Notification No. 57/2017-Cus dated 30.06.2017 and are accordingly eligible for **nil rate of basic customs duty**, subject to the exclusions specified therein which are not applicable in the present case.

  
 (Shailesh Kumar)  
 Customs Authority for Advance Rulings,  
 New Delhi

**F. No. VIII/CAAR/Delhi/HP(ACC Import) Delhi/97/2025**

**Dated: 01.10.2025**

This copy is certified to be true copy of the ruling and is sent to: -

1. M/s. Hewlett-Packard Enterprise India Private Ltd, 2<sup>nd</sup> floor, (Block-2) DLF Downtown, Block V, DLF City, Phase III, Sector 25A, Gurugram Haryana 122002.
2. The Pr. Commissioner/Commissioner of Customs, Air Cargo Complex (Import), New Customs House, New Delhi-110037.
3. The Customs Authority for Advance Rulings, Mumbai, New Custom House, Ballard Estate, Mumbai-400001.

4. The Chief Commissioner (AR), Customs Excise & Service Tax Appellate Tribunal (CESTAT), West Block-2, Wing-2, R.K. Puram, New Delhi-110066.
5. The Principal Chief Commissioner of Customs, Delhi Customs Zone, New Custom House, IGI Airport Complex, New Delhi-110037.
6. Guard file.
7. Webmaster.

*Hosain*

Additional Commissioner & Secretary,  
Customs Authority for Advance Rulings, New Delhi