M/s. Carestream Health India Pvt. Ltd. Vs. Commissioner of Customs

Civil Appeal No. 3440 of 2025 · Supreme Court of India · 2026-08-12 · Sanjay Kumar · Sanjeev Sachdeva · F2J-C-1000

Full judgment text

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[Civil Appeal No. 3440 of 2025]

Sanjay Kumar, J

1. Classification of imported laser imagers for the levy of duty under the Customs Tariff Act, 1975, is in issue. Having suffered concurrent findings as to the tariff heading under which the said laser imagers should be classified, Carestream Health India Pvt. Ltd, the importer, is in appeal under Section 130E(b) of the Customs Act, 1962.

2. Carestream Health India Pvt. Ltd, the appellant, imported 'Dryview 6850 Laser Imagers W/3D' from China under Bill of Entry dated 02.04.2013 and classified them under the Customs Tariff Heading (CTH) 9018 90 19 in Chapter 90 of Section XVIII of the First Schedule to the Customs Tariff Act, 1975. Section XVIII is titled 'Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof'. Chapter 90 therein is titled 'Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof'.

3. The appellant claimed that its laser imagers would qualify as 'Other diagnostic instruments and apparatus' under CTH 9018 90 19. However, the Assistant Commissioner of Customs, Chennai, rejected such classification, by Order-in-Original dated 24.06.2013, and directed their re-classification under CTH 9033 00 00 as accessories not specified or included elsewhere in Chapter 90 for machines, appliances, instruments or apparatus of that chapter. Aggrieved thereby, the appellant filed Appeal No. C.Cus.427/2014 before the Commissioner of Customs (Appeals), Chennai.

However, by Order-in-Appeal dated 10.03.2014, the Commissioner affirmed the view taken by the Assistant Commissioner and dismissed the appeal. Assailing the said order, the appellant approached the Customs, Excise and Service Tax Appellate Tribunal, South Zone Bench, Chennai, by way of Customs Appeal No. 41073 of 2014, but met with the same fate when the appeal was dismissed by the Final Order dated 21.08.2024, presently under scrutiny.

4. The issue before us is whether the imported laser imagers are classifiable under CTH 9018 90 19, as claimed by the appellant, or whether they would fall under residuary CTH 9033 00 00 in Chapter 90. At this stage, we may note that the increase in the rate of duty for goods falling under CTH 9033 00 00 when compared to goods falling under CTH 9018 90 19 was 2.5% at that time and the consequential demand for differential duty visited upon the appellant was for ₹5,21,616/-.

5. The imported laser imager is a printer that uses photo thermographic (dry laser) technology to develop images on film. It interfaces with digital diagnostic machines like Magnetic Resonance Imaging (MRI), Computed Tomography (CT), Full-Field Digital Mammography (FFDM), Digital Radiology (DR), Computed Radiography (CR), Picture Archiving and Communication System (PACS), Digital Fluoroscopy and can also be used for other grayscale film applications. However, it is not medical equipment, in itself, as it does not possess independent diagnostic skills or capabilities.

6. According to the appellant, the laser imager is not a 'part' or 'accessory' but an 'apparatus' used for diagnostic purposes. The appellant contends that the laser imager is used with machines classified under CTH 9018, titled 'Instruments and appliances used in medical, surgical, dental or veterinary sciences including scientigraphic apparatus, other electromedical apparatus and sight-testing instruments - Electrodiagnostic apparatus (including apparatus for functional exploratory examinations or for checking physiological parameters)', and being of use with such machines, the laser imager has to be categorised under CTH 9018 90 19, the residuary clause for 'other such apparatus'.

7. On the other hand, the Revenue would contend that the imported laser imager is also usable with machines other than those falling under CTH 9018 and would, therefore, fall within the ambit of residuary CTH 9033 00 00 in Chapter 90, which reads thus:

'Parts and accessories (not specified or included elsewhere in this chapter) for machines, appliances, instruments or apparatus of Chapter 90'.

8. At the outset, we are not persuaded to agree with the appellant's contention that the laser imager is a 'diagnostic apparatus' in its own right. Admittedly, the laser imager has no diagnostic skill or capability of its own and must necessarily receive inputs from diagnostic equipment to carry out its function of printing films. In effect, it is an 'accessory' to the diagnostic equipment from which it receives inputs, as it then transfers the same onto films. CTH 9018 90 19 admittedly applies only to 'other diagnostic instruments and apparatus', i.e., either 'diagnostic instruments' or 'diagnostic apparatus'. As the laser imager has no diagnostic capabilities of its own, it cannot per se be classified under this heading.

9. Commissioner of Customs, New Delhi vs. C-Net Communication (India) (Pvt.) Ltd.1 is of no avail to the appellant. The issue in that case was whether a signal decoder was 'reception apparatus for television' or whether it was classifiable as 'electrical machines and apparatus having individual functions'. Noting that, even without a decoder, a television would work, this Court observed that the true test is as to the function that the decoder achieves in the use of the television.

Applying this test, it is clear that the laser imager does not aid in or augment the performance of the medical equipment that it receives inputs from. It only plays the ancillary function of transferring such inputs onto film for preservation or further use by medical professionals. The medical equipment that carries out the diagnostic function is complete in itself and the laser imager does not contribute in any manner to that exercise. In effect, it only serves as an accessory to such medical equipment by printing the transmitted diagnostic data on films.

10. Similarly, Notification No. 12/2012 dated 17.03.2012 issued by the Department of Revenue, Ministry of Finance, Government of India, does not come to the aid of the appellant. At Sl. No. 473 of the table in the said notification, goods required for medical, surgical, dental or veterinary use, falling under CTH 9018, CTH 9019, CTH 9020, CTH 9021 or CTH 9022, were subjected to a standard rate of customs duty @ 5%. Notably, specific tariff headings were mentioned at Sl. No. 473 of the notification and no mention was made of CTH 9033, relating to other parts and accessories of machines coming under Chapter 90. Further, we find that the annexure to the notification detailed the conditions required to be satisfied to avail the benefit thereof. Significantly, the appellant never relied upon this notification earlier and raised it for the first time before us. Without first establishing foundational compliance with the conditions to be satisfied, the appellant cannot straightaway seek to rely upon this notification.

11. As the laser imagers do not directly fall under CTH 9018 90 19 or any other heading in CTH 9018, the only avenue for CTH 9018 to be applied to them, as parts or accessories, would be by way of the 'Notes' in Chapter 90. Note 1 in Chapter 90 details the goods to which the said chapter does not apply. Note 2 is of relevance and it reads as under:-

2. Subject to Note 1 above, parts and accessories for machines, apparatus, instruments or articles of this Chapter are to be classified according to the following rules:

(a) parts and accessories which are goods included in any of the Headings of this Chapter or of Chapter 84, 85 or 91 (other than Heading 8487, 8548 or 9033) are in all cases to be classified in their respective Headings;

(b) other parts and accessories, if suitable for use solely or principally with a particular kind of machine, instrument or apparatus, or with a number of machines, instruments or apparatus of the same Heading (including a machine, instrument or apparatus of Heading 9010, 9013 or 9031) are to be classified with the machines, instruments or apparatus of that kind;

(c) all other parts and accessories are to be classified in Heading 9033.

12. Rule 2(a) would not have application to the laser imagers in question as they are not goods included in any of the headings of Chapter 90 or of the other chapters mentioned therein. The question is whether they come within the ambit of Rule 2(b) or whether Rule 2(c) would have application. In turn, this would depend upon the interpretation of Rule 2(b). The laser imagers are

obviously not 'parts' of the diagnostic machines used for medical imaging as they are independent of such machines but they are 'accessories' thereto, as they carry out the supplementary function of printing the data received therefrom on films.

13. As per the McGraw-Hill Dictionary of Scientific and Technical Terms, 5th Edition, 'accessory' is a part, subassembly, or assembly that contributes to the effectiveness of a piece of equipment without changing its basic function. The New International Webster's Comprehensive Dictionary of the English Language, Deluxe Encyclopaedic Edition, defines accessory to mean, amongst other things, a person or thing that aids subordinately; an adjunct; an appurtenance; an accompaniment.

14. In Annapurna Carbon Industries Company vs. State of Andhra Pradesh2, a 3-Judge Bench of this Court observed that the term 'accessories' may be used to describe goods which have been manufactured for use as an aid or addition, but cautioned that accessories would not necessarily be confined to the particular machines for which they may serve as aids, as the same item may be an accessory of more than one kind of instrument.

15. Presently, that is the situation, as the imported laser imagers are compatible for use with several machines, as is clear from the appellant's own catalogue. The laser imagers are compatible with Linear Ultrasound Scanners, falling under CTH 9018 12 10; Magnetic Resonance Imaging apparatus, falling under CTH 9018 13 00; Echo Cardiograph, falling under CTH 9018 19 20; as well as ultra-violet or infra-red ray apparatus, falling under CTH 9018 20 00. However, as pointed out by the Revenue, the laser imagers are also compatible with machines falling under CTH 9022, titled 'Apparatus based on the use of X-rays or of alpha, beta, gamma or other ionising radiations, whether or not for medical, surgical, dental or veterinary uses, including radiography or radiotherapy apparatus, X-ray tubes and other X-ray generators, high tension generators, control panels and desks, screens, examination or treatment tables, chairs and the like'.

The laser imagers are compatible with CT apparatus, falling under CTH 9022 12 00; X-ray generators and apparatus (non-portable), falling under CTH 9022 14 10; Portable X-ray machines, falling under CTH 9022 14 20; and also with apparatus based on the use of alpha, beta, gamma or other ionising radiation, whether or not for medical, surgical, dental or veterinary uses, including radiography or radiotherapy apparatus; for medical, surgical, dental or veterinary uses, falling under CTH 9022 21 00. The issue, therefore, boils down to whether the laser imagers, which are compatible with machines falling under separate tariff headings, i.e., 9018 and 9022, would still qualify under Rule 2(b) or would necessarily have to be included under the residuary CTH 9033, as per Rule 2(c).

16. To put it in simple terms, Rule 2(b) states to the effect that parts and accessories which are suitable for use 'solely or principally' with a particular kind of machine or with a number of machines under the same tariff heading are to be classified with such machine or machines. The contention of the appellant is that as the laser imager is compatible with several machines falling under CTH 9018, it would have to be clubbed with those machines and would fall under CTH 9018 90 19. However, it is the Revenue's argument that, as it is not only one tariff heading that is applicable to the possible uses of this accessory and such accessory can be used with machines falling under not just one tariff heading but with machines that fall under another tariff heading, Rule 2(b) cannot apply and Rule 2(c) would alone stand attracted.

17. We find merit in the argument of the Revenue. When it speaks of accessories suitable for use 'solely or principally' with a particular kind of machine or a number of machines of the same tariff heading, Rule 2(b) clearly distinguishes and separates such accessories from those suitable for use with a number of machines falling under different tariff headings.

We may note, in this regard, that the tariff duty for Magnetic Resonance Imaging apparatus, under CTH 9018 13 00, and also for Linear Ultrasound Scanners, falling under CTH 9018 12 10, was 7.5% at that time while the tariff duty for Computed Tomography apparatus, falling under CTH 9022 12 00 was 10% per unit and the tariff duty for X-ray generators and apparatus (non-portable), falling under CTH 9022 14 10 was 15% per unit. In such a scenario, it defies logic and rationale to invoke Rule 2(b) for application to an accessory that may be clubbed with machines falling under CTH 9018 and also CTH 9022, when different rates of tariff duties would apply to such machines.

18. We are, therefore, of the considered view that the interpretation placed upon Rule 2(b) by the Customs, Excise and Service Tax Appellate Tribunal, South Zone Bench, Chennai, is valid and correct. In consequence, accessories suitable for use with a number of machines, instruments or apparatus

falling under the same tariff heading would have to be classified with such machines, instruments or apparatus, but when such accessories are suitable for use not only with machines, instruments or apparatus under a particular tariff heading but also with machines, instruments or apparatus falling under another tariff heading, they would necessarily have to be brought under residuary CTH 9033 00 00, being accessories suitable for use with machines, appliances, instruments or apparatus falling under Chapter 90, which have not been specified or included under a particular tariff heading.

19. The appeal is bereft of merit and is dismissed accordingly. Pending applications shall stand disposed of.

...................J. [Sanjay Kumar]

...................J. [Sanjeev Sachdeva]

New Delhi;

August 12, 2026

1 (2007) 12 SCC 72

2 (1976) 2 SCC 273