	<b>KERALA AUTHORITY FOR ADVANCE RULING</b> <b>GOODS AND SERVICES TAX DEPARTMENT</b> <b>TAX TOWER, THIRUVANANTHAPURAM</b>
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BEFORE THE AUTHORITY OF: *Shri. S. Anil Kumar IRS &*

*: Shri. B.S. Thyagarajababu B.Sc, LL.M*

Legal Name of the applicant	M/s. Kondody Autocraft (India) Pvt.Ltd.
GSTIN	32AAFCK4621F2ZY
Address	111/301A, Amayannoor, Ayarkunnam, Kottayam.
Advance Ruling sought for	Activity of Bus Body Building on job work basis – Applicable Rate of GST.
Date of Personal Hearing	02.03.2019
Authorized Representative	Mr.G.Suresh, CA &M. Saravanan GSTP

**ADVANCE RULING No. KER/ 39 /2019 Dt. 02.03.2019**

Applicant is engaged in bus body building on the chassis given by the customers on job work basis. The customers purchase chassis and handed over to the applicants yard for fabricating the bus body. On receipt of chassis, a work order with the specifications of the Bus Body will be raised and on acceptance of the customer the materials used for structural fabrication of buses will be procured and build bus body on the chassis. Applicant requested advance ruling on the following:

- i. Whether the activity of Bus Body Building on job work basis, on the chassis supplied by the customer, is supply of goods or supply of service?
- ii. If it is supply of Goods, what is the applicable rate of GST?
- iii. If it is supply of Services, what is the applicable rate of GST?

The authorized representative of the company was heard. It is stated that supply of motor vehicles attracts 28% GST where as job work services attract 18% GST. As per the Circular

No.52/26/2018-GST Dated, 9<sup>th</sup> August, 2018, it was clarified that fabrication of buses may involve the following two situations:

a) Bus body builder builds a bus, working on the chassis owned by him and supplies the built-up bus to the customer, and charges the customer for the value of the bus. In this situation supply made is that of bus and attract 28% GST.

b) Bus body builder builds body on chassis provided by the principal for body building, and realize fabrication charges, including certain materials that was consumed during the process of job work. In this situation supply of building and mounting of body on the chassis of principal is a supply of service and attract 18% GST.

As per Section 2(68) of the CGST & SGST Act, the term job work means “any treatment or process undertaken by a person on goods belonging to another registered person and the expression ‘job worker’ shall be construed accordingly. As per Sl.No.3 of Schedule II to the CGST & SGST Act, 2017 any treatment or process which is applied to another person’s goods is a supply of service.

Chassis is a semi-finished goods and any treatment done by any other party on the chassis of principal is the activity of the job work. The ownership of the chassis is not transferred to the job worker. The job worker can use his own goods for providing the service of job work. In this case fabrication of body is a structure which is applied on the chassis supplied by the customer and hence the activity of fabrication of body with material is also a service covered under SAC Code 9988 - Manufacturing services on physical inputs (goods) owned by others and thereby attract 18% GST.

In view of the observations stated above, the following rulings are issued:

i) Whether the activity of Bus Body Building on job work basis, on the chassis supplied by the customer, is supply of goods or supply of service?

The activity of Bus Body Building on job work basis, on the chassis supplied by the customer, is supply of service.

ii) If it is supply of Goods, what is the applicable rate of GST?

Not relevant in view of the above ruling.

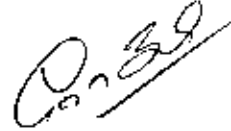
iii) If it is supply of Services, what is the applicable rate of GST?

It is a service covered under SAC Code 9988 and thereby attract 18% GST.



S. Anil Kumar, IRS

Additional Commissioner of Central Tax  
Member



B.S. Thyagarajababu, B.Sc, LL.M

Joint Commissioner of State Tax  
Member

To

M/s. Kondody Autocraft(India) Pvt. Ltd.  
Door No.111/301A, Amayannoor.P.O,  
Ayarkunnam, Kottayam-686019.  
File/Stock File.

