

GIB/KA/UNITED BREWCRIES/28.06.18/AAR-17

Advance Ruling Category : Classification

State : Karnataka

Order No.: GIB/KA/UNITED BREWCRIES/28.06.18/AAR-17

Name of Entry :

M/s United Breweries Limited

Date : 28-06-2018

Product/ Service Involve :

manufacture and supply of beer under various brand names.

Breif Issue :

(a) Whether beer bearing brand/s owned by M/S United Breweries Limited (Brand Owner/UBL) manufactured by Contract Brewing Units (CBUs) out Of the raw materials, packaging materials and other input materials procured by it and accounted by it and thereafter selling such beer to various parties under its invoicing would be considered as

supply or services and whether GST is payable by the CBUs on the profit earned out of such manufacturing activity?

(b) Whether GST is payable by the Brand owner on the "Surplus Profit" transferred by the CBU to the Brand Owner out of such manufacturing activity?

Decision of Advance Ruling Authority :

The CBUS are not engaged in supply of service to the applicant and therefore there does not arise any liability to pay OST on the amount retained by the CBUS as their profit. GST is payable by the Brand owner (UBL) on 'Surplus Profit' transferred by the CBU to brand owner out of the manufacturing activity and the supply of service to the CBUS is classified under Service Code (Tariff) 999799 and Liable to pay CST at 9% (CCST_ 9%, SCST 9old) on the amount received from the CBUS