

GIB/PB/Gupta Steel Udyog/21-08-2019/AAR-270

Advance Ruling Category : HSN

State : Punjab

Order No.: GIB/PB/Gupta Steel Udyog/21-08-2019/AAR-270

Name of Entry :
Gupta Steel Udyog

Date : 21-08-2019

Breif Issue :

Facts & Issue Of The Case :

The applicant is a registered company, engaged in manufacturing of cattle feed and poultry feed on job work basis. The bulk of raw materials to be used in the manufacture of cattle/poultry, is supplied by principal manufacturer. Most of the raw material are taxable in GST. Final products produced after job work are exempted/tax free. The issue on which applicant has sought advance ruling is whether GST is applicable on job work charges charged for manufacturing cattle feed/ poultry feed on job work basis.

Applicant had submitted that as per the Notification No. 11/2017-Central Tax(Rate) dated 28.06.2017, “support services to agriculture ,forestry, fishing , animal husbandry are Nil Rated. As per section 2(68) of the CGST 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 constructed accordingly.

It has been cleared that the activities undertaken by the applicant are manufacturing activities. The services are rather appropriately classified under SAC 9988 (Manufacturing services on physical inputs (goods) owned by others).

Decision of Advance Ruling Authority :

Decision :

The activity carried out by the applicant falls under Heading 9988 and not under heading 9986 as contented by the applicant.

The applicant realizes job work charges on return of goods so manufactured by it. In such scenario the applicant alone has liability to pay tax liable on the job work charges.

The activity of job work being undertaken by the applicant falls under the heading 9988 and attracts GST @ 5% (CGST 2.5 % + SGST 2.5%).