

GIB/MH/Crown Beers/09.04.2019/AAAR-42

Appellate Advance Ruling Category : Rate

State : Maharashtra

Order No.: GIB/MH/Crown Beers/09.04.2019/AAAR-42

Name of Entry :

Crown Beers India Pvt. Ltd.

Date : 09-04-2019

Breif Issue :

Facts & Issues Involved:

The Appellant Crown Beers India Private Limited is a company incorporated under the provisions of the Companies Act, 1956. The Appellant has entered into the Agreement with PIL to brew / manufacture, package and supply Products, as specified under the Agreement, from its bottling unit to buyers / distributors in the territory identified by the Appellant.

In this case Crown Beers entered into an agreement with bottling unit to brew, manufacture, package and supply beer, as specified under the agreement, from its bottling unit to buyers/distributors in the territory identified by the Crown Beers.

Such unit had surplus manufacturing and licensed capacity at its bottling unit and held valid licenses, permits and permissions necessary under the applicable laws for manufacture of beer at the bottling unit.

Crown incurred to bottling unit a fixed fee and costs specified in the agreement as a consideration for supply of beer.

It was held that since the costs are paid by the appellant herein, there is no supply to bottling unit and therefore, costs are not liable to GST. However, while observing so, the Authority held that fixed fees paid by the Crown Beers to bottling unit are liable for GST, without appreciating that there is a single consideration for supply of alcoholic liquor for human consumption which is beyond the purview of the GST provisions. The Authority by coming to such a conclusion has held that bottling unit is providing job work services to the appellant and therefore, fixed fee which is consideration for such services is liable to GST in the hands of bottling unit.

Being aggrieved, Crown Beers filed an appeal before the Appellate Authority

Decision of Advance Ruling Authority :

Decision:

The Appellate Authority for Advance Ruling upheld the ruling given by the Advance Ruling Authority by observing that the ruling pronounced by the Advance Ruling Authority in as much as the activities performed by the PIL, on the goods of the Appellant, are in the nature of the Job work and accordingly attract 18% GST.