

GIB/KN/HICAL TECHNOLOGIES/12.09.2019/AAR-191

Advance Ruling Category : Value of Supply

State : Karnataka

Order No.: GIB/KN/HICAL TECHNOLOGIES/12.09.2019/AAR-191

Name of Entry :
HICAL TECHNOLOGIES PVT LTD

Date : 12-09-2019

Breif Issue :

Issues Involved:

- Whether the value of free of cost supplies by the principal is included in the value of supply by the job worker?

Fact of the Case:

- Applicant is in supply of goods & service are basically a job worker & proposing to undertake a job work activity for M/s Woodward India Pvt Ltd based on the purchase order.
- Purchase order divided in two parts first is Type 'a' in which all the components required for assembly and integration of converters will be imported and stocked by WIPL at its registered warehouse in Bangalore.
- In Type 'b' WIPL would import critical components from their overseas entities upon payment of applicable custom duties and supplied to applicant on need basis on free of cost basis for undertaking the job work activity under the cover of a job work challan

Decision of Advance Ruling Authority :

Ruling:

- The nature of supply done by the applicant is one composite supply consisting of two supplies-one relating to the manufacturing service on the physical inputs owned by others (SAC 9988) and the other relating to supply of non-critical components, with the former being the principal supply. Hence the entire transactions is to be treated as the supply of manufacturing service on physical inputs owned by others and is taxable at the rate applicable to the same at 18%.