

**GIB/KR/INDUSTRIAL ENGINEERING/16.09.2019/AAR-220**

**Advance Ruling Category :** Taxability

**State :** Kerala

**Order No.:** GIB/KR/INDUSTRIAL ENGINEERING/16.09.2019/AAR-220

**Name of Entry :**  
Industrial Engineering Corporation

**Date :** 16-09-2019

**Breif Issue :**

**Issue & Fact of the Case:**

The rate of tax under GST applicable to the professional/ job works charges to be paid by the applicant

Is there any restriction in GST laws to supply raw materials to the job work unit and get the finished goods to the applicant from the job work unit as per the required design and supervision of the engineers of the applicant and what will be the rate of tax.

What are the documents or formats to be maintained by the applicant?

In case any consumables like paints, primers, and consumables spares like locking ring are arranged by the job work unit, is there any tax on these

Is there any tax liability on the applicant under GST laws on the value of the scrap held with the job work unit?

The applicant is a manufacturer of packing containers such as empty barrels and drums mainly used by manufacturers like paint industries, petrochemical industries etc. as packing material.

In order to meet timely delivery of packing containers, the applicant is planning to execute the supply order through another firm doing same line of business, having greater capacity.

The purchase orders are directly placed to the suppliers and direct delivery made to job worker by using the process” Bill to ship to” to the job work unit. The job work unit will finish the process at their premise under the supervision off applicant.

The finished goods are required to be directly dispatched from job work unit to the prospective customers using the delivery- challan and E-way bill of the applicant.

**Section 2(68) of the CGST/SGST Act, 2017** defines job work as ‘any treatment or process undertaken by a person on goods belonging to another registered person’.

The waste and scrap generated during the job work may be supplied by the registered job worker directly from his place of business **as per Section 143(5) of CGST/SGST Act. (Circular no38/12/2018 dated 26.03.2018).**

**Decision of Advance Ruling Authority :**

**Decision:**

The rate of GST applicable is 18% as per Si No. 26 (iv) – Manufacturing services on physical inputs (goods) owed by others (N/N 11/2017 central Tax Rate dated 28.06.2017)

The registered principal may without payment of tax, send inputs or capital goods to a job worker and rate of tax is same. (sec 143 of CGST ACT,2017)

The inputs, semi-finished goods or capital goods shall be sent to the job worker through delivery challan containing particulars as prescribed in Rule 55. The principal is required to file Form GST ITC-04 every quarter.

The rate of tax is as per section 15 of CGST/SGST Act.

Any waste and scrap generated during the job work may be supplied by the registered job worker directly from his place of business on payment of tax or by the principal if job worker is not registered.