



**HARYANA AUTHORITY FOR ADVANCE RULING,  
GOODS AND SERVICES TAX,  
HARYANA VANIJYA BHAWAN, PLOT NO I-3,  
SECTOR 5, PANCHKULA-134151 (HARYANA)**



**ADVANCE RULING NO.HAR/HAAR/R/2018-19/8**

(In Application No. 8 dated 30.01.2018)

Name & Address of the Applicant	:	M/s Paras Motor Industries, 1 Km Shahpur Road, Seekri, Faridabad (Haryana)
GSTIN of the Applicant	:	06ADRPJ4483G1Z8
Date of Application	:	30/01/2018
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the question(s) raised.	:	(i) Classification of goods and/or services or both
Date of Personal Hearing	:	25/04/2018
Present for the Applicant	:	None present from applicant side

1. The applicant is engaged in the business of fabrication & fitting out bus bodies on the chassis supplied by its customers. The customers are mainly roadways corporations of various states. The bus bodies are constructed & fitted under a written contract as per the specifications provided by the customers. Sample copies of two contracts are attached herewith for ready reference.

2. The party in its application has represented

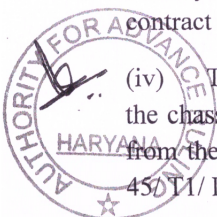
(i) That some authorities consider the transaction as contract of sale of goods whereas some other consider the transaction as job work. That in the opinion of the applicant, the transaction is a job work & not a contract of sale of goods for the following reasons. The term job work has been defined u/s 2(68) of the CGST Act 2017 which is reproduced as under:

*Section 2 Subsection 68 defines Job Work. "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 construed accordingly;*

(ii) A bare reading of the above definition gives an impression that any agreement for carrying out fabrication & fitting of any movable property on goods belonging to another is a job work. In its case, from the reading of the enclosed contract, the agreement is for fabrication & fitting of bus bodies on the chassis supplied by the customers and, therefore, the transaction is covered under the definition of "Job work".

(iii) That the applicant further relies upon a judgement of Hon'ble supreme court in the case of 'M/s Kailash Engineering Co. Vs. State of Gujarat' reported as 15 STC 574 wherein it has been held that the contract for building, erecting & furnishing of coach bodies on under frames supplied by the railway was not contract for the sale of goods. Further the Hon'able High Court of Rajasthan recently vide his order dated 17/02/2017 in the case of M/s Mohindra Coach Factory Pvt. Ltd. v/s Commercial Tax Officer, Special Circle- 3, Jhalana, Jaipur has held that the contract of bus building/fabrication is not a sale but work contract.

(iv) That certain dealers engaged in building of body or fabrication or mounting or fitting on the chassis provided by other person as being done in the case of applicant sought clarification from the office of Asst. Commissioner CGST Jaipur who has clarified vide Letter No. 1V (16) 45/T1/ Diva.misc/ 2017/850 or 25.08.2017 as under:



*Sangeet*



*It is very much clear that the making body of buses as per customers specification on chassis provided by the other person and returning the vehicle to the supplier of chassis is covered under S.No. 3 of schedule II of Section 7 of the Central goods & Service Tax Act, 2017 and covered at S No. 9 of list of services at 18% Rate. As such 18% GST is leviable.*

- (v) That the state Govt has also clarified under HVAT Act 2003 that the fabrication & fitting & mounting of bus body in the chassis supplied by the other party is a work contract & not sale of bus body.
3. Questions on which ruling has been sought by the applicant, are as under:
- i.) Whether the activity of fabrication & fitting and mounting of bus bodies on the chassis supplied by the other party is a job work (SAC 9988 or contract of sale of bus body HSN CODE 8707
- ii.) If it is held to be a job work, what rate of tax is required to be charged and paid.

**Comments of the concerned officer U/S 98(1) OF THE CGST/HGST ACT, 2017**

4. The DETC Faridabad (West), vide letter No.1286 dt.23.04.18, submitted that the applicant is engaged in business of fabrication of bus bodies/supply of bus bodies mounting/fitting on chassis supplied by various dealers/customers. That the applicant supplies bus bodies along with fitting and fabrication services. Major part of this process is supply of bus bodies and fabrication/fitting of bus bodies is an associated work along with this supply. Therefore, the supply of bus body by the dealer may be covered under HSN code 8707.

**RECORDS OF PERSONAL HEARING – 2<sup>ND</sup> PROVISIO TO SECTION 98(2) OF CGST/HGST ACT, 2017**

5. Opportunity for personal hearing was granted to the applicant on 25.04.2018, however, the applicant vide letter dt.23.04.18, submitted that they have already submitted copies of supporting documents along with their application and there is nothing new to add; that contents of their application and documents submitted may be considered.

**DISCUSSIONS AND FINDINGS OF THE AUTHORITY**

6. The question to be decided in the instant case is, whether the activity of the applicant, in which they fabricate/mount/fit bus body on the chassis supplied by the customer amounts to supply of goods of supply of services. In this regard, it is observed that the CBEC vide Circular No. 34/8/2018-GST dt.03.03.2018, has clarified the matter as under:

S. No.	Issue	Clarification
1.	Whether activity of bus body building, is a supply of goods or services?	In the case of bus body building there is supply of goods and services. Thus, classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case.

7. In view of the aforesaid clarification issued by the CBEC (now CBIC), it is observed that composite supply has been defined under Section 2(30) of the CGST/HGST Act, 2017, as under:

(30) “composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any



*Sangeet*



combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

*Illustration.— Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;*

Further, Principal supply has been defined under Section 2(90) of the CGST/SGST Act, 2017, as under:

(90) “principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

8. In the instant case, it is only the chassis which is supplied by the customers of the applicant and in fact no treatment or process is undertaken by the applicant on the chassis itself, except fitment/mounting of bus body on the same. At the same time, bus body building involves use of raw materials/inputs etc., for manufacture/fabrication of bus body and the cost of these inputs, etc., do form the part of value which is being charged by the applicant from its customers. From the contents of the agreement dated. 08.08.2013 between the applicant and M/s Uttarakhand Transportation Corporation, Dehradun, as supplied by the party, it is observed that the description of supplies to be made/work done, is as under:

- Fabrication of ordinary bus body on TATA LP 1512/42 TC BS III (166”W/B) chassis (60% ROH) w/o passenger seat as per broad specifications provided by UTC.

9. Thus it emerges that the customer is providing only chassis. All inputs/materials required for fabrication of bus body, has to be used by the applicant from its own account. Under such situation it is the bus-body which is being fabricated and also being mounted on the chassis provided by the customer. Therefore, it is not merely job-work. Rather it is supply of bus body and an activity of fitting/mounting of bus body on chassis is an ancillary activity to the principal activity of supply of bus-body. Hence, in terms of the clarification issued by the CBEC vide circular No.34/8/2018-GST dt.03.03.2018, the impugned activity is a composite supply, with principal supply being supply of bus-body.

#### **ADVANCE RULING UNDER SECTION 98 OF THE CGST/HGST ACT, 2017**

10.1. The activity of fabrication and fitting and mounting of bus bodies on the chassis supplied by the other party is a composite supply with supply of goods, i.e., bus-bodies, being principal supply (HSN code 8707).

10.2 As the activity has not been held as supply of service, the second rate of tax on supply of service is not required to be spelt out in this ruling.

Ordered accordingly.  
To be communicated.

26.04.2018  
Panchkula.

  
(Sangeeta Karmakar)  
MEMBER

  
(Vijay Kumar Singh)  
MEMBER

#### **Regd. AD/Speed Post**

M/s Paras Motor Industries,  
1 Km Shahpur Road,  
Seekri, Faridabad (Haryana)

#### **Copy to:**

1. The Deputy Excise and Taxation Commissioner, Faridabad (West).
2. The Additional Commissioner, Commissionerate Faridabad.

