

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU**  
**NO.207, 2<sup>ND</sup> FLOOR, PAPJM BUILDING, NO.1, GREAMS ROAD,**  
**CHENNAI -600 006.**

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND UNDER**  
**SECTION 98(4) OF THE TNGST ACT, 2017.**

**Members present:**

Sri. Balakrishna S., I.R.S., Additional Commissioner/ Member (CGST), Office of the Commissioner of GST & Central Excise, Audit II Commissionerate, Chennai -600 035.	Smt. A. Valli, M.Sc., Joint Commissioner/Member (SGST), Office of the Commissioner of Commercial Taxes, Chennai-600 006.
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**Advance Ruling No. 19/ARA/2024 Dated: 23.09.2024**

- 1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/ TNGST Act 2017, within 30 days from the date on the ruling sought to be appealed, is communicated.*
- 2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-*
  - (a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling.*
  - (b) on the concerned officer or the jurisdictional officer in respect of the applicant.*
- 3. In terms of Section 103(2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.*
- 4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.*
- 5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.*

GSTIN Number, if any / User id		33AAACK7302G1Z0
Legal Name of Applicant		M/s Kailash Vahn Private Limited
Trade Name of Applicant(Optional)		M/s Kailash Vahn Private Limited
Registered Address / Address provided while obtaining user id		S.No. 391A/1, 3-6, 393, Walajabad –Sunguvarchatram Road, Kattavakkam, Kancheepuram, Tamil Nadu- 631 604.
Details of Application		Form GST ARA – 01 Application Sl.No.89/2023/ARA, Dated: 02.06.2023
Concerned Officer		State: Kancheepuram Rural Circle, Kancheepuram Zone, Kancheepuram Division.  Center: Chennai Outer Commissionerate, Maraimalai Nagar Division, Walajabad Range.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Manufacturer
B	Description (in brief)	The applicant is engaged in body building activity on JOB WORK Basis, on Chassis owned and supplied by the Customer / Principal (who may be independent customer who buy chassis from OEM and send for body building or it can be by OEM i.e. Manufacturer of chassis who sends for body building activity), to make it as fully Body built vehicle for Truck / Tipper / Dumper application (which are for carrying goods) and which “fully body built vehicle” will also be owned by the principal, who sends the chassis on FOC basis for job work.
Issue/s on which advance ruling Required		1) Classification of goods and/or services or both 2) Applicability of a notification issued under the provisions of the Act. 3) Determination of the liability to pay tax on any goods or services or both.

Question(s) on which advance ruling is required	<ol style="list-style-type: none"> <li>1. Whether Applicant can consider the said body building activity as "job work activity and regard it as "Supply of Services" falling under SAC Code - 998881 - "Motor vehicle and trailer manufacturing services "(as per Notification No. 11/2017-CT(Rate), dated 28.6.2017 Sl. No.535)</li> <li>2. If it is regarded as "job work activity" and "Supply of Services, whether the correct applicable rate of GST, will be at 18 % (9 +9) as applicable under Srl. No.26 (ic) or will it be 18% (9 + 9) as applicable under Sl. No.26 (iv)</li> <li>3. Or will the activity of body building carried out on chassis belonging to and Supplied by Principal is to be regarded as Supply of goods falling under 8707 - as "Bodies (including cabs), for the motor vehicles of headings 8701 to 8705". attracting 28 % (CGST @ 14% + SGST @14%) as per Sl. No. 169 of Schedule IV to the Notification No.1/2017-CT (R)dt.28.06.2017.</li> </ol>
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M/s Kailash Vahan Private Limited S.No. 391A/1, 3-6, 393, Walajabad - Sunguvarchatram Road, Kattavakkam, Kancheepuram, Tamil Nadu- 631 604, (hereinafter called as 'the Applicant') is engaged in body building activity on JOB WORK Basis, on Chassis owned and supplied by the Customer / Principal (who may be independent customer who buy chassis from OEM and send for body building or it can be by OEM i.e. Manufacturer of chassis who sends for body building activity), to make it as fully Body built vehicle for Truck / Tipper / Dumper application (which are for carrying goods ) and which "fully body built vehicle" will also be owned by the principal, who sends the chassis on FOC basis for job work. They are registered under the GST Acts with GSTIN: 33AAACK7302G1Z0.

- 2 The Applicant submitted a copy of challan dated 22-05-2023 evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST Rules 2017 and SGST Rules 2017.
3. They have preferred this application seeking Advance Ruling on the following:
  - 1) Whether Applicant can consider the said body building activity as "job work activity and regard it as "Supply of Services" falling under SAC Code - 998881 - "Motor vehicle and trailer manufacturing services "(as per Notification No. 11/2017-CT(Rate), dated 28.6.2017 Sl. No.535).

- 2) If it is regarded as "job work activity" and "Supply of Services, whether the correct applicable rate of GST, will be at 18 % (9 +9) as applicable under Srl. No.26 (ic) or will it be 18% (9 +9) as applicable under Sl. No.26 (iv).
- 3) Or will the activity of body building carried out on chassis belonging to and Supplied by Principal is to be regarded as Supply of goods falling under 8707 - as "Bodies (including cabs), for the motor vehicles of headings 8701 to 8705" attracting 28 % (CGST @ 14% + SGST @14%) as per Sl. No. 169 of Schedule IV to the Notification No.1/2017-CT (R) dt.28.06.2017.

#### **4. Statement of facts in brief :**

4.1. The applicant submits that they are engaged in the field of fabrication and truck body building, wherein independent private customer, buy chassis from Chassis manufacturer (also referred to as OEM's), which is sent to them for the purpose of body building activity of Tipper version Motor vehicle falling under Chapter 87 as complete motor vehicle, which belongs to such customer and the customer owns the chassis and also owns complete body built vehicle and which is also registered in RTO in the name of such independent private customer. That this activity is regarded as " job work activity" in terms of CBIC Circular No. 52/26/2018- GST dated 09.08.2018 para 12.2(b) which inter-alia categorically mentions as - *" In the case as mentioned at Para 12.2(b) above, fabrication of body on chassis provided by the principal (not on account of body builder), the supply would merit classification as service, and 18% GST as applicable will be charged accordingly."*

4.2. The applicant submits that presently they are paying 28% GST treating activity as supply of body as goods under CH 8707, though such body is being built on chassis owned by customer is indeed a job work activity attracting levy of 18% as " Supply of Services, since the said complete body-built vehicle is also owned by the customer who also owns the chassis and hence, by this application before the Hon'ble Advance Ruling authority Applicant seeks ruling to treat the said body building activity as Supply of Services attracting 18% GST.

4.3. The applicant submits that the chassis manufacturer i.e OEM's also intend to place order on the applicant and have such body building activity of the chassis owned by them so that complete body built vehicle owned by them is supplied to them after the applicant carries out job work activity of body building on the chassis owned by them, but OEM's are insisting on seeking advance ruling before they send their chassis for such body building activity. That presently, applicant is only supplying body to such OEM's as supply of body under CH-8707 paying 28% GST, but once the present advance ruling application is decided, the applicant would like to build the body on the chassis supplied by OEM's as well, regarding the body building activity as job work and supply of services u/s 7 of CGST/TNGST act, 2017 attracting 18% levy of GST.

4.4. With regard to the above, in respect of body building activity already being carried by the applicant on the chassis owned and sent by independent private customer, the applicant submitted that they would like to place on record the following-

(a) Tax invoice issued by OEM for supply of Chassis to such independent private customer who buys chassis from OEM.

(b) E Way bill issued by OEM for supply of chassis

(c) Temporary registration number issued by local RTO as Goods Carrier in the name of independent private customer who would own the complete body built vehicle and the value shown therein is for fully body built vehicle

(d) Form 21, 22 and 22 A (Part 1) issued by OEM in favour of such independent private customer Insurance taken by independent private customer

(e) Tax invoice issued for body building by the Applicant in favour of independent private customer

(f) E way bill issued by Applicant for body portion of such completely body built vehicle

(g) Form 22 A-Part II (to be issued by Body builder) i.e. Applicant. It would be noticed that in all the key documents the reference of chassis number appears, which establishes co-relation.

4.5. The applicant submits that when the matter regarding "body building activity carried out on chassis given on FOC basis by the Customer / Principal " was taken up by the Trade for providing clarification with Government, to know as to whether the said activity has to be considered as "Supply of Goods" or supply of services", due to definition of job work read with classification scheme of services and the notification issued thereunder, the CBIC issued Circular No. 52/26/2018-GST dated 09.08.2018 which provides as follows;

*"12.1 Applicable GST rate for bus body building activity: Representations have been received seeking clarifications on GST rates on the activity of bus body building. The doubts have arisen on account of the fact that while GST applicable on job work services is 18%, the supply of motor vehicles attracts GST @28%.*

*12.2 Buses [motor vehicles for the transport of ten or more persons, including the driver] fall under headings 8702 and attract 28% GST. Further, chassis fitted with engines [8705] and whole bodies (including cabs) for buses [8707] also attract 28% GST. In this context, it is mentioned that the services of bus body fabrication on job work basis attracts 18% GST on such service. Thus, fabrication of buses may involve the following two situations:*

(a) *Bus body builder builds a bus, working on the chassis owned by him and supplies the built-up bus to the customer, and charges the customer for the value of the bus.*

(b) Bus body builder builds body on chassis provided by the principal for body building, and charges fabrication charges (including certain material that was consumed during the process of job-work).

12.3 In the above context, it is hereby clarified that in case as mentioned at Para 12.2(a) above, the supply made is that of bus, and accordingly supply would attract GST @28%. In the case as mentioned at Para 12.2(b) above, fabrication of body on chassis provided by the principal (not on account of body builder), the supply would merit classification as service, and 18% GST as applicable will be charged accordingly."

4.6. The applicant submitted that vide Notification No. 26/2019- Central Tax (Rate) dated 22nd November, 2019 and explanation provided states as -

*"Explanation- For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under chapter 87 in the First Schedule to the Customs Tariff Act, 1975."*

4.7. The applicant submitted that the relevant amended text of Srl. No. 26 of Notification No. 11/2017- CT (rate) dated 28.6.2017 is given as under:

Sr No.	Chapter Section or Heading	Description of Service	Rate (per cent.)	Condition
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	<p>(i) <u>Services by way of job work in relation to-</u> ... (ia)..... (ib).....</p> <p>(ic) <u>Services by way of job work, in relation to bus body building:</u></p> <p><u>Explanation For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under chapter 87 in the First Schedule to the Customs Tariff Act, 1975.</u></p> <p>(id)..... (ii)..... (ia)..... (iii)..... (iv) <u>Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (ii), (ia) and (iii) above.</u></p>	9	

4.8 The applicant quoted the following provisions of law in their application;

4.8.1 The relevant provisions of CGST/TNGST Act 2017 related to 'Job work':

***Section 2(68) of CGST Act 2017** defines job work as "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;*

4.8.2 **Definition of goods under Section 2(52)** is as follows:

*"goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;*

4.8.3 **Section 143 of CGST Act 2017** provides as under:

*"For the purpose of job work, input includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or the job worker".*

4.8.4 **Para 3 of the Schedule II of the CGST Act, 2017**, specifies certain activities to be treated as supply of goods or supply of Services, in accordance to which *"Any treatment or process which is applied to another person's goods is a supply of services"*

4.8.5 **Scheme of Classification of Services is based on the explanatory notes to the UNCP**

#### 998881 MOTOR VEHICLE AND TRAILER MANUFACTURING SERVICES

This service code includes motor vehicle manufacturing services, trailers and semi- trailer manufacturing services and motor vehicle parts and accessories manufacturing services

**Notification No.11/2017 Central Tax Rate F.No.354/117/2017-TRU  
Dated 28th June, 2017-Annexure giving Classification**

Annexure: Scheme of Classification of Services			
S.No	Chapter, Section, Heading or Group	Service Code (tariff)	Service Description
(1)	(2)	(3)	(4)
534	<b>Group 99888</b>		<b>Transport equipment manufacturing services</b>

535		998881	Motor vehicle and trailer manufacturing services.
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4.9 The applicant submitted that they are seeking advance ruling on the core issue as to whether the classification of body building activity on the chassis (meant for carrying goods) owned and provided by the principal (who is either independent customer who buy the chassis from OEM and send for body building or Chassis sent by OEM i.e. manufacturer of chassis who sends for body building activity) could be regarded as "job work" as "Supply of Service" and in terms of Para No. 12.1, 12.2(b) and 12.3 of Circular No. 52/26/2018-GST dated 09.08.2018, as Applicant activity also is akin to the one referred to in the said Circular and by various Advance Ruling on the said issue of body building activity carried on the Chassis supplied by the Principal.

4.10 The applicant stated that it is also provided at Srl No. 26 (ic) of parent Notification No. 11/2017- CT (Rate) dated 28.6.2017 which prescribe rate of tax for job work of 18% (9 + 9) as amended, read with amended Notification 26/2019-Central Tax (Rate) dated 22.11.2019, read with CBIC clarification that "Services by way of job work in relation to bus body building" is " Supply of Services" and for that matter even under Srl No. 26 (iv) that applicable rate for job work is 18% (9+9).

4.11. Reiterating the explanation inserted against serial number 26, in column (3), in item (ic) of Notification 11/2017-CT(rate) dated 28.06.2017, vide Notification No.26/2019-Central Tax (Rate) dated 22.11.2019, the applicant stated that the cause for the above amendment is with a view to cover "body built on chassis of any vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975, which means to cover "fully body Vehicles" built by body builder, falling under 8701 to 8705. Hence, the activity of body building on job work basis carried out by the Applicant qualifies to be classified as "Service", even as per Circular No. 52/26/2018-GST dated 09.08.2018 and it is a fact that the body built on such chassis of the Customer does fall under Chapter 87, answering to the Explanation as provided in Notification No.26/2019-Central Tax (Rate) dated 22.11.2019.

4.12. The applicant submitted the following case laws relied upon in the issue under reference;

1. Tube Investments of India Ltd Order No. 27 /ARA/2020 Dated 12.05.2020-2020 (42) G.S.T.L. 256 (A.A.R. - GST - T.N.)
2. Royal Coach Builders Order No. 35/AAR/2022, decided on 30-11-2022-(2023) 3 CENTAX 270 (A.A.R. - GST - T.N.)
3. SLN Tech-Fabs (Bengaluru) Pvt. Ltd Order No. KAR ADRG 02/2020, dated 7-1-2020 - 2020 (34) G.S.T.L. 290 (A.A.R. - GST - Kar.)

4. Sri Puthusserikudy Thankappan Santhosh - Advance Ruling No.KER/144/2021, decided on 1-8-2022-(2022) 1 CENTAX 100 (A.A.R - GST - Ker.)
5. Raj Agro Aids - Order No. AAR/GST/PB/32, decided on 3-2-2023-(2023) 5 CENTAX 28 (A.A.R. - GST - Pun.)
6. New Grand Auto Body Works Advance Ruling No. KER/145/2021, decided on 1-8-2022-(2022) 1 CENTAX 291 (A.A.R. - GST - Ker.)
7. Sanghi Brothers (Indore) Private Limited - Order No. 06/2019, dated 3-5-2019-2019 (27) G.S.T.L. 136 (A.A.R. - GST)
8. Automobile Corporation of Goa Limited Order No. GOA/ GAAR /1 of 2017-18/2018-19 1929 dtd. 21.08.2018 2018 (18) G.S.T.L. 359 (A.A.R. - GST)

5.1 The applicant is under the administrative control of State. The concerned authorities of the Centre and State were addressed to report if there are any pending proceedings against the applicant on the issues raised by the applicant in the ARA application and for comments on the issues raised.

5.2 The concerned Central authority vide letter GEXCOM/TECH/GST/2315/2023-TECH dated 27.07.2023, informed that there is no pending proceeding on the applicant under any of the provisions of the GST Act, 2017. Further the Central Authority stated that as per para 12 of CBIC Circular No. 52/26/2018-GST dated 9<sup>th</sup> August 2018, the CBIC had clarified the applicability of GST on job work services, in respect of "Body building activity carried out on chassis for Bus" and requested that the advance ruling application be disposed of as per the guidelines given in the above said circular.

5.3 The State jurisdiction Officer viz. the Assistant Commissioner(ST), Kancheepuram Rural Assessment Circle, vide reference No. in Rc.150/2024/A2, dated:19.09.2024, states that -

**"Tvl. Kailash Vahn Private Limited** S.No.391A/1, 3-6,393, Walajabad - Sunguvarchatiram Road, Kattavakkam village, Kancheepuram, Tamil Nadu - 631 604 is a registered taxpayer in the jurisdiction of the Assistant Commissioner(ST), Kancheepuram (Rural) Assessment Circle. The taxpayer doing Manufacturing activity and supply of Goods and Services under the following HSN CODE:

Goods		Services	
HSN	Description	HSN	Description
87079000	BODIES (INCLUDING CABS), FOR THE MOTOR VEHICLES OF HEADINGS 8701 TO 8705 OTHER	00440262	TRANSPORT OF GOODS BY ROAD

Goods		Services	
87089900	PARTS AND ACCESSORIES OF THE MOTOR VEHICLES OF HEADINGS 8701 TO 8705 - OTHER PARTS AND ACCESSORIES -- OTHER	00440060	MANPOWER RECRUITMENT AGENCY
87042290	MOTOR VEHICLES FOR THE TRANSPORT OF GOODS OTHER, WITH COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE (DIESEL OR SEMI-DIESEL) : G.V.W. EXCEEDING 5 TONNES BUT NOT EXCEEDING 20 TONNES OTHER	00440480	LEGAL CONSULTANCY SERVICES
87042390	MOTOR VEHICLES FOR THE TRANSPORT OF GOODS OTHER, WITH COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE (DIESEL OR SEMI-DIESEL) : G.V.W. EXCEEDING 20 TONNES OTHER	00440048	RENT A CAB OPERATORS

**Qr.1.** Whether Applicant can consider the said body building activity as "job work activity" and regard it as " Supply of Services" falling under SAC Code - 998881 - "Motor vehicle and trailer manufacturing services "(as per Notification No. 11/2017-Central Tax (Rate), dated 28-6-2017, Sl. No. 535), where activity of JOB WORK is carried on the Chassis owned and supplied by Customer/ Principal (who may be independent customer who buy the chassis from OEM and send for body building or it can be by OEM i.e manufacturer of chassis who sends for body building activity), to make it as Fully Body built vehicle for Truck/Tipper / Dumper application ( which are for carrying goods ) and which " Fully body built vehicle" will also be owned by the Principal.

**Remarks:** No, since the taxpayer has not doing supply of services falling under SAC code 998881.

**Qr.2.** If it is regarded as "job work activity" and "Supply of Services", whether the correct applicable rate of GST, will be at 18 % (9 + 9) as applicable under Srl. No. 26 (ic) or will it be 18 % (9 + 9) as applicable under Srl. No. 26 (iv).

**Remarks:** Not applicable.

**Qr.3.** Or will the activity of body building carried out on chassis belonging to and Supplied by Principal, is to be regarded as "Supply of goods" falling under 8707 - as "Bodies (including cabs), for the motor vehicles of headings 8701 to 8705", attracting 28 % (CGST @ 14% + SGST @ 14%) as per Sl. No. 169 of Schedule-IV to the Notification No. 1/2017-C.T. (R), dated 28-6-2017.

**Remarks:**

The taxpayer has doing supply of Goods falling under HSN code 8707 at 28%

In respect of this question, I submit that the Definition in section 2(68) says that **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.**

In this issue, the tax payer has doing body building on chassis supplied by the principal that means, the chassis is provided by the Principal, and the body is built on by the tax payer. After the body building activity, the end product is arose, which is a fully built vehicle, is a tangible good. The body building process transforms the chassis into a complete vehicle, which can be seen as a manufacturing activity resulting in a new product. Hence it should be classified under this heading (**HSN 8707**) attracting 28% GST.

And also During the body building process, the body builder has control over the materials and the manufacturing process. Hence it leads to creation of a new good rather than supply of service.

Hence as per the job work definition, the taxpayer has not come under any treatment or process of undertaken and also the taxpayer has made the body building, it may consider a supply of goods, it would fall under Heading 8707 of the Harmonized System (HS) Code, specifically "Bodies (including cabs), for the motor vehicles of headings 8701 to 8705." attracting 28% GST."

**6. PERSONAL HEARING**

The Applicant, was given an opportunity to be heard in person on 19.08.2024. Shri Srinivasan Narayanan, Advocate, appeared for the personal hearing as the Authorised Representatives (AR) of the applicant. The AR explained in brief about the business of the applicant and reiterated the submissions made in their application.

The AR submitted a synopsis of the case and stressed that consequent to Board's Circular No. 52/26/2018-GST dated 09.08.2018 when the chassis is owned by the principal and the applicant is undertaking the activity of body building on such chassis the same is to be treated as job work. The members enquired as to what is the present rate of tax being adopted presently. The AR replied that the applicant is presently paying 28% GST treating activity as supply of body as goods and submitted copies of tax invoice issued by OEM to independent private customer, E-way bill, Temporary registration issued by local RTO and other documents in this regard. The members enquired whether insurance is taken on the entire cost by the recipient, to which the AR replied in the affirmative. The

members enquired if there is anything more to add to the submissions made in the application to which the AR replied that there is nothing more to add.

#### **DISCUSSION AND FINDINGS:**

7.1. We have carefully considered the submissions made by the applicant in the advance ruling application and also the submissions made during the personal hearing.

7.2 The Applicant is before us seeking Advance ruling on the following questions;

- 1) *Whether Applicant can consider the said body building activity as "job work activity and regard it as "Supply of Services" falling under SAC Code - 998881 - "Motor vehicle and trailer manufacturing services "(as per Notification No. 11/2017-CT(Rate), dated 28.6.2017 Sl. No.535).*
- 2) *If it is regarded as "job work activity" and "Supply of Services, whether the correct applicable rate of GST, will be at 18 % (9 +9) as applicable under Srl. No.26 (ic) or will it be 18% (9 +9) as applicable under Sl. No.26 (iv)*
- 3) *Or will the activity of body building carried out on chassis belonging to and Supplied by Principal is to be regarded as Supply of goods falling under 8707 - as "Bodies (including cabs), for the motor vehicles of headings 8701 to 8705" attracting 28 % (CGST @ 14% + SGST @14%) as per Sl. No. 169 of Schedule IV to the Notification No.1/2017-CT (R) dt.28.06.2017.*

7.3. We find that the applicant submits that they are engaged in the field of fabrication and truck body building, wherein independent private customer, buy chassis from Chassis manufacturer (also referred to as OEM's), which is sent to the applicant for the purpose of body building activity of Tipper version Motor vehicle falling under Chapter 87 as complete motor vehicle, which belongs to such customer and the customer owns the chassis and also owns complete body built vehicle and which is also registered in RTO in the name of such independent private customer. The applicant further submits that the chassis manufacturer i.e OEM's also intend to place order on the applicant and have such body building activity on the chassis owned by them so that complete body built vehicle owned by them is supplied to them after the applicant carries out job work activity of body building on the chassis owned by them, but OEM's are insisting on seeking advance ruling before they send their chassis for such body building activity.

7.4 Hence the applicant is seeking advance ruling on the core issue as to whether the classification of body building activity on the chassis (meant for carrying goods) owned and provided by the principal (who is either independent customer who buy the chassis from OEM and send for body building or Chassis sent by OEM i.e. manufacturer of chassis who sends for body building activity) could be regarded as "job work" as "Supply of Service" in terms of Para 12.1,

12.2(b) and 12.3 Circular No. 52/26/2018-GST dated 09.08.2018, as the applicant's activity is also akin to the one referred to in the Circular.

7.5. We find that Section 7 of the CGST Act, 2017 provides for Scope of Supply and Subsection 1A of the said Section provides as follows;

*where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.*

7.6. Further *Schedule II of the CGST Act, 2017*, provides for the list of Activities or Transactions which are to be treated as supply of goods or supply of Services, and **Para 3 - Treatment or Process under the Schedule II** provides as follows;

***"Any treatment or process which is applied to another person's goods is a supply of services".***

7.7. We find that in response to representations seeking clarification in respect of applicable GST rates, the Central Board of Indirect taxes issued clarifications on various issues vide Circular No. 52/26/2018-GST dated 09.08.2018 and **'bus body building as supply of motor vehicle or job work'** was one of the item covered under the circular. The relevant extract of the circular pertaining to bus body building is reproduced below;

*"12.1 Applicable GST rate for bus body building activity: Representations have been received seeking clarifications on GST rates on the activity of bus body building. The doubts have arisen on account of the fact that while GST applicable on **job work** services is 18%, the supply of motor vehicles attracts GST @ 28%.*

*12.2 Buses [motor vehicles for the transport of ten or more persons, including the driver] fall under headings 8702 and attract 28% GST. Further, chassis fitted with engines [8705] and whole bodies (including cabs) for buses [8707] also attract 28% GST. In this context, it is mentioned that the services of bus body fabrication on job work basis attracts 18% GST on such service. Thus, fabrication of buses may involve the following two situations:*

- (a) Bus body builder builds a bus, working on the chassis owned by him and supplies the built-up bus to the customer, and charges the customer for the value of the bus.*
- (b) Bus body builder builds body on chassis provided by the **principal** for body building, and charges fabrication charges (including certain material that was consumed during the process of job-work).*

12.3 In the above context, it is hereby clarified that in case as mentioned at Para 12.2(a) above, the supply made is that of bus, and accordingly supply would attract GST @ 28%. In the case as mentioned at Para 12.2(b) above, fabrication of body on chassis provided by the principal (not on account of body builder), the supply would merit classification as service, and 18% GST as applicable will be charged accordingly."

7.8. Further vide Notification No. 26/2019- Central Tax (Rate) dated 22nd November, 2019 an explanation was inserted in the Table, against serial number 26, in column (3), in item (ic) of Notification No. 11/2017- central tax (rate), dated 28.06.2017. The said explanation is reproduced below;

*"Explanation- For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under chapter 87 in the First Schedule to the Customs Tariff Act, 1975."*

7.9. From the above provisions of law we find that any treatment or process which is applied to another person's goods is a supply of service. In the instant case the chassis is being supplied by customers to the applicant and the applicant undertakes the activity of body building on the chassis supplied to them. **Hence the activity of body building on customer owned chassis is a 'supply of service'.**

7.10. The above conclusion arrived by us is not only in line with Schedule II of the CGST Act, 2017 but also the FAQs published by the CBIC. The answer to Question No. 27 in the FAQs published by the CBIC in the 3<sup>rd</sup> edition dated 15.12.2018 under the sub heading **4-Meaning and Scope of Supply** (blob:<https://www.cbic.gov.in/3310aefa-81f5-4df0-ab9a-637ccc9cfae1>) reads as follows:

**Q27. Whether activity of bus body building, is a supply of goods or services?**

Ans. The classification would depend on which supply is the principal supply. In case, a bus body building company builds on the chassis owned by it and sells the completely built buses, it would be supply of goods. On the other hand, **if the company builds the body on the chassis belonging to some else, it would be supply of services.**

7.11. However we find that though the applicant has not submitted as to whether the individual private customer who buys the chassis from OEM and provide the same to the applicant for body building is registered under GST or not, the provisions of law enumerated in the preceding paras make a clear demarcation between the supply of body building activity made to GST registered persons and the supply of body building activity made to GST un-registered persons. Whereas the **bus body building on chassis owned by GST registered customer is Job work**, the bus body building on chassis owned by un-registered customer does not amount to job work. As per the definition of Job work provided under Section 2(68)

of CGST Act 2017, "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. Hence, in as much as the treatment or process is undertaken on the goods belonging to un-registered person the same does not qualify to be job work.

7.12. We find that the above position has also been clarified under Circular No. 126/45/2019-GST dated 22.11.2019 and the relevant text of the clarification is as follows:

*In view of the above, it may be seen that there is a clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988 of Notification No. 1/2017-Central Tax (Rate) dated 28-06-2017. Entry at item (id) covers only job work services as defined in section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person. On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act.*

7.13. However we find that the activity of body building by the applicant on chassis owned and provided by registered customer or un-registered customer both fall under the scope of supply of service and as per the scheme of classification of services merits to be classified at Heading 9988 'Manufacturing services on physical inputs (goods) owned by others' and precisely at Service code (Tariff) 998881 'Motor vehicle and trailer manufacturing services'.

7.14. Now we take up the second question of the applicant i.e. *If it is regarded as "job work activity" and "Supply of Services, whether the correct applicable rate of GST, will be at 18 % (9 +9) as applicable under Srl. No.26 (ic) or will it be 18% (9 +9) as applicable under SL. No.26 (iv).* We reiterate that the bus body building on chassis owned by GST registered customer amounts to Job work and the bus body building on chassis owned by un-registered customer does not amount to job work. The rate of tax in both the cases i.e. if chassis is provided by the GST registered person or when chassis is provided by GST un-registered person, would be 9% under the CGST Act, 2017 and 9% under the SGST Act, 2017, as per Entry No.26 (ic) and per Entry No. 26(iv) respectively of the CGST Notification No. 11/2017 CT( R) dated 28-06-2017 and SGST Notification No. 11(2)/CTR/532(d-14)/2017 vide G.O. (Ms) No. 72 dated 29.06.2017.

7.15. Since the answer to Question No. 1 raised by the applicant is answered in the affirmative i.e. the activity of body building on chassis supplied by others is held as 'supply of services', we find that Question No. 3 need not be answered as the same ceases to exist.

Based on the above discussions, we rule as under:

#### RULING

(1) The activity of body building on chassis owned by registered customer or un-registered customer both fall under the scope of supply of service and as per the scheme of classification of services merits classification under Heading 9988 'Manufacturing services on physical inputs (goods) owned by others' and precisely at Service code (Tariff) 998881 'Motor vehicle and trailer manufacturing services'. However only the supply of the activity of body building on chassis owned by GST registered customer is Job work.

(2) The rate of tax in both the cases i.e. if chassis is provided by the GST registered person or when chassis is provided by GST un-registered person, would be 9% under the CGST Act, 2017 and 9% under the SGST Act, 2017, as per Entry No.26 (ic) and as per Entry No. 26(iv) respectively of the CGST Notification No. 11/2017 CT( R) dated 28-06-2017 and SGST Notification No. II(2)/CTR/532 (d-14)/2017 vide G.O. (Ms) No. 72 dated 29.06.2017.

(3) Query No. 3 is not answered in view of the reason discussed in para 7.15 above.

  
(A. VALLI)  
Member (SGST) 23/09/2024

  
AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICE TAX  
TAMILNADU

  
(BALAKRISHNA S.)  
Member (CGST) 23/09/2024

To

M/s. Kailash vahn Private Limited,  
S.No. 391A/1, 3-6, 393, Walajabad -Sunguvarchatram Road,  
Kattavakkam, Kancheepuram,  
Tamil Nadu - 631 604.

//by RPAD//

Copy submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,  
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Commissioner of Commercial Taxes,  
2<sup>nd</sup> Floor, Ezhilagam, Chepauk, Chennai - 600 005.
3. The Commissioner of GST & Central Excise,  
Chennai Outer Commissionerate,  
Newry Towers, No. 2054-I, II Avenue,  
Anna Nagar, Chennai- 600 040.

Copy to:

1. The Assistant Commissioner (ST),  
Kancheepuram Rural Assessment Circle,  
Collectorate Campus,  
Kancheepuram-631 501.
2. Master file/ Spare-1