
	RAJASTHANAUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX, KAR BHAWAN, AMBEDKAR CIRCLE, NEAR RAJASTHAN HIGHCOURT JAIPUR – 302005 (RAJASTHAN)	
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ADVANCE RULING NO. RAJ/AAR/2025-26/05

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Dr. Akhedan Charan Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s KAMAL COACHWORKS PVT LTD., SP282, PHASE II RIICO INDUSTRIAL AREA PO NEWAI, NEWAI, TONK - 304021, RAJASTHAN
GSTIN of the applicant	:	08AAACK7049N1Z2
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a) classification of goods and/or services or both (g) whether any particular thing done by the applicant with respect to any goods and/or services or both amounts to or results in a supply of goods and/or services or both, within the meaning of that term
Date of Personal Hearing	:	19.02.2025 & 13.01.2025
Present for the applicant	:	Mr. Sandeep Sachdeva (Advo.) and Mr. Jaikishan Gyanchandani
Date of Ruling	:	23 .04.2025

Note 1: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling, constituted under Section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

Note 2: At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s KAMAL COACHWORKS PVT LTD, SP282, PHASE II RIICO INDUSTRIAL AREA PO NEWAI, NEWAI, TONK - 304021, Rajasthan (hereinafter "*the applicant*") is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under:

- (a) classification of goods and/or services or both
- (g) whether any particular thing done by the applicant with respect to any goods and/or services or both amounts to or results in a supply of goods and/or services or both, within the meaning of that term

A. SUBMISSION OF THE APPLICANT (in brief):-

Brief facts of the case :

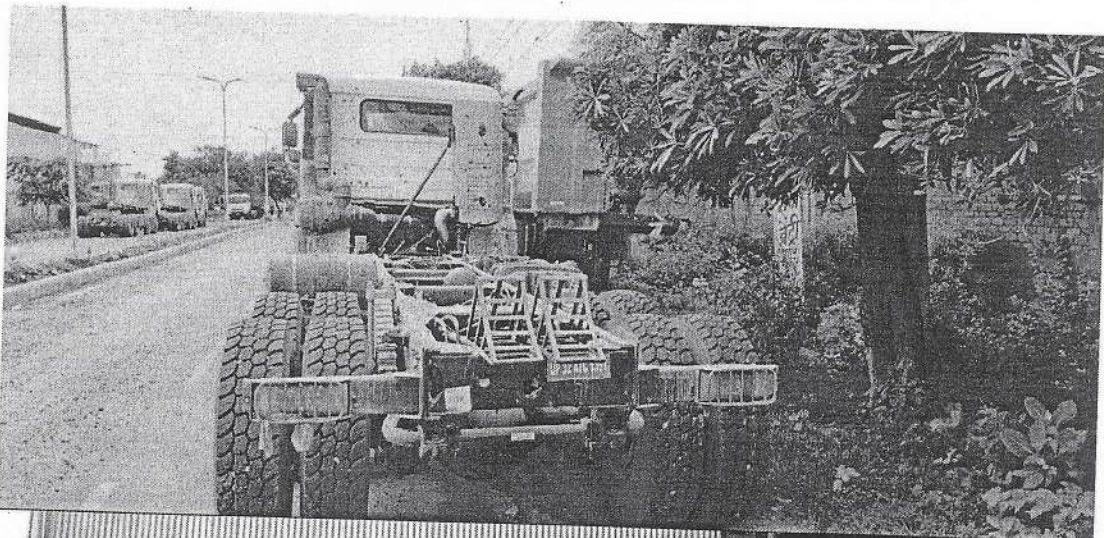
- 1.1 M/s. Kamal Coach Works Private Limited [hereinafter referred to as "**Applicant**"] is a private limited company incorporated under the Indian Company Law and has its head office located at SP 282, Phase II, RIICO Industrial Area, Newai, Tonk, Rajasthan, 304 021, and its additional place of business located at RIICO Industrial Area Sitapura, E 523, Near Chatrala Circle, Jaipur, Rajasthan – 302 022.
- 1.2 The Applicant is engaged in the business of supplying job work services towards fabrication and attachment of Body of various commercial vehicles such as Tipper

Trucks, Bus etc., and various types of Carriers for truck and heavy vehicle manufacturing companies. The nature of activity carried out by the Applicant with regard to the present application is discussed below.

B. INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)

- 'Tippers' are commercial vehicles which are provided by the Customer of the Applicant namely, Tata Motors Ltd. ['Tata Motors'], A fully built up 'Tipper' will typically consist of chassis, engine, wheels, hydraulic cylinder, tipper body, etc. 'Tipper' is similar to truck and is used to carry goods [such as construction materials, garbage, etc.].
- In the process of manufacturing a fully built Tipper, Customer develops the unfinished Tipper consisting of chassis, wheel, engine, etc. The said unfinished Tipper is provided by Customer to the Applicant for fabricating and attaching the 'body' along with 'hydraulic cylinder' [together referred as 'tipper body'] and painting the tipper body thereafter. The fabrication and attachment of the tipper body to the unfinished vehicle is commonly referred to as '**Body Building process**'.
- As stated above, the usage of 'tipper body' is to load, transport and unload the goods to be carried in a Tipper. The 'tipper body' is made of alloy steel and looks like a truck.
- The unloading of goods from the Tipper is through the hydraulic cylinder which automatically lifts the front part of the truck in a vertical direction for discharging the goods/ unloading the goods. The process of fabricating the tipper body and its attachment is discussed in detail below.
- As stated above, Customer provides the unfinished vehicle [consisting of chassis, engine, wheels, etc.] to the Applicant for attaching the 'tipper body' and 'hydraulic cylinder' to the chassis. The unfinished vehicle is provided by Customer to the Applicant on Free of Cost [FOC] basis. At all times, the ownership of the unfinished vehicle remains with Customer.
- The chassis of the vehicle is transferred by the Jamshedpur unit of Tata Motors under the tax invoice. However, the same is directly shipped to the premise of the Applicant and accordingly a delivery challan is being issued by the local unit of Tata Motors. The delivery challan is issued solely for the purpose of undertaking job-work operation. A copy of the tax invoice issued by the Jamshedpur unit and a copy of the delivery challan issued by the local unit of Tata Motor are enclosed as **Annexure-3 and Annexure -4 respectively**.
- The scope of the processing to be undertaken by the Applicant is to fabricate and attach the tipper body to the vehicle. The said attachment is being done by the Applicant on/ to the chassis of the unfinished vehicle provided by Customer. The Tippers on which the Applicant performs its job work activity are unfinished vehicles such as 'Signa 2830.TK BSVI' and others as the requirement maybe from time to time.
- For attaching the tipper body, the Applicant procures the required goods for developing the 'tipper body'. Given the standard size of the tipper body, the tipper body is already developed by the Applicant even without the physical presence of chassis. The different types of 'tipper body' manufactured by the Applicant including '24 Cube Box Body Tipper', '16 Box Body Tipper' etc.

- The Applicant procures all the goods required for developing the 'tipper body' on his own account from the approved vendors of the Customer to ensure the quality of goods. The Applicant deploys its own experienced manpower and utilises its own machinery in order to carry out the fabrication and attaching the 'tipper body'.
- In order to develop the 'tipper body', alloy steel sheets, pipes, angles, etc. are cut and bend in respective size to fabricate the body and thereafter adjoined together through the welding process to form a cube shaped tipper body as per the desired specifications along with a hydraulic cylinder. Image of the alloy steel sheets, pipes, angles used for fabricating the body and the fabricated body is attached as Annexure-5.
- Once the unfinished vehicle arrives at the premises of the Applicant, the Applicant attaches the body and hydraulic cylinder on/ to the chassis using its experienced labour and machinery. The Applicant uses its crane for lifting of the hydraulic cylinder and body to place the same to the chassis of the unfinished vehicle.
- The attachment of the tipper body on/ to the chassis is through a welding process and it also include attachment through usage of nuts and bolts. The above attachment to the chassis is not easily detachable. Thereafter, the Applicant performs the painting job on the 'tipper body'. Post attachment process, the fully built vehicle is dispatched to Customer. Photos of the unfinished vehicle and the product is attached herewith for ease of reference.



- The Applicant charges its consideration for the supply of above attachment services to Customer by raising GST invoice. The Applicant presently treats the supply as supply of 'body' being goods and uses the tariff heading 8707 and discharges GST @ 28% on a conservative basis to avoid any tax dispute. A copy of the tax invoice is enclosed as Annexure-6.

- In light of the above facts, the Applicant is desirous to file the present advance ruling application seeking the applicable GST rate at the hands of the Applicant.

STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

- At the outset, before dealing with the interpretation of law on the specific questions raised in the present application, the Applicant submits that the present case stand clarified in light of the clarifications issued by the CBIC as well as the various GST Advance Rulings issued by the various State authorities.
- The Applicant submits that the scope of job-work and the applicable rate of GST on the body building activity is clarified vide the below Circulars issued by the CBIC:

Sl. No.	Circular	Clarification
1.	CBEC Flyer No. 27 dated 01.01.2018	<i>"Section 2(68) of the CGST Act, 2017 defines job work as 'any treatment or process undertaken by a person on goods belonging to another registered person'. The one who does the said job would be termed as 'job worker'. <u>The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job-worker is required to carry out the process specified by the principal, on the goods.</u>"</i>
2.	Circular No. 38/12/2018 – GST dated 26.03.2018	<i>"5. Scope / ambit of job work: ... Further, <u>it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work.</u>"</i>
3.	Circular No. 52/26/2018-GST, dated 09.08.2018	<i>"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%. <u>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.</u>"</i>

- Further, there is a plethora of GST Advance Rulings pronounced by various States holding that the activity of fabricating and attaching body [including tipper body] to the chassis, owned by vehicle manufacturer will qualify as job work service and attract 18% GST as cited below.

State	Case Name	Citation
Gujarat	Vasant Fabricators Pvt. Ltd.	2022 (4) TMI 1340
	AB N Dhruv Autocraft (India) Pvt. Ltd.	2020 (9) TMI 689
	Hasmukh Lal Jivanlal Patel	2022 (9) TMI 201
Karnataka	SLN Tech-Fabs (Bengaluru) Pvt. Ltd.	2020 (1) TMI 791
Kerala	New Grand Auto Body Works	2022 (10) TMI 862
	Kondody Autocraft (India) Pvt. Ltd.	2019 (4) TMI 110
	M/s. CC Fabs	2021 (7) TMI 481

	Sri. Puthusseri kudy Thankappan Santhosh, M/S. Oyester Auto Body	2022 (10) TMI 866
	Shri. Aromal Manoj, M/S. Aromal Autocraft	2023 (7) TMI 522
Madhya Pradesh	Rohan Coach Builders	2019 (7) TMI 41
	Sanghi Brothers (Indore) Private Limited	2019 (7) TMI 45
Punjab	Raj Agro Aids (Pushkar RJ Singh)	2023 (3) TMI 423
Tamil Nadu	Tube Investments of India Ltd.	2020 (10) TMI 768
	TVL Anamallais Engineering (P) Ltd.	2021 (8) TMI 732
	Royal Coach Builders	2023 (1) TMI 975
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151
Goa	Automobile Corporation Of Goa Limited.	2018 (10) TMI 1044

- The Applicant also submits that among the various GST Advance Rulings referred above, in the following cases, it was specifically held that mounting of the 'tipper body' on the chassis of the vehicle manufacturer would be treated as service and attract 18% GST

State	Case Name	Citation
Gujarat	Vasant Fabricators Pvt. Ltd.	2022 (4) TMI 1340
	AB N Dhruv Autocraft (India) Pvt. Ltd.	2020 (9) TMI 689
	Hasmukh Lal Jivanlal Patel	2022 (9) TMI 201
Kerala	Shri. Aromal Manoj, M/S. Aromal Autocraft	2023 (7) TMI 522
Punjab	Raj Agro Aids (Pushkar RJ Singh)	2023 (3) TMI 423
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151

INTERPRETATION OF LAW REGARDING QUESTION NO. 1

- At the outset, the Applicant submits that the provisions contained in the CGST Act are *parimateria* to the provisions of the RGST Act. Hence, any reference to the provisions of the CGST Act would imply the reference to the same provisions *under* the RGST Act, unless otherwise specified.
- The term 'job work' is defined in Section 2 (68) of the CGST Act which reads as below:
"Section 2 (68) **"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."

...Emphasis Supplied

- In view of the above definition, job work can be understood as performance or carrying out of any activity or treatment or work done by one person on the goods, which belongs to another person.
- In view of the definition under Section 2 (68) of the CGST Act, the essential characteristics or test of job work can be understood as below:
 - There is some treatment or process done.
 - The treatment or process is done on goods.
 - The goods must belong to the person other than the person ['principal'] who undertakes the treatment or process.
 - The person who undertakes the treatment or process is the job-worker.
- It is submitted that the term 'treatment' or 'process' is not defined under the CGST Act or Rules. The dictionary meaning of the said terms is mentioned below as:
Merriam Webster Law Dictionary

"Process"

a series of actions or operations conducing to an end especially

a continuous operation or treatment especially in manufacture

"Treatment"

the act or manner or an instance of treating someone or something: such as subjection of something to the action of an agent or process

something (such as a product or technique) used in treating, enhancing, or improving the performance, condition, or appearance of someone or something

- In the present case, the Applicant receives chassis from Tata Motors and is entrusted to carry out the body building process on the chassis of Tata Motors.
- The Applicant fabricates the tipper body through cutting and bending of alloy steel sheets, pipes, angles, etc. and applying the welding process. The Applicant thereafter attaches the fabricated tipper body with hydraulic cylinder on/ to the chassis using its experienced labour and machinery.
- The attachment of the tipper body on/ to the chassis is through a welding process and it also include attachment through usage of nuts and bolts. The above attachment to the chassis is not easily detachable. Post attachment process, the fully built vehicle is dispatched to Tata Motors.
- The attaching of the tipper body is carried out by the Applicant on the chassis belonging to Tata Motors. The attaching of tipper body is a specialised process. The Applicant is performing the said activity as per the direction of Tata Motors and hence, it is clear that the specialised process is carried out on the goods of Tata Motors.
- Given the above activities performed by the Applicant, it is clear that the Applicant is undertaking a **process or treatment** of fabricating, attaching and painting of tipper body on the goods of Tata Motors.
- In the case on hand, the Applicant duly fulfils all the required conditions as explained below:

- The unfinished vehicles are moved and transferred from the premises of Tata Motors to the premises of the Applicant.
 - Hence, the unfinished vehicles which are movable objects clearly qualify as 'goods' under Section 2 (52) of the CGST Act.
 - The unfinished vehicle with chassis is provided by Tata Motors to the Applicant on Free of Cost basis.
 - The ownership of the Chassis remains with Tata Motors at all time.
 - Hence, the activity performed by the Applicant is on goods belonging to another person namely, Tata Motors.
 - The Applicant had engaged its manpower and machinery for carrying out the fabricating, attaching and painting the 'tipper body' on/ to the chassis. The abovesaid activity qualify as 'process' or 'treatment' done by the Applicant on goods belonging to Tata Motors.
- In light of the above, the activity performed by the Applicant duly qualify as 'job work' in terms of Section 2 (68) of the CGST Act.

- The Applicant also rely upon the clarifications issued by the CBIC as below:
C.B.E.C. Flyer No. 27 dated 01.01.2018

"What is Job work?"

Section 2(68) of the CGST Act, 2017 defines job work as 'any treatment or process undertaken by a person on goods belonging to another registered person'. The one who does the said job would be termed as 'job worker'. The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job-worker is required to carry out the process specified by the principal, on the goods."

- As the Applicant is performing the process which is specified by Tata Motors on the goods of Tata Motors, the present activity qualify as job work in line with the above clarification.
- It is further submitted that merely because the Applicant is using its own goods which are getting consumed in the processing carried out on the goods of Tata Motors does not change the characteristic of the present activity of being a 'job work'.
- In this regard, the Applicant place reliance upon the clarification issued by the CBIC vide Circular No. 38/12/2018 – GST dated 26.03.2018 'job work', wherein the following was clarified:

"5. Scope / ambit of job work:

Doubts have been raised on the scope of job work and whether any inputs, other than the goods provided by the principal, can be used by the job worker for providing the services of job work. It may be noted that the definition of job work, as contained in clause (68) of section 2 of the CGST Act, entails that the job work is a treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of job work or not would have to be determined on the basis of facts and circumstances of each case. Further, it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work."

...Emphasis Supplied

- Further, by applying the principles of strict interpretation, the transaction very well qualifies as 'job work' under Section 2 (68) of CGST Act 2017.
- In this regard, the Applicant relies upon the case of **Commissioner of Customs (Import),**

Mumbai vs. Dilip Kumar & Co. [2018 (361) E.L.T. 577 (S.C.)] wherein Constitution Bench of the Supreme Court held that when the terms of the statute are clear and unambiguous then a strict reading is required and there is no room for any intendment as below:

*"25. We are not suggesting that literal rule de hors the strict interpretation nor one should ignore to ascertain the interplay between 'strict interpretation' and 'literal interpretation'. We may reiterate at the cost of repetition that strict interpretation of a statute certainly involves literal or plain meaning test. The other tools of interpretation, namely contextual or purposive interpretation cannot be applied nor any resort be made to look to other supporting material, especially in taxation statutes. Indeed, it is well-settled that in a taxation statute, there is no room for any intendment; that regard must be had to the clear meaning of the words and that the matter should be governed wholly by the language of the notification. Equity has no place in interpretation of a tax statute. **Strictly one has to look to the language used; there is no room for searching intendment nor drawing any presumption. Furthermore, nothing has to be read into nor should anything be implied other than essential inferences while considering a taxation statute.**"*

...Emphasis Supplied

- The Applicant also relies on the decisions of Hon'ble Supreme Court in the cases of **Hemraj Gordhandas**[1978 (2) E.L.T. (J 350) (S.C.)] and **Ajmera Housing Corporation &Anr. Etc.** [2010 (8) SCC 739] wherein the Court categorically held that strict interpretation is required while interpreting a tax statute.

- The Applicant further relies upon the '**Principles of Statutory Interpretation-15th Edition**' By **G.P. Singh** [Pg. 39] wherein the settled principle of strict interpretation is highlighted as below:

"When a language is plain and unambiguous and admits of only one meaning no question of construction of a statue arises, for the Act speaks for itself."

.....As stated by Gajendra gadkar J:

"If the words used are capable of one construction only then it would not be open to the courts to adopt any other hypothetical construction on the ground that such hypothetical construction is more consistent with the alleged object and policy of this Act"

.... Emphasis Supplied

- In light of the above settled legal principle, the Applicant submits that there is no impediment in the definition of job work that if the job work uses its own goods, then the activity shall not qualify as job work.
- It is also submitted that the definition of 'job work' use the phrase 'any treatment or process' thereby implying that the scope of job work is very wide and can cover any treatment or process irrespective of whether the job worker employs his own goods in the said process or treatment. Hence, by applying a strict interpretation of law, the present activity very well qualifies as job work.
- The Applicant submits that there are various GST Advance Rulings pronounced by various state authorities holding that the process of attaching body to the chassis amounts to job work as per Section 2 (68) of the CGST Act as cited below.

State	Case Name	Citation
Madhya Pradesh	Rohan Coach Builders	2019 (7) TMI 41
	Sanghi Brothers (Indore) Private Limited	2019 (7) TMI 45
Tamil Nadu	TVL Anamallais Engineering (P) Ltd.	2021 (8) TMI 732

	Royal Coach Builders	2023 (1) TMI 975
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151

- **Conclusion:** In view of the above submissions, the activities carried out by the Applicant shall be treated as job work within the meaning of Section 2 (68) of the CGST Act.

INTERPRETATION OF LAW REGARDING QUESTION NO. 2

- At the outset, the following provisions of the CGST Act requires attention:
"Section 7 (1) For the purposes of this Act, the expression - "supply" includes- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;"
"Section 2 (102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged."
- The term 'supply' is defined under Section 7 (1) (a) of the CGST Act to include all forms of supply such as sale, exchange, barter, transfer, provision of facility, etc. for a consideration.
- Further, the term 'services' is defined under Section 2 (102) of the CGST Act as anything other than goods. Hence, the definition and scope of 'services' is very wide to include any activity or work performed by any person.
- In this regard, we refer to the definition of 'services' as defined under Section 65B (44) of the erstwhile Finance Act, 1994 ['service tax'] which means any activity carried out by one person for another for consideration. Therefore, the activity performed by the Applicant by way of fabricating and attaching the tipper body [with painting] to the chassis tantamount to "services" under Section 2 (102) of the CGST Act.
- The Applicant is undertaking the above activity against consideration received from Tata Motors and hence it is submitted that the Applicant is engaged in supplying the services as per Section 7 (1) (a) of the CGST Act.
- The Applicant also submits that as per Section 7 (1A) of the CGST Act, certain supplies shall be treated as either 'supply of goods' or 'supply of services' as listed in Schedule II of the CGST Act. The relevant provision reads as below:

"Section 7 (1A) 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."

"Schedule-II

3) Treatment or process

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

- In view of the above entry 3 of Schedule-II, any treatment or process applied on another person's goods shall be deemed as supply of services. As already submitted above, the

Applicant is engaged in the process of attaching the tipper body on/ to the chassis belonging to Tata Motors. Hence, the said activity is clearly covered under the scope of above entry 3 of Schedule-II and therefore, the supply of the Applicant shall be deemed as 'supply of services'.

- The Applicant also relies on the Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 [hereinafter referred to as 'GST Rate Notification'] wherein, the services by way of job work in relation to bus body building has been classified under Heading 9988 [Manufacturing services on physical inputs (goods) owned by others]. The relevant entry reads as below:

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (%)	Condition
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i) (ic) Services by way of <u>job work in relation to bus body building</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.	9	

Note: The above Explanation was introduced on the basis of 37th GST Council Recommendation and Notified vide Amendment Notification No. 26/2019-Central Tax (Rate) dated 22.11.2019.

- The Explanation explicitly mentions that “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. The Tippers in the case on hand is classified under Chapter 87 of the Customs Tariff Act.

- The Annexure to GST Rate Notification also clarifies the following:

Sl. No.	Chapter, Section, Heading or Group	Service Code (Tariff)	Service Description
534	Group 99888		Transport Equipment Manufacturing Services
		998881	Motor vehicle and trailer manufacturing services

- Further, as per the Explanatory Notes to the scheme of classification of “services” issued by the CBIC reads as below:

“9988 Manufacturing services on physical inputs owned by others

The services included under Heading 9988 are performed on physical inputs owned by units other than the units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this Heading covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this Heading is based on the service fee paid, not the value of the goods manufactured.

99888 Transport equipment manufacturing services

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."

- The above Explanation clarifies that any service which is used in the course of manufacturing of motor vehicles can be classified under the tariff heading 9988. Hence the above Explanation also supports the case of the Applicant that process of attaching tipper body on the chassis of Tata Motors which is used for the manufacture of a fully built vehicle would be treated as a job work service.
- The Applicant submits that there are various GST Advance Rulings pronounced by various state authorities holding that the process of attaching body to the chassis amounts to supply of service as cited below.

State	Case Name	Citation
Gujarat	AB N Dhruv Autocraft (India) Pvt. Ltd.	2020 (9) TMI 689
	Vasant Fabricators Pvt. Ltd.	2022 (4) TMI 1340
	Hasmukh Lal Jivanlal Patel	2022 (9) TMI 201
Karnataka	SLN Tech-Fabs (Bengaluru) Pvt. Ltd.	2020 (1) TMI 791
Kerala	New Grand Auto Body Works	2022 (10) TMI 862
	Kondody Autocraft (India) Pvt. Ltd.	2019 (4) TMI 110
	M/s. CC Fabs	2021 (7) TMI 481
	Sri. Puthusseri kudy Thankappan Santhosh, M/S. Oyester Auto Body	2022 (10) TMI 866
	Shri. Aromal Manoj, M/S. Aromal Autocraft	2023 (7) TMI 522
Madhya Pradesh	Rohan Coach Builders	2019 (7) TMI 41
	Sanghi Brothers (Indore) Private Limited	2019 (7) TMI 45
Punjab	Raj Agro Aids (Pushkar RJ Singh)	2023 (3) TMI 423
Tamil Nadu	Tube Investments of India Ltd.	2020 (10) TMI 768
	TVL Anamallais Engineering (P) Ltd	2021 (8) TMI 732
	Royal Coach Builders	2023 (1) TMI 975
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151
Goa	Automobile Corporation Of Goa Limited	2018 (10) TMI 1044

- Conclusion:** In view of the above submissions, the activity performed by the Applicant shall be treated as supply of services.

INTERPRETATION OF LAW REGARDING QUESTION NO. 3

- The Applicable rate of GST on supply of services is prescribed under the GST Rate Notification referred above and is dependent upon the tariff classification of the services.
- As already explained above, the present services of the Applicant clearly fall under the tariff heading 998881.
- Further, the applicable GST rate as per Sl. No. 26 (i) (ic) of the said services classified under tariff heading 998881 would be 18%.
- The Applicant also submits that as per the 37th GST Council Meeting held on 20.09.2019, it was clarified that with respect to job work services, the applicable rate of GST on supply of job work in relation to bus body building would continue to remain at 18%. Accordingly, the same was clarified vide introduction of the above-referred Explanation in Rate Entry 26 (i) (ic) vide Amendment Notification No. 26/2019-Central Tax (Rate) dated 22.11.2019.
- The GST Council has proposed GST rate change in respect of job work related services and, in this context, the GST Council examined this issue in detail and decided that the job work services in relation to Body Building shall remain unchanged at 18%, thereby clarifying the position that body building is a job work service to attract 18% GST. The relevant part of the minutes of GST Council Meeting is as below:
 - “B. In respect of GST Rate on Services, the Council decided as follows:
 - a. In respect of the Annexure IV of Agenda item 8, recommending changes in the GST rate of the Services or for issuance of clarifications in relation of Services:
 - i. The Council approved the Fitment Committee recommendations in respect of Sl. No 1 and 2 of the Annexure IV. The Council recommended to reduce rate of GST from 5% to 1.5% on supply of job work services in relation to diamonds and to reduce rate of GST from 18% to 12% on supply of all job work services which are not currently eligible for 5% rate, such as in engineering industry, except supply of job work in relation to bus body building.”
- The Applicant also rely upon the clarifications issued by the CBIC vide **Circular No. 52/26/2018-GST, dated 09.08.2018** which reads as 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."

...Emphasis Supplied

- The above Circular has categorically classified into two categories as explained below:
 - Category 1:** In cases where the 'chassis' is owned by the body builder and the body building is also done by the body builder, then the applicable GST rate shall be 28%, treating it as supply of goods.
 - Category 2:** In cases where the 'chassis' is owned by vehicle manufacturer and the body building is done by the body builder, then the applicable GST rate shall be 18%, treating it as supply of services.
- In the case on hand, the chassis is owned by Tata Motors at all times and the Applicant does not own the chassis. The Applicant is merely undertaking the body building activity on the chassis owned by Tata Motors. Hence, applying the above Circular, the present supply of services shall attract 18% GST.
- The Applicant submits that the Advance Ruling Authorities of different States have categorically held that the body building activity shall attract GST @ 18% in line with the above Circular and the Applicant relies upon the rulings cited below.

State	Case Name	Citation
Gujarat	AB N Dhruv Autocraft (India) Pvt. Ltd.	2020 (9) TMI 689
	Vasant Fabricators Pvt. Ltd.	2022 (4) TMI 1340
	Hasmukh Lal Jivanlal Patel	2022 (9) TMI 201
Karnataka	SLN Tech-Fabs (Bengaluru) Pvt. Ltd.	2020 (1) TMI 791
Kerala	New Grand Auto Body Works	2022 (10) TMI 862
	Kondody Autocraft (India) Pvt. Ltd.	2019 (4) TMI 110
	M/s. CC Fabs	2021 (7) TMI 481
	Sri. Puthusseri kudy Thankappan Santhosh, M/S. Oyester Auto Body	2022 (10) TMI 866
	Shri. Aromal Manoj, M/S. Aromal Autocraft	2023 (7) TMI 522
Madhya Pradesh	Rohan Coach Builders	2019 (7) TMI 41
	Sanghi Brothers (Indore) Private Limited	2019 (7) TMI 45
Punjab	Raj Agro Aids (Pushkar RJ Singh)	2023 (3) TMI 423

Tamil Nadu	Tube Investments of India Ltd.	2020 (10) TMI 768
	TVL Anamallais Engineering (P) Ltd.	2021 (8) TMI 732
	Royal Coach Builders	2023 (1) TMI 975
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151
Goa	Automobile Corporation Of Goa Limited	2018 (10) TMI 1044

- **Conclusion:** In view of the above submissions, the activity undertaken by the Applicant shall be classified under tariff heading 998881 and shall attract GST @ 18%.

ADDITIONAL SUBMISSION

BRIEF FACTS:

1. The Applicant is, inter alia, engaged in the business of "Body Building" by way of fabrication and attachment of Body of various commercial vehicles such as tipper trucks, trailer trucks, body of ambulance, etc.
2. The instant applicant has been filed by the Applicant with respect to its body building operations carried out with respect to the 'Tipper Trucks'.
3. Tipper Trucks are commercial vehicles which are used to carry goods [such as construction materials, garbage, etc.]. A fully built up 'Tipper Truck' will typically consist of chassis, engine, wheels, hydraulic cylinder, tipper body, etc.
4. In respect to the body building operations undertaken for Tipper Trucks, the Applicant receives the chassis provided by its customers on free of cost and returnable basis. At all times, the ownership of the unfinished vehicle remains with Customer. Post receipt of the chassis, the Applicant undertakes the necessary fabrication of the body and attaching the same on the chassis. That apart, the Applicant also mounts and installs 'hydraulic cylinder' to complete the 'tipper body' and thereafter the same is painted as per the requirement of the customers. The fabrication and attachment of the tipper body including hydraulic cylinder to the unfinished vehicle i.e. chassis is commonly referred to as 'Body Building Operations'.
5. With respect to the above said operations, the Applicant procures all the goods required for developing the 'tipper body' on his own account. The Applicant deploys its own experienced manpower and utilises its own machinery in order to carry out the fabrication and attaching the 'tipper body'. In order to develop the 'tipper body', alloy steel sheets, pipes, angles, etc. are cut and bend in respective size to fabricate the body and thereafter adjoined together through the welding process to form a cube shaped tipper body as per the desired specifications along with a hydraulic cylinder.
6. The attachment of the tipper body on/ to the chassis is through a welding process and it also include attachment through usage of nuts and bolts. The above attachment to the chassis is not easily detachable. Thereafter, the Applicant performs the painting job on the 'tipper body'. Post attachment process, the fully built vehicle is dispatched to Customer.
7. The customers of the Applicant include vehicle manufacturing companies such as Tata Motors Ltd. ['Tata Motors'] and in some cases dealers of the vehicles and in few cases even the individual customers.

8. The Applicant charges its consideration for the supply of its services to Tata Motors by raising GST invoice. The Applicant presently treats the supply as supply of 'body' being goods and uses the tariff heading 8707 and discharges GST @ 28% on a conservative basis to avoid any tax dispute.

SUBMISSIONS

A. THE ACTIVITY UNDERTAKEN BY THE APPLICANT WOULD QUALIFY AS 'JOB WORK' AS PER THE PROVISIONS OF SECTION 2 (68) OF THE CGST ACT

- A.1 The term 'job work' is defined in Section 2 (68) of the CGST Act. In view of the definition as contained in the CGST Act, job work can be understood as performance or carrying out of any activity or treatment or work done by one person on the goods, which belongs to another person.
- A.2 In view of the definition under Section 2 (68) of the CGST Act, the essential characteristics or test of job work can be understood as below:
- There is some treatment or process done.
 - The treatment or process is done on goods.
 - The goods must belong to the person other than the person ['principal'] who undertakes the treatment or process.
 - The person who undertakes the treatment or process is the job-worker.
- A.3 In the instant case, the flow of activities undertaken by the Applicant is as under:
- i. Tata Motors has engaged the Applicant for fabrication and attachment of body.
 - ii. The Applicant, on its own account, procures raw materials in order to fabricate a body as per the specifications and requirements of Tata Motors.
 - iii. The Applicant prepares the body by fabricating the steel sheets and other components and undertakes the required finishing operations on the body.
 - iv. Tata Motors provides the chassis on FOC basis under a returnable delivery challan to the Applicant for the attachment of body. Tata Motors continues to be the owner of the chassis and there is no permanent transfer of chassis by Tata Motors to the Applicant.
 - v. The Applicant performs the body building operations by fabricating and thereafter attaching the body on the chassis provided by Tata Motors, by using its labour and machinery, to make a complete and finished vehicle.
 - vi. The finished vehicle is returned back to Tata Motors after completion of the body building operations.
- A.4 From the above, it is clear that the Applicant is performing the body building operations referred above on the chassis belongs to Tata Motors. Fabricating and attaching of tipper body is a specialised process. The Applicant is performing the said activity as per the direction and requirements of Tata Motors and hence, it is clear that the specialised process is carried out on the goods belong to Tata Motors. Therefore, it is submitted that the Applicant is undertaking a **process or treatment** on chassis to complete the Tipper Truck by undertaking various body building operations on the chassis provided by Tata Motors.
- A.5 The Applicant, therefore, duly fulfils all the required conditions to qualify under the purview of "job work" and the same is explained as below:
- The unfinished vehicles are transferred from the premises of Tata Motors to the premises of the Applicant on Free of Cost basis.
 - Hence, the unfinished vehicles which are movable objects clearly qualify as 'goods' under Section 2 (52) of the CGST Act.
 - The ownership of the Chassis remains with Tata Motors at all time.
 - Hence, the activity performed by the Applicant is on goods belonging to another person namely, Tata Motors.
 - The Applicant had engaged its manpower and machinery for carrying out the fabricating, attaching and painting the 'tipper body' on/ to the chassis to convert the

chassis into a complete Tipper Truck. The abovesaid activity qualify as 'process' or 'treatment' done by the Applicant on goods belonging to Tata Motors.

A.6 The Applicant, therefore, submits that the activity performed by the Applicant duly qualify as 'job work' in terms of Section 2 (68) of the CGST Act.

A.7 In this regard, the Applicant also relies upon the clarifications issued by the CBIC as below:

C.B.E.C. Flyer No. 27 dated 01.01.2018

"What is Job work?"

Section 2(68) of the CGST Act, 2017 defines job work as 'any treatment or process undertaken by a person on goods belonging to another registered person'. The one who does the said job would be termed as 'job worker'. The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job-worker is required to carry out the process specified by the principal, on the goods."

A.8 As the Applicant is performing the process which is specified by Tata Motors on the goods of Tata Motors, the present activity qualify as job work in line with the above clarification.

A.9 It is further submitted that merely because the Applicant is using its own goods which are getting consumed in the processing carried out on the goods of Tata Motors would not change the characteristic of the present activity of being a 'job work'. In this regard, the Applicant places reliance upon the clarification issued by the CBIC vide Circular No. 38/12/2018 – GST dated 26.03.2018 'job work', wherein the following was clarified:

"5. Scope / ambit of job work:

Doubts have been raised on the scope of job work and whether any inputs, other than the goods provided by the principal, can be used by the job worker for providing the services of job work. It may be noted that the definition of job work, as contained in clause (68) of section 2 of the CGST Act, entails that the job work is a treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of job work or not would have to be determined on the basis of facts and circumstances of each case. Further, it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work."

...Emphasis Supplied

A.10 In light of the above settled legal principle, the Applicant submits that there is no impediment in the definition of job work that if the job work uses its own purchased goods, then the activity shall not qualify as job work.

A.11 In view of the above submissions, the activities carried out by the Applicant shall be treated as job work within the meaning of Section 2 (68) of the CGST Act.

A.12 The Applicant submits that the scope of job-work and the applicable rate of GST on the body building activity is clarified by the CBIC vide **Circular No. 52/26/2018-GST, dated 09.08.2018** and the relevant extract of the said Circular is as under:

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.

(emphasis supplied)

- A.13 It is submitted that the above said Circular is squarely applicable to the facts of the present case. Therefore, in view of the above said clarification, the body building operations undertaken by the Applicant would amount to provision of job work services. Further, the Hon'ble Authority of Advance Ruling, Rajasthan has followed the above said Circular in the case of *In Re: M/s. Jeet & Jeet Glass and Chemicals Pvt. Ltd. [2021 (48) G. S. T. L. 85 (A. A. R. - GST - Raj.)]*. The Hon'ble Advance Ruling Authority, Rajasthan while dealing with the issue of activity of bullet proof body building held as under:

"The activity carried out by the applicant by making bullet proof body building (in addition to fixing bullet proof windshield glass, bullet proofing of engine and fuel tank) on the motor vehicles (2.5 Ton capacity) of Chapter heading 87 of the Customs Tariff Act, 1975, supplied by the customer (i.e. free supply) having Tarpaulin cover in the cargo compartment, is a supply of Service attracting GST 18% (SGST 9% + CGST 9%)."

(emphasis supplied)

- A.14 The Applicant further submits that the GST Council examined this issue in detail and decided that the job work services in relation to Body Building shall remain unchanged at 18%, thereby clarifying as well as fortifying the position that body building is a job work service to attract 18% GST. The relevant part of the minutes of GST Council Meeting is as below:

"B. In respect of GST Rate on Services, the Council decided as follows:

a. In respect of the Annexure IV of Agenda item 8, recommending changes in the GST rate of the Services or for issuance of clarifications in relation of Services:

i. The Council approved the Fitment Committee recommendations in respect of Sl. No 1 and 2 of the Annexure IV. The Council recommended to reduce rate of GST from 5% to 1.5% on supply of job work services in relation to diamonds and to reduce rate of GST from 18% to 12% on supply of all job work services which are not currently eligible for 5% rate, such as in engineering industry, except supply of job work in relation to bus body building which would remain

at 18%.”

- A.15 Further, there are plethora of Rulings pronounced by the Hon’ble Advance Ruling Authorities of various States holding that the activity of fabricating and attaching body [including tipper body] to the chassis, owned by vehicle manufacturer will qualify as job work service. Gist of the rulings holding this position is as below:

State	Case Name	Citation
Rajasthan	M/S. Jeet & Jeet Glass And Chemicals Pvt. Ltd	2021 (1) TMI 1097
Gujarat	Vasant Fabricators Pvt. Ltd.	2022 (4) TMI 1340
	AB N Dhruv Autocraft (India) Pvt. Ltd.	2020 (9) TMI 689
	Hasmukh Lal Jivanlal Patel	2022 (9) TMI 201
Karnataka	SLN Tech-Fabs (Bengaluru) Pvt. Ltd.	2020 (1) TMI 791
Kerala	New Grand Auto Body Works	2022 (10) TMI 862
	Kondody Autocraft (India) Pvt. Ltd.	2019 (4) TMI 110
	M/s. CC Fabs	2021 (7) TMI 481
	Sri. Puthusseri kudy Thankappan Santhosh, M/S. Oyester Auto Body	2022 (10) TMI 866
	Shri. Aromal Manoj, M/S. Aromal Autocraft	2023 (7) TMI 522
Madhya Pradesh	Rohan Coach Builders	2019 (7) TMI 41
	Sanghi Brothers (Indore) Private Limited	2019 (7) TMI 45
Punjab	Raj Agro Aids (Pushkar RJ Singh)	2023 (3) TMI 423
Tamil Nadu	Tube Investments of India Ltd.	2020 (10) TMI 768
	TVL Anamallais Engineering (P) Ltd.	2021 (8) TMI 732
	Royal Coach Builders	2023 (1) TMI 975
Uttar Pradesh	Adithya Automotive Applications Pvt. Ltd.	2022 (1) TMI 151
Goa	Automobile Corporation of Goa Limited.	2018) TMI 1044

- A.16 In view of the above, the Applicant submits that the legal position is fairly settled in the case of body building operation that such an activity would amount to provision of job work services and accordingly, the Applicant being a job worker shall be liable to pay GST @18%.

B. THE ACTIVITY UNDERTAKEN BY THE APPLICANT WOULD QUALIFY AS 'SUPPLY OF SERVICE' UNDER SECTION 7 (1A) READ WITH PARA 3 OF SCHEDULE-II OF THE CGST ACT

B.1 As explained above, the activities undertaken by the Applicant will amount to provision of job work services. Accordingly, the transaction tantamount to supply of service. Consequently, it shall be classifiable under Chapter Heading 9988 of the Central Tax (Rate) Notification (as amended).

B.2 The Applicant submits that the term 'services' is defined under Section 2 (102) of the CGST Act as anything other than goods. Hence, the definition and scope of 'services' is very wide to include any activity or work performed by any person.

B.3 The Applicant also submits that as per Section 7 (1A) of the CGST Act, certain supplies shall be treated as either 'supply of goods' or 'supply of services' as listed in Schedule II of the CGST Act. The relevant provision reads as below:

"Section 7 (1A) 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."

"Schedule-II

3) Treatment or process

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

B.4 In view of the above entry 3 of Schedule-II, any treatment or process applied on another person's goods shall be deemed as supply of services. The Applicant also relies on the Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 [hereinafter referred to as 'GST Rate Notification'] wherein, the services by way of job work in relation to bus body building has been classified under Heading 9988 [Manufacturing services on physical inputs (goods) owned by others]. The relevant entry reads as below:

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (%)	Condition
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i) (ic) Services by way of <u>job work in relation to bus body building</u> ; Explanation – For the purposes of this entry, the term " <u>bus body building</u> " shall include <u>building of body on chassis of any vehicle falling under chapter 87 in the First Schedule to the Customs Tariff Act, 1975.</u>	9	

Note: The above Explanation was introduced on the basis of 37th GST Council Recommendation and Notified vide Amendment Notification No. 26/2019-Central Tax (Rate) dated 22.11.2019.

B.5 Further, as per the Explanatory Notes to the scheme of classification of "services" issued by the CBIC reads as below:

"9988 Manufacturing services on physical inputs owned by others

The services included under Heading 9988 are performed on physical inputs owned by units other than the units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this Heading covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this Heading is based on the service fee paid, not the value of the goods manufactured.

99888 Transport equipment manufacturing services

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."

- B.6 The above Explanation clarifies that any service which is used in the course of manufacturing of motor vehicles can be classified under the tariff heading 9988. Hence the above Explanation also supports the case of the Applicant that process of fabrication and attaching of tipper body on the chassis of Tata Motors which is used for the manufacture of a fully built vehicle would be treated as a job work service.
- B.7 In view of the above submissions, the activity performed by the Applicant shall be treated as supply of services and more specifically it will amount to job work services.

C. THE ACTIVITIES UNDERTAKEN BY THE APPLICANT SHALL BE CLASSIFIABLE UNDER TARIFF HEADING 998881 AND SHALL CONSEQUENTLY ATTRACT GST @18% ON THE SUPPLY

- C.1 As explained above, it is a well settled position of law that the activity of body building on the chassis owned by principal owner shall be treated as a supply of job work service. Accordingly, the said supply of service shall be appropriately classifiable under its respective chapter heading.
- C.2 In this regard, the Applicant submits that the Applicable rate of GST on supply of services is prescribed under the GST Rate Notification referred above and is dependent upon the tariff classification of the services. As already explained above, the present services of the Applicant clearly fall under the tariff heading 998881. Accordingly, the applicable GST rate as per Sl. No. 26 (i) (ic) of the said services classified under tariff heading 998881 would be 18%.
- C.3 In view of the above submissions, the activity undertaken by the Applicant shall be classified under tariff heading 998881 and shall attract GST @ 18%.

C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Question No 1: In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'job work' as per the provisions of Section 2 (68) of the CGST Act?

Question No 2: In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'supply of service' under Section 7 (1A) read with Para 3 of Schedule-II of the CGST Act?

Question No 3: In view of the above facts and circumstances, what is the tariff classification of the supply made by the Applicant and the applicable rate of GST on the said supply?

D. COMMENTS OF THE JURISDICTIONAL OFFICER: -

Comments received from Assistant Commissioner, DIVISION-H Sector-10, Vidhyadhar Nagar, Jaipur vide letter C. No: V(GST-H)/30/02/Misc Report/01/2024-25/1340 dated 31.12.2024 are as under:

- 1) In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as "job work" as per the provision of Section 2(68) of the CGST Act?
- 2) In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'supply of service' under Section 7(1A) read with Para 3 of Schedule-II to the CGST Act?
- 3) In view of the above facts and circumstances, what is the tariff classification of the supply made by the Applicant and the applicable rate of GST on the said supply?

Point wise comments on the above questions are as follows:-

1) In view the above of facts and circumstances, whether the activity undertaken by the Applicant would qualify as "job work" as per the provision of Section 2(68) of the CGST Act?

- As per 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.
- The concept of job work under the GST regime entails a treatment or process to be carried out on the goods belonging to the principal.

In the instant case, the applicant is using its own goods alongwith bus body fabrication services, hence it is a composite supply which includes supply of goods alongwith the job work services.

2) In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'supply of service' under Section 7(1A) read with Para 3 of Schedule-II to the CGST Act?

- They undertake supply of service of job work by way of building the body over chassis provided by customers and the activity undertaken by them qualifies as a job work and thus in terms of Section 7(1A) read with clause 3 of the Schedule II to the CGST Act, 2017, the same will be deemed to be a supply of service under GST.

As per Section 7(1A)

"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"

SCHEDULE II

ACTIVITIES [OR TRANSACTIONS] TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

(3) Treatment or process

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

In the instant case, the applicant is using its own goods alongwith bus body fabrication services, hence it is a composite supply which includes supply of goods as well as services. Hence, the activity undertaken by the applicant would not qualify as 'supply of service' under Section 7(1A) read with Para 3 of Schedule-II to the CGST Act.

3) What is the tariff classification of the supply made by the Applicant and the applicable rate of GST on the said supply?

Ministry of Finance has issued clarification in Circular No.52/26/2018-GST dated 09.08.2018, regarding applicability of GST on various goods and services. The relevant portion of the Circular stated supra, is as under.

"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 bodybuilding, 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."

The instant case appears to fall under the situation spelt in Para 12.2(a) of the circular cited Supra as goods (which are not consumable) also used for bus body fabrication alongwith the service and therefore 28% GST will be chargeable accordingly.

F. PERSONAL HEARING :

In the matter, personal hearing was granted to the applicant on 13.01.2025 & 19.02.2025. Mr.Sandeep Sachdeva, Advocate and Mr. Jaikishan Gyanchandani authorized representative of the applicant appeared for personal hearing. They reiterated the submission already made by them and submitted additional Submission as stated.

G. DISCUSSIONS AND FINDINGS:

1. In the present case, we find that chassis is provided by Customer to the applicant on Free of Cost [FOC] basis and at all times, the ownership remains with Customer. The scope of the processing to be undertaken by the applicant is to fabricate and attach the tipper body to the chassis. The applicant develops/fabricate body and attached the 'body' with a hydraulic cylinder [together referred as 'tipper body'] and paint the tipper body thereafter.

2. The applicant further submitted that for fabricating the tipper body, they procure the required goods for developing the 'tipper body'. Given the standard and size of the tipper body, the tipper body is developed/fabricated by on the basis of drawing provided by the customer. They have also supplied copy of drawing of the "Body" fabricated by them on the chassis provided by M/s Tata Motors for reference.

3. The applicant also submitted that they procure all the goods required for developing the 'tipper body' on his own account from the approved vendors of the Customer to ensure the quality of goods. In order to develop the 'tipper body', alloy steel sheets, pipes, angles, etc. are cut and bend in respective size to fabricate the body and thereafter adjoined together through the welding process to form a cube shaped tipper body as per the desired specifications along with a hydraulic cylinder.

4. Given the above scenario, the applicant submitted in their view, their process of manufacturing tipper body and mounting on vehicle provided by their customer amounts to job work process and the activity undertaken by them would qualify as 'supply of service' classifiable under SAC 9988- Manufacturing services on physical inputs owned by others, and GST would be charged on the same @18%. They have sought advance ruling on the given supply, as summarized in the following questions:-

Question No 1: In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'job work' as per the provisions of Section 2 (68) of the CGST Act?

Question No 2: In view of the above facts and circumstances, whether the activity undertaken by the Applicant would qualify as 'supply of service' under Section 7 (1A) read with Para 3 of Schedule-II of the CGST Act?

Question No 3: In view of the above facts and circumstances, what is the tariff classification of the supply made by the Applicant and the applicable rate of GST on the said supply?

5. Observations and findings by Member (Central Tax)

5.1 Before proceeding further, I found it is pertinent to discuss 'job work' process, which is defined in Section 2 (68) of the CGST Act, as below:

"Section 2 (68) "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."

5.2 Further, the CBIC vide Circular No. 38/12/2018 – GST dated 26.03.2018 clarified scope/ambit of job work, as per below:

"5. Scope / ambit of job work:

Doubts have been raised on the scope of job work and whether any inputs, other than the goods provided by the principal, can be used by the job worker for providing the services of job 3 work. It may be noted that the definition of job work, as contained in clause (68) of section 2 of the CGST Act, entails that the job work is a treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of job work or not would have to be determined on the basis of facts and circumstances of each case. Further, it is clarified

that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work."

5.3 In view of the given definition of 'job work', any process undertaken by a person on the goods belonging to another registered person comes under the ambit of 'job work'. In the case of the applicant, the vehicle belongs to Principal user, the applicant manufactures a tipper body and mounts the same on the chassis provided by the Principal. The process of job work includes any process or treatment and in addition to the goods provided by the Principal, the job worker can use his own goods to providing the job work services.

5.4 Here, the applicant has submitted that the Tipper consisting chassis, wheel and engine are provided to them by their customer i.e. Tata Motors Ltd. I find that the 'job work' is restricted to process on goods belonging to another registered user and in the instant case, as submitted by the applicant, their customer is Tata Motors Ltd, which must be a GST registered person.

5.5 The sub-section 1A of Section 7 of the CGST Act, 2017 provides the scope of supply differentiating supply of goods and services as follow as:-

(1A) 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.

5.6 Further, Schedule II provides the list of activities or transactions to be treated as supply of goods or supply of services. The para 3 of the Schedule II provides that,-

(3) Treatment or process

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

In the instant case, the applicant is undertaking process or treatment on goods belonging to another person, therefore, the activities undertaken by the applicant are clearly falls under scope of 'supply of services'.

5.7 I find that the classification and rate of tax to be charged on activity of bus body building has been clarified by the CBIC vide Circular No. 52/26/2018-GST, dated 09.08.2018 and the relevant extract of the said Circular is as under:

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.

The applicant has submitted that the ownership of the chassis always remained with their customer, in no case the ownership comes to the applicant. Thus, I find that in light of the CBIC Circular No. 52/26/2018-GST, dated 09.08.2018, when the chassis is owned by someone else, Bus Body Building activity would classify as service and would attract GST @ 18%.

5.8 This finding is also in line with the FAQ published by the CBIC. The answer to Question No. 27 in the FAQs published by CBIC in the 3rd edition dated 15.12.2018 reads as under:-

Q 27. 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.

5.9 Once, I find that the process undertaken by the applicant amounts to job work and fit for classifiable under 'supply of services', now coming to classification of services, the Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 provides that the services by way of job work in relation to bus body building has been classified under Heading 9988 [Manufacturing services on physical inputs (goods) owned by others]. Further vide Notification No. 26/2019-CT(Rate) dated 22.11.2019, an explanation was inserted to the entry Heading 9988 [Manufacturing services on physical inputs (goods) owned by others], so that "Bus body building" covers building of body on chassis of any vehicle falling under chapter 87. The relevant entry reads as below:

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (%)	Condition
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i) (ic) Services by way of job work in relation to bus body building; 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.	9	

5.10 In view of the above, building a body on chassis of a truck also covered under Bus Body Building and thus I find that the services of fabrication of body on chassis provided by their Customer is rightly covered under Heading 9988 [Manufacturing services on physical inputs (goods) owned by others], which attract tax rate of 18%.

6. Observations and findings by Member (State Tax)

6.1 Now, before the above questions are to be decided in the instant case, it is pertinent to know whether the activity of the bus body builder, in which fabrication/mounting of bus body on the chassis supplied by the applicant amounts to supply of goods or supply of services. In this regard, CBIC vide Circular No. 34/8/2018-GST, dated 1-3-2018, has clarified the matter. The relevant portion of the circular is as under:

S. No.	Issue	Clarification
1.	Whether activity of bus body building, is 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.

6.2 In view of the aforesaid clarification issued by the CBIC, to find out the supply of goods and supply of services in the present case, on the basis of facts and circumstances of the present case, we need to observe the definition of composite supply and principal supply as defined under the CGST/SGST Act, 2017.

Composite supply has been defined under Section 2(30) of the CGST/SGST Act, 2017, as under:

"composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods and services or both, or any 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;

From the above definition, it is clear that in the present case there is a composite supply of goods i.e. tipper-body along with hydraulic-cylinder and supply of services i.e. fabrication/mounting of tipper body on the chassis supplied by the customer. Now, classification of this composite supply, as goods or service would depend on which supply is the principal supply which is to be determined on the basis of facts and circumstances of the present case.

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

"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;

From the above definition of principal supply, it is clear that in the present case there is a principal supply of goods or services which constitutes the predominant element of a composite supply. The predominant element of the composite supply is to be determined on the basis of facts and circumstances of the present case.

Now, classification of this composite supply, as goods or service would depend on which supply is the principal supply which is also to be determined on the basis of facts and circumstances of the present case.

6.4 Further, the tax liability on composite supply has been determined under Section 8 of the CGST/SGST Act, 2017, as under:

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:-

- (a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and*
- (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.*

It means, in the present case, there is composite supply of goods and services. One of which is a principal supply. And the tax liability of such principal supply will be the tax liability of the composite supply.

6.5 Now, in the present case, I find that chassis is provided by Customer to the applicant on Free of Cost [FOC] basis and at all times, the ownership remains with Customer. The scope of the processing to be undertaken by the applicant is to fabricate and attach the tipper body to the chassis. The applicant develops/fabricates body and attaches the 'body' with a hydraulic cylinder [together referred as 'tipper body'] and paints the tipper body thereafter.

I also found that the applicant submitted that for fabricating the tipper body, they procure the required goods for developing the 'tipper body'. Given the standard and size of the tipper body, the tipper body is developed/fabricated by on the basis of drawing provided by the customer. They have also supplied copy of drawing of the "Body" fabricated by them on the chassis provided by M/s Tata Motors for reference.

The applicant also submitted that they procure all the goods required for developing the 'tipper body' on his own account from the approved vendors of the Customer to ensure the quality of goods. In order to develop the 'tipper body', alloy steel sheets, pipes, angles, etc. are cut and bend in respective size to fabricate the body and thereafter adjoined together through the welding process to form a cube shaped tipper body as per the desired specifications along with a hydraulic cylinder.

6.6 The applicant submitted that the activity of mounting of tipper body on chassis (not owned by body builder) shall be classified as supply of services in terms of Circular No. 52/26/2018-GST dated 9th August, 2018, attracting tax at the rate of 18% as prescribed under the HSN 9988.

6.7 It will be relevant to go through carefully the CBIC Circular No. 52/26/2018-GST dated 9th August, 2018, relevant para 12 is reproduced here:

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 be classification as service, and 18% GST as applicable will be charged accordingly.

It will also be pertinent to have look on the FAQ published by the CBIC. The answer to Question No. 27 in the FAQs published by CBIC in the 3rd edition dated 15.12.2018 reads as under:-

Q 27. 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.

It will also be pertinent to have a deep look into the additional submission made by applicant at the time of hearing. Para 3 of brief facts of the same is reproduced for ready reference:

The Applicant is, inter alia, engaged in the business of "Body Building" by way of fabrication and attachment of Body of various commercial vehicles such as tipper trucks, trailer trucks, body of ambulance, etc.

From the above, it is clear that Circular dated 09.08.2018 reproduced above in para 12(2)(b) deals with **body builds on chasis**. Further, in answer of question no. 27 contains in FAQ published by the CBIC in the 3rd addition dated 15.12.2018 which dealt with 'building of body **on the chasis**' irrespective of ownership. Whereas applicant is engaged in the business of "body building" by way of **fabrication and attachment**.

It is clear that business of applicant i.e. the fabrication and attachment of tipper body is neither covered under para 12(2)(b) of circular dated 09.08.2018 nor covered by answer to question no. 27 of FAQ dated 15.12.2018.

The invoice used to be issued by the applicant to M/s TATA Motors Ltd. also mentioned in the invoice attached in annexure 6 in the application supply as supply of goods, it also mentioned product code as 51580538000RBPF4.

The nature of the transactions and classification of supply is correctly understood by the applicant as supply of goods i.e. motor body and being charged @ 28%.

6.8 Here, I differ from the view of respected member Central tax in the instant case, it is the chassis which is supplied by the customer and in fact no treatment or process is undertaken by the applicant (i.e. tipper body builder) on the chassis itself, except fabrication/mounting of tipper body on the same. At the same time, applicant involves use of raw materials/inputs etc for manufacture/fabrication/mounting of tipper body and the cost of these inputs etc., do form the part of value which is being charged by the applicant from the customer.

Thus, it emerges that the customer whether a dealer or an agent is providing only chassis. All inputs/materials required for fabrication of tipper body, has to be used by the applicant (i.e. tipper body builder) from its own account. Under such situation, it is the tipper-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 tipper body and the activity of fitting/fabrication/mounting of tipper body on chassis is an ancillary activity to the principal activity of supply of tipper-body. Hence, in terms of the clarification issued by the CBIC vide Circular No.34/8/2018-GST dated 1-3-2018, the impugned activity is a composite supply, with principal supply being supply of tipper-body.

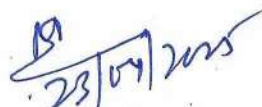
6.9 In view of the above, I found that the activity of mounting/fabrication of tipper body by the applicant on the chassis provided by the customer is a composite supply. The principal supply of goods i.e. tipper body is classifiable under chapter heading 8707 attracting tax rate of 28%.

6.10 I observe that the applicant has relied upon catena of judgement holding that the activity of fabricating and attaching body to the chassis, owned by vehicle manufacturer qualify as job-work service attracting GST rate @18%. However, in the present case there is a composite supply of goods (i.e. chassis) and supply of services (i.e. fabrication/mounting of tipper body on the chassis supplied by the customer).

In light of the discussions and findings above, following order is passed:

ORDER

Since both members of this authority have divergent views on the application filed by the applicant, the matter is referred to Appellate Authority, Jaipur in terms of Section 98(5) of the CGST Act, 2017.


(Mahipal Singh)
MEMBER
CENTRAL TAX




(Dr. Akhedan Charan)
MEMBER
STATE TAX

F. No. AAR/SF/2025-26/ 36-41

Date: 28/04/2025

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Copy to: -

1. The Pr. Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Pr. Commissioner, CGST and Central Excise Commissionerate, Jaipur, NCRB, Statue Circle, Jaipur, Rajasthan.
4. The Deputy/Assistant Commissioner, Division-H, Sector-10, Vidhyadhar Nagar, Jaipur.
5. The Deputy/Assistant Commissioner, State Tax Department, Circle - Tonk, JAIPUR-2nd, Divisional Kar Bhawan, Jhalana Dungari, Jaipur.

O/C