

ARPIJAY FABRICATORS PVT. LTD.

Authority for Advance Ruling — Madhya Pradesh

04/2018

Dated 30.06.2018

Q Questions Before the Authority

- Whether the supply made by us is to classified as supply of goods or supply of services?
- What would be the appropriate classification and applicable rate of tax for the above transaction?

F Facts

The applicant is engaged in the business of building bodies on vehicle chassis supplied by its principals on a job-work basis, using its own materials during the process. The applicant contended that the activity constitutes a job-work service. It sought an advance ruling to clarify whether the transaction is a supply of goods or supply of services, and the applicable classification and GST rate.

H Ruling

Classification as goods or services supply	Composite Supply	Carried out on chassis supplied by the principal in the capacity of a job worker
Classification and rate of tax	Chapter 87 if goods predominate, or Heading 9988 if service predominates	Determined by predominant component under Section 8(a); no specific rate fixed due to lack of complete information

The AAR held that the body building activity carried out on chassis supplied by the principal constitutes a **composite supply**. The tax liability and rate on such composite supply are determined by the **predominant component** under Section 8(a); if goods predominate, it falls under Chapter 87, and if service predominates, it falls under Heading 9988. However, due to incomplete technical details provided by the applicant, no definitive rate of tax was fixed.

R Reasoning

Relying on Circular No. 34/08/2018-GST dated 01.03.2018 and Section 2(30) of the CGST Act, 2017, the AAR observed that body building using applicant's materials on a customer's chassis is a composite supply. Under Section 8(a) and Section 2(90), the tax treatment is dictated by the principal supply, which depends on whether the goods or service component predominates. The authority rejected the applicant's argument that the 'predominant intention' of the buyer determines classification, as the statute only looks at the predominant component of the supply. Since the applicant did not provide specific cost/component breakdowns, the authority declined to give a definitive classification or rate.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 2(90) of the CGST Act, 2017

Section 8(a) of the CGST Act, 2017

Section 97(2) of the CGST Act, 2017

Circular No. 34/08/2018-GST dated 01.03.2018

Chapter 87 of the Tariff

Heading 9988

! For the Practitioner

The ruling confirms that vehicle body building on customer-supplied chassis is a **composite supply** where taxability depends on the predominant component under Section 8(a) (Chapter 87 vs Heading 9988). It explicitly rejects the 'buyer's intention' test for classification and underscores that applicants must present detailed cost and material breakdowns to receive a specific GST rate ruling.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [order_arpijay_fabricators_private_limited.pdf](#)

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