M/s Gupta Steel Udyog, Opposite Gagan Feeds, Khanna-141401 (GSTIN 03AAJFG0841N1ZF)

Authority for Advance Ruling — Punjab

Order No. AAR/GST/PB/007, dated 21/08/2019 (ruling communicated und… Dated **21.08.2019**

Q Questions Before the Authority

- Whether GST is applicable on the job work charges charged for manufacturing of Poultry Feed / Cattle Feed on job work basis?

F Facts

The applicant is a registered job worker that manufactures cattle feed and poultry feed. The principal manufacturer supplies all raw materials (rice bran, grains, cakes, molasses, de-oiled cakes and similar inputs) and the applicant grinds, mixes, steams and pelletises them, then packs the finished feed in HDPE bags and returns it to the principal, who sells it in the market. The applicant receives job work charges for this service, and the finished feed is itself tax-free.

H Ruling

GST on job work charges for manufacturing cattle feed / poultry feed on job work basis	**Yes. GST at 5% (CGST 2.5% + SGST 2.5%), heading 9988**	Not the NIL rate claimed under S.No. 24 (support services). The applicant as job worker alone bears the tax on the job work charges. The rate applies under S.No. 26(g) of Notification 11/2017-CT(Rate), as amended.

The activity of manufacturing cattle feed or poultry feed on job work basis is **not** 'support services to agriculture, forestry, fishing, animal husbandry' under S.No. 24 of Notification No. 11/2017-Central Tax (Rate). The activity falls under heading 9988 and **attracts GST at 5% (CGST 2.5% + SGST 2.5%)** , under S.No. 26(g) of the same notification.

R Reasoning

The authority held that the processing of goods belonging to the principal is job work under Section 2(68) and a supply of services under Section 7(1) read with Para 3 of Schedule II. It found that the phrase 'intermediate production process as job work in relation to cultivation of plants and rearing of animals' in S.No. 24 covers support services of the animal husbandry kind (such as shearing, herd care and pet grooming), not manufacturing of feed. Heading 9988 covers manufacturing services on goods owned by others, and SAC 998817 specifically covers prepared animal feed manufacturing services. The applicant therefore falls within S.No. 26(g) at 5%.

P Provisions Relied On

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Section 7(1) of the CGST Act, 2017 (definition of supply)

Section 2(68) of the CGST Act, 2017 (definition of job work)

Schedule II, Para 3 of the CGST Act, 2017

Section 97(2)(a) and (b) of the CGST Act and PGST Act, 2017 (scope of advance ruling)

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended, S.No. 24 (heading 9986, support services) and S…

Heading 9986 and sub-heading 998612 (animal husbandry services), as discussed

SAC 998817 (prepared animal feeds manufacturing services) under heading 9988, as discussed

! For the Practitioner

The order is useful for job workers making cattle or poultry feed for principals. It settles that such job work is not a NIL-rated support service and attracts 5% GST under S.No. 26(g) and heading 9988. It does not decide the position for other agricultural or animal-related processing, for the principal's own supply, or for any input tax credit consequences. The order is appealable under Section 99 and Section 100 of the CGST and PGST Acts within thirty days, as its header states, so the position should be checked for any appeal before it is relied on.

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 -> pb_aar_07_2019_gupta_steel_21.08.2019.pdf

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