

M/s. Inox Air Products Pvt. Ltd.

Authority for Advance Ruling — Gujarat

GUJ/GAAR/R/2018/7

Dated 21.03.2018

Q Questions Before the Authority

- Whether the activity undertaken by the applicant amounts to “Job Work” as defined under Section 2(68) of the Central Goods and Services Tax Act, 2017?
- What is the value on which the applicant is liable to pay GST?

F Facts

The applicant operates an air separation plant on land provided by M/s. Essar Steel India Limited to manufacture industrial gases (Oxygen, Nitrogen, and Argon). M/s. Essar provides electricity, industrial water, and the designated land free of cost, and the resulting gases are captively consumed by M/s. Essar. The applicant sought a ruling on whether this arrangement constitutes job work and the appropriate valuation for GST purposes.

H Ruling

Classification of activity as Job Work	Yes, the activity falls under the definition of Job Work	Based on the processing of goods belonging to another registered person
Valuation for GST	Transaction value under Section 15(1)	The value is the price actually paid or payable as Job Charges

The Authority ruled that the applicant's activity of manufacturing industrial gases from inputs provided by the principal qualifies as **Job Work** under the GST Acts. Consequently, the applicant is liable to pay GST on the **transaction value** of the supply, which is the job work charges paid by the principal.

R Reasoning

The Authority determined that the inputs (electricity, water, and atmospheric air) qualify as goods and that the applicant is performing a process on goods belonging to another registered person, satisfying the definition of **Job Work** under Section 2(68). It rejected the argument that the transaction required valuation under Chapter IV of the CGST Rules, finding that the applicant and M/s. Essar are not related persons. Therefore, the **transaction value** under Section 15(1) of the CGST Act, 2017, which is the job work charges, is the correct basis for tax liability.

P Provisions Relied On

Section 2(68) of the CGST Act, 2017

Section 2(52) of the CGST Act, 2017

Section 15(1) of the CGST Act, 2017

Section 15(4) of the CGST Act, 2017

Section 7(1)(d) of the CGST Act, 2017

Entry 3 of Schedule II of the CGST Act, 2017

! For the Practitioner

This ruling confirms that captive manufacturing arrangements where the principal provides essential inputs and land can qualify as **Job Work** under GST. It provides clarity for industrial gas suppliers operating within a principal's premises that they may charge GST only on the **job work charges** rather than the full value of the goods, provided the parties are not related.

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 -> guj-2018-7 dt 21-03-18 inox air products.pdf

Prepared 16-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com