M/s SLN Tech-Fabs(Bengaluru) Pvt. Ltd.

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 02 / 2020, Date: 07-01-2020 Dated **07.01.2020**

Q Questions Before the Authority

- Presently the applicant charges GST at 28% (CGST 14% + SGST 14%) under Sl.No. 169 of Schedule IV to Notification No. 1/2017-CT(R) dated 28.06.2017. Is this correct?
- Can the applicant use SAC 998881 under Sl.No. 535 of the Annexure to Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017?
- Can the applicant start charging GST at 12% (CGST 6% + SGST 6%) under Sl.No. (i)(a)(vi)(n)(id) of Notification No. 20/2019-Central Tax (Rate) dated 30.09.2019? (Entry number partly illegible on the scan.)

F Facts

The applicant is a private limited company in the transport solutions business, fabricating and building truck bodies under the trademark SLN DIAMOND. Its products include tippers, trailers, containers and tankers, built on chassis supplied by the principal and not on account of a body builder. The applicant currently charges 28% GST, treating the supply as goods, although its invoices describe the activity as fabrication of body building on the vehicle. It relies on CBIC Circular No. 52/26/2018-GST dated 09.08.2018, which treats bus body building on the principal's chassis as a service at 18%.

H Ruling

Whether 28% GST (CGST 14% + SGST 14%) under Sl.No. 169 of Schedule IV to Notification 1/2017-CT(R) is correct	**Correct, if the activity is treated as supply of goods falling under Chapter heading 8707**	The answer is conditional. The Authority found the applicant's activity is akin to job-work bus body building, which is treated as a service.
Whether SAC 998881 may be used under Sl.No. 535 of the Annexure to Notification 11/2017-CT(R)	**Yes. The fabrication of body building on tippers, trailers etc. merits classification under SAC 998881 (motor vehicle and trailer manufacturing services)**	Based on the explanatory notes to the Scheme of Classification of Services, which follow the UNCPC notes.

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

Whether GST at 12% (CGST 6% + SGST 6%) may be charged under Notification 20/2019-CT(R)	**No. The applicant can charge GST at 18% (CGST 9% + SGST 9%) under Sl.No. (i)(ic) of Notification 11/2017-CT(R), as amended by Notification 20/2019-CT(R)**	The applicant had wrongly identified the entry as 12%. The explanation under Notification 26/2019-CT(R) applies, provided the vehicle falls under Chapter 87 of the Customs Tariff Act, 1975. The order gives the date of that notification as 22.11.2019 in one place and 21.11.2019 in the ruling.

The Authority held that charging 28% GST is correct only if the activity is treated as a supply of goods under heading 8707. It held that the fabrication of body building on tippers, trailers etc. merits classification under SAC 998881. It held that the applicant's activity is a job-work service of bus body building attracting 18% GST (9% CGST and 9% SGST), not the 12% rate the applicant had identified.

R Reasoning

The Authority treated the questions as turning on whether the applicant's body-building work is akin to the bus body-building job work described in Circular 52/26/2018-GST, paras 12.1, 12.2(b) and 12.3. It found the conditions met: the body is built on the principal's chassis and the applicant charges fabrication charges. It relied on the explanation inserted into Sl.No. 26 by Notification 26/2019-CT(R), which brings bus body building on any Chapter 87 vehicle chassis within the service entry. It also noted that the 12% entry claimed by the applicant does not cover this work, which is carved out under the (i)(ic) entry at 18%.

P Provisions Relied On

- Section 97 of the CGST Act, 2017 and corresponding KGST Act, 2017 (advance ruling application)
- Section 98(4) of the CGST Act, 2017 and KGST Act, 2017 (order)
- Rule 104 of the CGST Rules, 2017 and KGST Rules, 2017 (Form GST ARA-01)
- Section 11(3) of the CGST Act, 2017
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Schedule IV, Sl.No. 169
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, Sl.No. 26 and Sl.No. 535 of the Annexure, entry (i)(ic)
- Notification No. 20/2019-Central Tax (Rate) dated 30.09.2019
- Notification No. 26/2019-Central Tax (Rate) dated 22.11.2019 (explanation to bus body building entry; ruling refers to 21.11.2…
- CBIC Circular No. 52/26/2018-GST dated 09.08.2018, paras 12.1, 12.2(b) and 12.3
- Chapter 87 of the First Schedule to the Customs Tariff Act, 1975
- Chapter heading 8707

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! For the Practitioner

A practitioner advising truck, trailer, container or tanker body builders working on customer-supplied chassis can use this order to support 18% GST and SAC 998881 for that job work. It also shows that the 12% entry does not apply to this activity. The order does not decide the rate where the applicant supplies the chassis itself or where the vehicle falls outside Chapter 87. Its effect is limited to the applicant, so the reader should check the full order for the facts on which the conclusion depends.

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 -> aar-02-dated_10-01-2020_sln_tech_fab.pdf

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