

M/s. Sanghi Brothers (Indore) Private Limited

Authority for Advance Ruling — Madhya Pradesh

Order Number 06/2019 dated 03/05/2019

Q Questions Before the Authority

- Whether mounting of Bus/ Truck /Ambulance Body by the job worker on the chassis supplied by the principle for which the job worker charged fabrication charges including cost of certain material that was consumed during the process of job work would amount composite supply in which supply of service being principal supply therefore on the basis of provision of Sec. 8(a) of the CGST Act the same should be classified as supply of service under HSN 9988

F Facts

The applicant is engaged in the trading of motor vehicles and provides chassis to job workers for the fabrication and mounting of bus, truck, or ambulance bodies. The job worker procures necessary materials and performs the fabrication work on the chassis, which remains the property of the applicant throughout the process. The applicant sought a ruling on whether this activity constitutes a composite supply of services taxable under HSN 9988.

H Ruling

Classification and taxability of body building on chassis supplied by principal

Classified as supply of service under SAC 99881, taxable at 18% (9% CGST + 9% SGST)

Applicable where the chassis is supplied by the principal and the job worker charges fabrication fees including materials consumed

The Authority ruled that the activity of mounting a body on a chassis supplied by the principal constitutes a supply of services. It is classified under SAC 99881 as manufacturing services on physical inputs owned by others. The activity is taxable at 18% GST.

R Reasoning

The Authority relied on the definition of job work under the CGST Act and the clarification provided in Circular No. 52/26/2018-GST. It determined that since the ownership of the chassis remains with the principal, the activity qualifies as a job work service rather than a supply of goods. Consequently, under Section 8(a) of the CGST Act, the service component is the principal supply. The ruling confirms that such fabrication work is **taxable as a service** at the rate of 18%.

P Provisions Relied On

Section 97(2) of CGST/SGST Act, 2017

Section 98 of CGST/SGST Act, 2017

Section 2(68) of CGST Act

Section 2(30) of CGST Act

Section 8(a) of CGST Act

Section 143 of CGST Act

Circular No. 52/26/2018-GST

Circular No. 34/8/2018-GST

! For the Practitioner

This ruling provides clarity for motor vehicle dealers and body builders that body fabrication on a principal-supplied chassis is a **service-based supply** taxable at 18%. It distinguishes this from the supply of a complete vehicle, which attracts 28%. Practitioners can use this to justify the 18% rate for job work arrangements, provided the ownership of the chassis does not transfer to the job worker.

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 -> mp-06-2019-sanghi brothers indore pl.pdf

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