Ratan Projects & Engineering Co Private Limited

Authority for Advance Ruling — Tamil Nadu

49/WBAAR/2018-19 Dated **27.02.2019**

Q Questions Before the Authority

- Whether dispatch of furnace oil, zinc and nickel sent to a job worker for galvanising is to be treated as a supply from the principal to the job worker if those consumables are not returned within the time allowed under section 143(1)(a) of the GST Act.
- Whether return of the galvanised steel structures to the applicant satisfies the condition of receiving back the inputs under section 143(1)(a).

F Facts

The applicant manufactures cable trays, angle ladder trays and similar products mainly used for electrical works. It sends steel structures to a job worker for galvanising, along with furnace oil, zinc and nickel to be consumed in the process. The galvanised structures are returned, but the consumables are not returned in their original physical form.

H Ruling

Whether return of the galvanised goods satisfies the receipt-back condition under section 143(1)(a)	**Yes. Return of the galvanised goods to the applicant satisfies the condition of receiving back the inputs.**	The Authority treated galvanised goods as intermediate goods within the Explanation to section 143, so the inputs exhausted in making them need not be physically returned.
Whether furnace oil, zinc and similar consumables not returned physically are to be treated as supply under section 143(3)	**No. They should not be treated as supply under section 143(3).**	This applies **provided they have been entirely used up** in the process of galvanising. Whether full consumption occurred is a question of evidence and records, which the Authority did not decide.

The Authority held that return of the galvanised goods satisfies the requirement of receiving back the inputs under section 143(1)(a). It further held that the furnace oil, zinc and similar consumables, being inseparable from the galvanised goods, are not to be treated as a supply under section 143(3), provided they have been **entirely used up** in the galvanising process.

R Reasoning

The Authority treated galvanising as an intermediate stage in the applicant's manufacturing, performed by a job worker under the job-work definition in section 2(68). Relying on the Explanation to section 143, it read 'inputs' to include intermediate goods in which inputs exhausted in their manufacture are embedded, attached or consumed. It therefore held that the zinc, furnace oil and nickel used up in galvanising need not be physically returned. It also

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

relied on the CESTAT Kolkata decision in Rahee Infratech Ltd [2016 (339) ELT 293 Tri-Kolkata], which, in a Cenvat credit context, rejected the requirement that exhausted zinc be physically returned.

P Provisions Relied On

- Section 2(68) of the GST Act (definition of job work)
- Section 143(1)(a) of the GST Act (return of inputs sent to job worker)
- Section 143(3) of the GST Act (goods not returned treated as supply)
- Explanation to Section 143 of the GST Act (meaning of inputs, including intermediate goods)
- Section 97(2)(g) of the GST Act (admissibility of advance ruling)
- Section 103 of the GST Act (binding effect of ruling)
- Section 104(1) of the GST Act (ruling declared void)
- Rahee Infratech Ltd [2016 (339) ELT 293 Tri-Kolkata] (CESTAT Kolkata, persuasive authority cited)

! For the Practitioner

This ruling helps job-work principals who send consumables such as zinc, furnace oil or nickel to galvanisers, because consumables fully exhausted in galvanising need not be physically returned to avoid a section 143(3) supply. It does not decide how to establish full consumption, which remains a question of evidence and records, and it is not binding beyond this applicant. The listing gave the applicant as 'Value Max Polyplast' and the order as 'TN/10/AAR/2019 dated 27.02.2019', but the document is a West Bengal ruling in favour of Ratan Projects & Engineering Co Private Limited, so the listing should be checked before citing it.

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_->_wb_49_2018-19_rpecpl_0.pdf

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