



**KERALA AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX DEPARTMENT
TAX TOWER, THIRUVANANTHAPURAM**

BEFORE THE AUTHORITY OF: Shri. S. Anilkumar, IRS &

: Shri. B.S. Thyagarajababu B.Sc, LL.M

Legal Name of the applicant	M/s. Estera Polymers
GSTIN	32AADFE8490R1ZT
Address	XVI 179, 179A, 179B, Development Plot, Vaikom, Kottayam District - 686141.
Advance Ruling sought for	Whether mixing of rubber compound on the materials supplied by the principal and returning the finished products to the principal will come under Sl.No.26(i)(b) of Notification 11/2017 (Central Tax (Rate)) and SRO.No.370/2017.
Date of Personal Hearing	01.03.2019
Authorized Representative	R. Krishna Iyer & Co., CA

ADVANCE RULING No. KER/35/2019 Dt.01.03.2019

The petitioner is a manufacture and supplier of Rubber backed mats and mattings for laying on the floor. They also supply rubber backed mats and mattings on job work for which the materials including moulds supplied by the principal. For executing job works, the petitioner procure Rubber, Reclaimed Rubber, Tyre / Rubber Waste Powder, China Clay Powder, Process Oil, Rubber Chemicals and other consumables from registered dealers.

The materials like textile, carpets, coir etc. are supplied by the principal for executing job works along with moulds in the required designs. The petitioner cut the materials in desired size and mixing the material with molten rubber compound. Accordingly, the molten rubber compound and textile/coir materials are fused / vulcanized perfectly with the aid of hydraulic

press. Thereafter, the edges are cut for finishing and the finished product like rubber backend mat of coir, polypropylene or felt will be delivered to the principal.

The petitioner requested advance ruling on the activities like, mixing of rubber compound on the materials supplied by the principal and returning the finished products to the principal will come under Sl.No.26(i)(b) of Notification 11/2017 (Central Tax (Rate)) and SRO.No.370/2017.

The authorized representative was heard. It is stated that manufacturing services on physical inputs owned by others is treated as service by way of job work. As such this services are covered under SAC 9988. Textiles and textile products falling under Chapter 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 are taxable @5% GST. The coir fibre supplied by the Principal comes under HSN 5305. Therefore the job work services applied on such goods squarely come under Sl.No.26 (i)(b) of Notification 11/2017.

The matter was analyzed in detail. Any treatment or process undertaken by a person on the goods belonging to another registered person is a jobwork as defined in clause (68) of Section 2 of the CGST/SGST Act. As per the Circular No.38/12/2018 Dt.26-03-2018 issued by CBEC, it is clarified that, in addition to the goods received from the principal, the job worker can use his own goods for providing the services of job work. The services are performed on physical inputs owned by units other than units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Under job work services, the output is not owned by the unit providing this service. Therefore, the value of the services is based on the service charge paid, not the value of the goods manufactured. The job worker, as a supplier of services, is liable to pay GST if he is liable to be registered. He shall issue an invoice at the time of supply of the services. The value of services would include not only the service charges but also the value of any goods or services used by him for supplying the job work services, if recovered from the principal.


The materials supplied for execution of job work are falling under Chapter 50 to 63 in the First Schedule to the Customs Tariff Act, 1975. The materials like textile, carpets, coir etc. are supplied by the principal for executing job works along with moulds in the required designs. All the raw materials supplied by the principal are covered under Chapter 50 to 63 of the Customs

Tariff Act, 1975. Therefore the job work services applied on such goods are squarely come under Sl.No.26(i)(b) of Notification 11/2017 and taxable @ 5% GST.

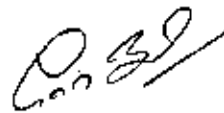
In view of the observations stated above, the following rulings are issued:

Whether Mixing of rubber compound on the materials supplied by the principal and returning the finished products to the principal will come under Sl.No.26(i)(b) of Notification 11/2017 (Central Tax (Rate)) and SRO.No.370/2017?

Mixing of rubber compound on the materials supplied by the principal and returning the finished products such as rubber backed mats and mattings to the principal constitute supply of job work services and the job work services applied on such goods are squarely come under Sl.No.26(i)(b) of Notification 11/2017 (Central Tax (Rate)) and SRO.No. 370/2017.



S. Anilkumar, IRS
Additional Commissioner of Central Tax
MEMBER



B.S. Thyagarajababu, B.Sc, LL.M
Joint Commissioner of State Tax
MEMBER

To

M/s. Estera Polymers,
XVI 179, 179A, 179B,
Development Plot,
Vaikom - 686141,
Kottayam District.

