
	KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM	KERALA  <small>Slate Goods & Services Tax</small>
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BEFORE THE AUTHORITY OF: Dr. S.L. Sreeparvathy, IRS &
Shri Abraham Renn S., IRS

Legal Name of the applicant	Shri. AROMAL MANOJ, M/s.AROMAL AUTOCRAFT
GSTIN	32BTAPA8613F2ZA
Address	SPII/17,Panapetty, Poruvazhy – P.O., Kollam, Kerala – 690520.
Advance Ruling sought for	i) Whether the treatment or process of body building by fabrication and other processes carried out on the chassis of a motor vehicle owned by others is the supply of service? ii) If the above-stated activity of body building is considered as a supply of service in terms of the description given in paragraph 3 of Schedule II of the CGST Act, 2017 what will be the rate of GST applicable to such service? iii) What will be the service code (tariff) for the above-stated activity of body building carried out on another person's chassis of the motor vehicle? iv) If the above-stated activity of body building is not considered as a supply of services, what will be the nature of



	<p>this supply, tariff code, and rate of GST for such supply?</p> <p>v) What would be the classification and applicable rate of tax for the activity of an accident repairing job on the vehicle supplied by the owner for such job if a lump sum price is charged that includes cost of material and labour?</p>
Date of Personal Hearing	20/07/2022
Authorized Representative	Mr. Chenicheri Thazhath Veedu Jobish

ADVANCE RULING No.KER/04/2023 Dated 02-03-2023

1. Mr Aromal Manoj proprietor of M/s. AromalAutocraft (hereinafter referred to as the applicant) is engaged in bodybuilding on the chassis given by the customers on a job-work basis.

2. At the outset, it is clarified that the provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act) and the Kerala State Goods and Services Tax Act, 2017 (hereinafter referred to as KSGST Act) are the same except for certain provisions. Accordingly, a reference hereinafter to the provisions of the CGST Act, Rules and the notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules, and the notifications issued there under.

3. **The applicant requested an advance ruling on the following:**

3.1. Whether the treatment or process of bodybuilding by fabrication and other processes carried out on chassis of motor vehicles owned by others is a supply of service?



3.2. If the above-stated activity of bodybuilding is considered as a supply of service in terms of the description given in paragraph 3 of Schedule II of the CGST Act, 2017 what will be the rate of GST applicable on such service?

3.3. What will be the service code (tariff) for the above-stated activity of bodybuilding carried out on another person's chassis of the motor vehicle?

3.4. If the above-stated activity of bodybuilding is not considered as a supply of services, what will be the nature of this supply, tariff code, and rate of GST for such supply?

3.5. What would be the classification and applicable rate of tax for the activity of an accident repairing job on the vehicle supplied by the owner for such job if a lump sum price is charged that includes the cost of material and labour?

4. Contentions of the Applicant:

4.1. The applicant submitted that customers purchase chassis and hand over them for fabricating the body. The applicants are providing the service of bodybuilding on motor vehicles by fabrication and charging fabrication charges on a lump sum basis. Providing manufacturing services or body building services on physical inputs (goods) or chassis owned by others and provided by the owner for body building and the applicant charges lump-sum fabrication charges (including certain material that would be consumed during the process of body building). The applicant carrying out this activity of manufacturing tippers, tankers, trailers, buses, etc. on chassis provided by the owners of such vehicles. The process of said manufacturing activity is as: (i) receiving chassis at a workshop; (ii) purchasing raw steel and receiving it at the workshop; (iii) preparing a cutting plan and drawing; (iv) cutting and bending raw material; (v) welding of all cutting and bending part; (vi) assembly of all fabricated parts; (vii) final product of chassis. The activity of providing service of bodybuilding on motor vehicles/chassis owned by others by fabrication and collecting lump sum fabrication charges should be treated as a supply of service in terms of paragraph 3 of Schedule II of the CGST Act, 2017. As per Clause 3 of Schedule



II, 'any treatment or process which is applied to another person's goods is a supply of services. The applicant merely provides services of fabricating and bodybuilding on motor vehicles chassis belonging to another person as per the requirements of their customers on goods (inputs) provided by them. There is no transfer of ownership for providing such services and thus it appears supply of service. The activity of bodybuilding shall not be treated as a supply of goods or motor vehicle as the activity carried out by the applicant is not the supply of motor vehicle as the applicant are not owning the chassis in the instant case.

4.2. It is further submitted that the activity of providing service of bodybuilding on motor vehicles/chassis owned by others by fabrication and collecting lump sum fabrication charges should be treated as a supply of service in terms of paragraph 3 of Schedule II of the CGST Act, 2017. As per Clause 3 of Sch.II, 'any treatment or process which is applied to another person's goods is a supply of services. Further activity of bodybuilding on chassis provided by the owner is in nature of service and in this regard CBIC has issued clarification vide Circular No.52/26/2018-GST dtd.09/08/2018. In the circular, it is categorically clarified that fabrication of the body on chassis provided by the principal (not on account of a body builder), supply would merit classification as service, and 18% GST as applicable will be charged accordingly.

4.3. Service accounting code 9988 covers manufacturing services on physical inputs (goods) owned by others. Thus it appears that the nature of the activity of bodybuilding and mounting of the body on the chassis provided by the principal will result in the supply of service under HSN code 9988 and hence should be taxed at 18% of GST.

4.4. Further the advance ruling given by various state authority on a situation similar to ours states that the service provided comes under SAC 9988 and thereby attract 18% GST. All such rulings are summarized as follows:-

4.5. Advance Ruling No.GOA/GAAR/1 of 2017-2018/2018-19/1929, dtd.21/08/2018 in RE: AUTOMOBILE CORPORATION OF GOA LIMITED,



wherein it is held that "*Activity of building and mounting of the body on chassis provided by the principal under FOC challan results in the supply of services under HSN 9988 and hence, taxable @ 18% GST*".

4.6. Advance Ruling No.KER/39/2019, dtd.02/03/2019 in RE: KONDODY AUTO CRAFT (INDIA) PVT. LTD., wherein it is held that "*Activity of bus body building on job work basis, on the chassis supplied by the customer, is a supply of service covered under sac Code 9988 and thereby attract 18% GST*".

4.7. Order No.03/2019, dtd.10/04/2019 in case No.02/2019 IN RE: ROHAN COACH BUILDER wherein it is held that "*Fabrication of bus body on chassis supplied by OEMs/principal on delivery challan or any other owner of chassis by collecting job work charges including inputs required for such fabrication work with no transfer of ownership of chassis by a principal to job worker – applicant, a job worker, supply classifiable under SAC 998881 as "Motor vehicle and trailer manufacturing services" and taxable under Serial No.26(ii) as "Manufacturing services on physical inputs (goods) owned by other" @ 18% (9% under CGST and 9% under SGST)*.

4.8. Order No.06/2019 dtd.03/05/2019 in case No.3/2019 IN RE: SANGHI BROTHERS (INDORE) PRIVATE LIMITED wherein it is held that, "*Mounting or fabrication of bus/truck/ambulance body on chassis supplied by OEMs/Principal on delivery challan or any other owner of chassis by collecting job work charges including inputs required for such fabrication work without transfer ownership of chassis to job worker – activity amounted to job work – service classifiable under SAC 9988 81 'motor vehicle and trailer manufacturing services' and taxable under Serial No.26(ii) as 'manufacturing services on physical inputs (goods) owned by other' @ 18% (9% under CGST and 9% under SGST)*".

4.9. Advance Ruling No.KAR ADRG 12/2019 dtd.25/06/2019 IN RE: TATA MARCO POLO MOTORS LTD. wherein it is held that "*the activity of step-by-step building of the body on the chassis supplied by the owner using their own inputs*



and capital goods amounts to the supply of service in terms of Circular dtd.09-08-2018 and merits classification under SAC 9988, attracting 18% of GST.

4.10. Advance Ruling No.GUJ/GAAR/R/30/2020 dtd.02/07/2020, M/s. ABN Dhruv Auto Craft (India) Pvt. Ltd., wherein it is held that, *in case the applicant received the chassis from the principal on job work challan/ delivery challan and build a body on it and thereafter clear to the principal by raising the invoice of job work charges, it would amount to supply of service. In cases the applicant owned the chassis and built the body and thereafter supply as a complete body-built motor vehicle to the customer by raising the invoice of the value of the motor vehicle, it would amount to the supply of goods. The activity of bodybuilding carried out on another person's chassis of the motor vehicle is classifiable under SAC 9988.*

5. Remarks of the Jurisdictional Officer:

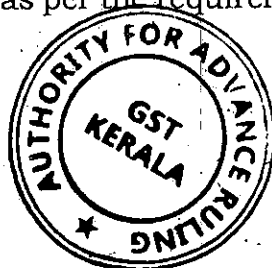
The application was forwarded to the jurisdictional officer as per provisions of Section 98(1) of the CGST Act. The jurisdictional officer submitted that the questions raised in the advance ruling application filed by M/s. M/s. Aromal Autocraft (GSTIN -32BTAPA8613F2ZA) is not pending /decided in this office in any proceedings under any provisions of the Act.

6. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 05/07/2022. Adv. Alan V. Dev represented the applicant. The counsel reiterated the contentions made in the application and requested to issue a ruling based on the submissions made in the application.

7. Discussion and Finding:

7.1. The matter was examined in detail. The application is admissible Under section 97 of the CGST Act. The applicant is providing services of bodybuilding of commercial vehicles used for carrying goods on the chassis supplied by the customers. The body is built as per the requirement of the customers. The main



issue to be determined is whether the activity constitutes the supply of services or a supply of goods.

7.2. As per Para 3 of Schedule II of the CGST Act, 2017 which lists out the activities or transactions to be treated as supply of goods or supply of services; any treatment or process which is applied to another person's goods is a supply of service. In the instant case, the applicant is building the body of commercial vehicles for carrying goods on the chassis supplied by the customer as per the specifications of the customer. The applicant is collecting the charges for the activity which include the cost of inputs/material used by the applicant and the labour charges for the fabrication of the body. Thus, it is evident that the applicant is fabricating the body on the chassis belonging to the customer. The ownership of the chassis remains with the customer and at no stage of the process of fabrication of the body, the title of the chassis is transferred to the applicant. Therefore, the applicant is fabricating the body on the chassis belonging to another person and hence the activity is squarely covered under Para 3 of Schedule II of the CGST Act, 2017 as a treatment or process which is applied to another person's goods and accordingly is a supply of services.

7.3. Having come to the conclusion that the activity is a supply of services, we proceed to determine the classification of the activity and the rate of GST applicable. As per the Scheme of Classification of Services notified as Annexure to Notification No. 11/2017 Central Tax (Rate) dated 28/06/2017 the Heading [Service Accounting Code] - 9988 pertains to manufacturing services on physical inputs (goods) owned by others. The Explanatory Notes to the Scheme of Classification of Services states that the services included in the Heading 9988 - Manufacturing services on physical inputs owned by others - are services performed on physical inputs owned by units other than the units providing the service. As such, they are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. This Heading covers manufacturing services in which the output is not owned by the unit providing this service. Therefore, the value of the services in this Heading



is based on the service fee paid, not the value of the goods manufactured. SAC-99888 under Heading 9988 pertains to Transport equipment manufacturing services and Sub-Heading 998881 pertains to the Motor vehicle and trailer manufacturing services. Therefore, the activity of the applicant as discussed above is appropriately classifiable under Service Accounting Code 998881.

7.4. Accordingly, the activity is liable to GST at the rate of 18% [9% CGST + 9% SGST] as per entry at Sl No. 26 (ic) – 9988 – *“Manufacturing services on physical inputs (goods) owned by others - - Services by way of job work in relation to bus body building; Explanation - For the purposes of this entry, the term “bus body building” shall include the building of body on chassis of any vehicle falling under chapter 87 in the First Schedule to the Customs Tariff Act, 1975 of Notification No. 11/2017 Central Tax (Rate) dated 28/06/2017.*

7.5. Regarding the classification and applicable rate of tax for the activity of accident repairing job on a lump sum price basis including the cost of material and labour, the Explanatory Notes to the Scheme of Classification of Services under Heading 998714 – Maintenance and repair of transport machinery and equipment reads as follows; This Service Code includes

- i. *maintenance and repair services of motor vehicles like cars, trucks, vans, and buses, involving engine overhaul, motor tune-up, fuel system repair and adjustment, steering gear repair and adjustment, suspension repair, brake repair and adjustment, transmission repair and adjustment, exhaust system repair, cooling system repair including water hose replacement and other maintenance and repair;*
- ii. *scheduled factory-recommended and preventative maintenance inspection services;*
- iii. *electrical system repair and battery charging services for motor cars;*



- iv. puncture repair services, wheel adjustment, and balancing for motor cars;
- v. *repair of inner tubes for car, truck, and bus tyres; body repair and similar services for motor vehicles, involving the door and lock repair, bumper straightening and repair, repainting, collision repair, window screen, and window replacement, and other automobile body repair;*
- vi. cleaning and routine maintenance services, such as vehicle laundry and car wash services, undersealing, polishing and waxing services, etc.; automobile emergency road services; motorcycle maintenance and repair and motorcycle body repair services including specialized breakdown services for motorcycles; maintenance and repair services for trailers, semi-trailers, and other motor vehicles n.e.c. including motor homes, travel trailers, and campers including repairs to defective parts; body repairs, etc;

Note: The repair and maintenance services may be paid by the owner of the goods being repaired or by a warranty and may include labour, parts, and supplies used in providing repair or maintenance services.

7.6. This Heading Covers collision repair, accident repair, etc. Therefore, the activity of the applicant as discussed above is appropriately classifiable under Service Accounting Code 998714. Accordingly, the activity is liable to GST at the rate of 18% [9% CGST + 9% SGST) as per entry at SI. No. 25 (ii)- 9987- "Maintenance, repair and installation (except construction) services, other than (i),(ia) and (ib) above and serial number 38 below" of Notification No 11/2017 Central Tax (Rate) dated 28/06/ 2017.

RULING

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



Question No:1 Whether the treatment or process of body building by fabrication and other processes carried out on the chassis of motor vehicle owned by others is supply of service?

Ruling: The activity of bodybuilding of motor vehicle on the chassis supplied by the customer is a supply of services.

Question 2. If the above stated activity of body building is considered as supply of service in terms of description given at paragraph 3 of Schedule II of the CGST Act, 2017 what will be the rate of GST applicable on such service?

Ruling: The activity is liable to GST at the rate of 18% [9% CGST + 9% SGST] as per entry at Sl. No. 26 (ic) - 9988 - "Manufacturing services on physical inputs (goods) owned by others - Services by way of job work in relation to bus body building; of Notification No. 11/2017 Central Tax (Rate) dated 28/06/2017.

Question 3. What will be the service code (tariff) for the above-stated activity of body building carried out on another person's chassis of motor vehicle?

Ruling: The activity of body building carried out on the chassis of motor vehicle owned by others is classifiable under SAC 9988.

Question 4. If the above-stated activity of body building is not considered as supply of services, what will be the nature of this supply, tariff code and rate of GST for such supply?

Ruling: Not relevant in view of the answer to Qn.No.1,2 and 3 above.


Question 5. What would be the classification and applicable rate of tax for the activity of accident repairing job on the vehicle supplied by the owner for such job if a lump sum price is charged that includes the cost of material and labour?

Ruling. The activity of accident repairing job on lumpsum price including the cost of material and labour of the vehicle supplied by the owner is appropriately classifiable under SAC 998714 and is liable to GST at the rate of 18 % [9%



CGST + 9% SGST] as per entry at SI. No. 25 (ii) of Notification No. 11/2017
Central Tax (Rate) dated 28.06.2017.

~~S.L. Sreeparvathy~~
~~Additional Commissioner of Central Tax~~
~~Member~~


Abraham Renn S
Additional Commissioner of State Tax
Member

To

M/s. AROMAL AUTOCRAFT
SP.II/17, Panapetty,
Poruvazhy – P.O., Kollam,
Kerala – 690520.

Copy to,

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2. The Commissioner of State Goods and Services Tax Department,
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