

AUTHORITY FOR ADVANCE RULING, TAMILNADU
DOOR NO.32, INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX
5TH FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,
CHENNAI -600 003.

PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE
GOODS AND SERVICES TAX ACT, 2017.

Members present are:

1. Thiru Senthilvelavan B., I.R.S., Member/ Additional Commissioner,
Office of the Principal Chief Commissioner of GST & Central Excise, Chennai -34.

2. Tmt. Padmavathi T, Member/ Joint Commissioner (ST)
Authority for Advance Ruling, Tamil Nadu, Chennai-600 003.

ORDER No.27 /ARA/2021 Dated 30.07.2021

GSTIN Number, if any / User id		33AABCA6615K1ZU
Legal Name of Applicant		Tvl Anamallais Engineering (p) Ltd.,
Trade Name of the Applicant		Tvl Anamallais Engineering (p) Ltd.,
Registered Address / Address provided while obtaining user id		16, Mani Street, Near Railway Station, Tamil Nadu. Pollachi. 642 001.
Details of Application		Form GST ARA - 001 Application Sl.No.12 dated 31.03.2021
Concerned Officer		State: Assistant Commissioner(ST), Pollachi(East)Circle, Pollachi Centre: Coimbatore Commissionerate.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Service Provision
B	Description (in brief)	Applicant is a private limited company engaged in bus body building activity on the chassis supplied by their clients as per the specifications prescribed therein.
Issue/s on which advance ruling required		(i) Classification of activity rendered. (ii) Whether the particular activity done by the

	applicant with respect to any goods and/or services or both amounts to or results in a supply of goods and/or services or both, within the meaning of that term.
Question(s) on which advance ruling is required	<ol style="list-style-type: none"> 1. Whether the activity of Bus Body Building on the chassis supplied by the customer on job work basis is a supply of service or supply of goods? 2. If it is supply of Service, what is the applicable rate of GST and its SAC code? 3. If it is supply of goods, what is the applicable rate of GST and its HSN?

Note: Any appeal against the Advance Ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

Tvl Anamallais Engineering (p) Ltd., No. 16, Mani Street, Near Railway Station, Tamil Nadu. Pollachi. 642 001. (hereinafter referred to as the 'Applicant') is registered under the GST Vide GSTIN 33AABCA6615K1ZU. They have sought Advance Ruling on the following question:

1. Whether the activity of Bus Body Building on the chassis supplied by the customer on job work basis is a supply of service or supply of goods?
2. If it is supply of Service, what is the applicable rate of GST and its SAC code?
3. If it is supply of goods, what is the applicable rate of GST and its HSN?

The Applicant has submitted the copy of application in Form GST ARA - 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2.1 The applicant has stated that they are Private Limited Company engaged in bus body building activity. They get enquires from the customers for building a bus body on the chassis belonging to them on job work basis. On receipt of enquiry from customers, they will provide the quote according to the specification given by the customer. The customers will hand over the chassis (Ashok Leyland, TATA, EICHER etc.) purchased by them at the applicants' yard for fabricating the bus body. Upon receipt of chassis, a work order with the specifications of the Bus Body will be raised on the customers, which will be signed by the Customer as a token of acceptance. The flow of work is as follows:-

- Once the work order is generated, the applicant will prepare the drawings and Bill of material required to fabricate the bus body. Thereafter required materials will be procured through stores. ISMC MS channels, 'U' clamps with nut, Ballatta packing, GI Rectangular/square hollow sections of various sizes with thickness ranging from 1.5 to 2.8 mm, round pipes, MS angles (ISA), MS flat bars (ISF), SS Pipes of 16mm OD to 32 OD, GP coils, Aluminum plain/chequered sheets etc., are the general materials used for fabrication of the buses. Also plywood, PU Foams, fabric, adhesives, paints, solvents etc., are procured.
- (i) MS Channels, cut as per drawings, will be used as cross bearer of a body, fixed with the chassis by 'U' clamps. MS Angles, cut as per drawings, will be used as a floor runners, interconnecting the cross bearers . This way the entire bus floor structure is mounted on the chassis from the front end to the rear. Meanwhile the Left Hand structure is fabricated by using rectangular tubes, formed sections, angles etc., by welding as per drawings. In the same way bus body sub assemblies such as RH structure, roof structures, rear structures, foot steps are fabricated as per drawings. All the above sub assemblies are brought and placed on the floor one by one on its respective positions and welded. Now the bus body skeleton is formed. This mild steel structure is given a coat of anti corrosive paint so that bus body skeleton is ready for next stage assembly.

- (ii) GP Coils, GP Sheets, SS Sheets, Plywood are cut to the sizes as per the drawings. Front fascia is fabricated as per design customer's choice. Rear shape panels are formed. This cut panels are fixed on bus body skeleton on exterior to form outer protective skin and interior to give finish look of bus interior. Fixing of all this panels by welding, revetting, bolting and pasting. Doors for driver, emergency exit, passenger entry / exit, fabricated as per drawings are fixed with the body. Thus shape of the Bus Body is fully formed on a customers supplied/ owned chassis.
- (iii) Bus body mounted on the chassis is tested for any water ingress from the roof of the bus, if any seepage it is arrested by suitable technical action.
- (iv) As per drawings windows assembly, passenger seats, grab handles, stanchions, bus body ornamental fittings are fabricated in house and kept aside for assembly.
- (v) Bus body is painted as per customer's colour choice and pattern such as yellow colour for educational institutions and white colour for private service bus.
- (vi) All fitments such as windows, front windshield glass, rear windshield glass, handles, post, railings are fixed. Passenger seats are fixed as per seating layout approved by a customer. Lights, horns, decorative items are fitted.
- (vii) Bus will put up for water leakage testing to ensure no water ingress is there inside the bus. Under body inspection were also carried out.
- (viii) All the points are inspected by quality control department and ensured for quality assurance.
- (ix) Bus body on customer chassis is offered for customer inspection and road trial for road worthiness. If any deviations found, the same will be rectified immediately.
- (x) Fully built bus body mounted on customer chassis is delivered to customer with tax invoice, documents for registration.

2.2 On the interpretation of law, they have referred to Sl.No.3 of Schedule II to the CGST Act, 2017 wherein it is specified that any treatment or process which is applied to another person's goods is a supply of service. In the instant case, the applicant fabricates the body on the chassis supplied by the Customer. Hence the activity of building a bus body with material on the chassis given by the customer is a service as per this entry and it will attract GST @ 18% and its SAC Code is 998881 - "Motor vehicle and **trailer manufacturing services**" and under entry no. 26(ii) of

Notification no 11/2017 CT (R) Dated 28.6.2017 as “**Manufacturing services on physical inputs (goods) owned by other**” it is taxable @18%(9% under CGST and 9% under SGST Act). They have further submitted as follows:-

- The Board vide Circular No.52/26/2018-GST dated 09.08.2018 has clarified that the principal activity i.e. the activity of bus body building on the chassis supplied by the customer is a service and will attract GST @18%.
- They have relied upon the ruling by Goa Authority for Advance Ruling vide order no GOA/GAAR/10f 2017-18/2018-19/1929 dated 28.1.21.8.2018 in the case of Automobile Corporation of Goa Limited which considered the same issue i.e whether the activity of building and mounting of body on the chassis supplied by the customer will result in supply of goods under HSN 8707 or supply of service under HSN9988?. It was held that it is supply of service under SAC 9988 and will attract 18% GST
- They have also referred to the ruling of the Authority of Advance Ruling – Madhya Pradesh (GST) order in the case of **Rohan Coach Builders (GST AAR Madhya Pradesh** wherein the Applicant procures various goods such as metal sheets, plywood, seats, glasses, aluminium sections etc. as inputs for fabricating the bus body besides fabrication services. Once the Bus body is built and mounted on the chassis by the Applicant, the vehicle will be sent back to the OEMs/customers after raising tax invoice towards body building charges. At no stage the ownership of the chassis will be transferred by the OEMs to the Applicant. The applicant will claim the credit of GST paid on the material used as input against output liability of GST on body building activity carried out by it. The consideration received by the applicant will be towards the building the bus body on the chassis supplied by the Principal. The AAR vide order no. 03/2019 dated 10.04.2019 held that **fabrication of bus body** on the chassis to be supplied by the customer by collecting job work charges including inputs required for such fabrication work and in no case the ownership of the chassis will be transferred by Principal to the applicant will be taxable under SAC 998881 – “**Motor vehicle and trailer manufacturing services**” and under entry no. 26(ii) as “**Manufacturing services on physical inputs (goods) owned by other**” it is taxable @18%(9% under CGST and 9% under SGST Act).
- Placed reliance on the order of Authority for Advance Ruling , Kerala in the case of M/s Kondody Autocraft (India) Pvt. Ltd. wherein the very same issue was considered and ruling given vide Order No.KER/39/2019 dated 02.03.2019 wherein it was held that the ownership of the chassis is not

transferred to the job worker and the job worker uses his own goods for providing service of job work. The fabrication of body is a structure which is applied on the chassis supplied by the Customer and hence the activity of fabrication of body with material is also a service covered under SAC Code 9988 manufacturing services on physical inputs (goods) owned by others and thereby attract 18% GST.

3.1 Due to the prevailing PANDEMIC situation and in order not to delay the proceedings, the applicant was addressed through the Email Address mentioned in the application to seek their willingness to participate in a virtual Personal Hearing in Digital media. The applicant consented and the hearing was held on 16.07.2021 virtually. The Authorised representative Shri M. Saravanan appeared for the hearing virtually. He reiterated the submission already made. They were asked to furnish the following documents:

1. Documents establishing ownership of chassis.
2. E-Way Bill for supply of Chassis by the recipient
3. Delivery challan
4. Agreement/work order/purchase order entered into with the customer for body building.
5. Tax invoice raised for the supply of body building
6. Trail of documents evidencing the job work from receipt of chassis to supply of built bus.

3.2 In furtherance to the Virtual Personal Hearing held on 16.07.2021, they submitted the following documents on 23.0.2021 for consideration;

1. Quotation No. AE:2021:0184 dated 03.03.2021 given to M/s Soundararaja Vidyalaya School with specification
2. Price finalisation letter No.AEPL:2021:0197 dated 18.03.2021
3. Work Order-Job No. WA0181
4. Chassis purchase invoice No. VMPL-2021-0488 dated 23.03.2021 issued by M/s Vetri Motors, Madurai.
5. Letter dated 23.03.2021 received from M/s Soundararaja Vidyalaya for handing over the Chassis.
6. Chassis Inward register
7. Taxable invoice No. 10502/00001 dated 30.04.2021.

4.1 The applicant is under the administrative control of the State Jurisdiction. The State jurisdictional authority, Assistant commissioner (ST) Pollachi (East) Circle vide their letter Ref. No. 143/2021/A4 dated 21.04.2021 has submitted that there are no proceedings pending in the case of the applicant.

4.2 To ascertain the nature of the activity undertaken by the applicant, the Jurisdictional authority was asked to physically verify the facts and report vide notice dated 16.07.2021. They vide their letter dated 29.07.2021 reported that a verification was conducted and the applicant has been doing job work.

5. The Centre Jurisdictional authority has stated no proceedings are pending against the applicant.

6. We have carefully examined the statements of facts; supporting documents filed by the applicants, comments of the State Jurisdictional authority and heard the arguments made by the applicant during the personal hearing. The ruling sought is on the following questions:

1. Whether the activity of Bus Body Building on the chassis supplied by the customer on job work basis is a supply of service or supply of goods.

2. If it is supply of Service, what is the applicable rate of GST and its SAC code.

3. If it is supply of goods, what is the applicable rate of GST and its HSN?

As the question is to determine the nature of supply, which is within the ambit of this authority under Section 97(2)(g) of the CGST Act, the same is taken up for decision.

7.1 The applicants are engaged in rendering services of constructing bus body over the chassis supplied by the customers according to their requirements. Once they receive enquiry from the customer, they offer the quotation containing Specifications, payment Terms, Time Schedule and Validity. If agreed upon, the Work Order is signed by both the parties (i.e) the applicant and the customers. The applicant undertakes mounting of bus body over the chassis supplied by the customer.

7.2 The above facts stated by the applicant has been verified by the jurisdictional Assistant Commissioner (ST) who after undertaking physical verification has reported vide letter dt. 29.07.2021 that the applicant is doing job work only and that the chassis are owned by the customers and on their demand, the applicant undertakes mounting of bus body on the chassis supplied with own materials. Samples of work orders and tax invoices evidencing that the chassis is supplied by their customers were also enclosed.

7.3 The work trail in respect of bus body building done for M/s. Soundararaja Vidyalaya, Dindigul as submitted by the applicant is as follows;

1. Work order No.WA0181 dated 20.03.2021 pertaining to M/S. Soundararaja Vidyalaya, Dindigul is received by the applicant, from which seen that the owner of the chassis specifies the work to be carried on by the applicant.

2.The client i.e., Soundararaja Vidyalaya vide their letter dt. 23.03.2021 has stated that they entrust their new TATA LPO 1618/57 5L bearing engine no. 51GDICR20BYX503177 and Chassis no.MAT789014M5B01803 for constructing a bus body over the same as per the specifications in the above-mentioned work order.

3.For this work, applicant raises a tax invoice 10502/00001 dt. 25.03.2021 for the charges with the description," Manufacturing services on physical inputs (Goods) owned by others".

7.4 The applicant contends that the activity qualifies as job work and therefore it is a supply of services under Goods and Service Tax Act. The relevant portions of CGST Act 2017 related to Job work are extracted for reference.

➤ Section 2(68) of the CGST Act 2017 defines job work as

"job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly;

➤ Definition of goods under Section 2(52) is as follows:

"goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

➤ Section 143 of CGST act 2017 provides that

“For the purpose of job work, input includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or the job worker”

- Para 3 of the Schedule II of the CGST act specifies certain activities to be treated as supply of goods or supply of services, in accordance to which
“Any treatment or process which is applied to another person’s goods is a supply of services.

7.5 In the instant case, the bus body fabricated and mounted on the chassis supplied by the customer is delivered back to the customer charging a lump sum amount as job work charges. It is to be noted that ownership of the chassis remains with their customers and will not be transferred to the applicant at any point of time. The consideration is received only towards fabrication services besides own materials involved in the fabrication. In view of the above discussion it is evident that the activity undertaken by the applicant for Bus Body Building on the chassis supplied by the customer is to be classified as Job Work as per Schedule II of the CGST Act 2017, the said activity of bus body building on the chassis supplied by the customer by the applicant is supply of services.

7.6 The clarification in circular No.52/26/2018 dated 09.08.2018 is relied upon by us for arriving at the above conclusion, wherein applicable GST on the bus body building activity is clarified as under:

“12.1 Applicable GST rate for bus body building activity: Representations have been received seeking clarifications on GST rates on the activity of bus body building. The doubts have arisen on account of the fact that while GST applicable on job work services is 18%, the supply of motor vehicles attracts GST @ 28%.

12.2 Buses [motor vehicles for the transport of ten or more persons, including the driver] fall under headings 8702 and attract 28% GST. Further, chassis fitted with engines [8705] and whole bodies (including cabs) for buses [8707] also attract 28% GST. In this context, it is mentioned that the services of bus body fabrication on job work basis attracts 18% GST on such service. Thus, fabrication of buses may involve the following two situations:

a) Bus body builder builds a bus, working on the chassis owned by him and supplies the built-up bus to the customer, and charges the customer for the value of the bus.

b) Bus body builder builds body on chassis provided by the principal for body building, and charges fabrication charges (including certain material that was consumed during the process of job-work).

12.3 In the above context, it is hereby clarified that in case as mentioned at Para 12.2(a) above, the supply made is that of bus, and accordingly supply would attract GST @28%. In the case as mentioned at Para 12.2(b) above, fabrication of body on chassis provided by the principal (not on account of body builder), the supply would merit classification as service, and 18% GST as applicable will be charged accordingly. "

From the above discussions, it is found that the situation spelt in Para 12.2(b) of the above clarification is applicable to the case in hand and therefore bus body building on the chassis supplied by the customer is a supply under SAC 998881-motor Vehicle and trailer manufacturing services.

8. Having decided the type of supply and the relevant SAC, the rate of supply is to be determined. The rate is

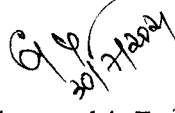
S.No	Chapter, Section or Heading	Description of Service	Rate(Per cent)	Condition
26	9988 (Manufacturing services on physical inputs (goods) owned by others)	(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii), (iia) and (iii) above	9	

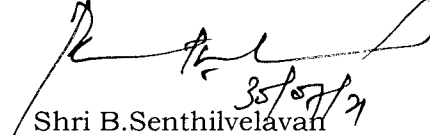
9. In view of the above, we rule as under

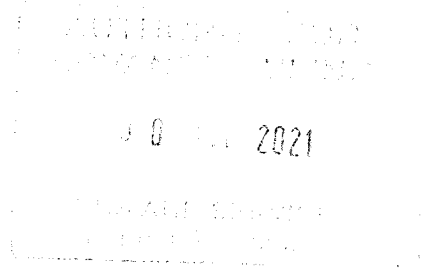
RULING

1. The activity of bus body building undertaken on the chassis supplied by the customers to the applicant amounts to supply of service as per Schedule II clause 3 of CGST Act 2017
2. The service rendered is classified under SAC 998881
and

3. The applicable rate will be CGST @ 9% and SGST @ 9% as per entry no.26 of Notification no.11/2017-Central Tax (Rate) dt. 28.06.2017 (as amended) and Sl.No.26 of Notification No.II(2)/CTR/532(d-14)/2017 vide G.O. (Ms) No. 72 dated 29.06.2017(as amended) respectively.


Smt Padmavathi. T
Member, SGST


Shri B.Senthilvelavan
Member, CGST



To

Tvl Anamallais Engineering (p) Ltd.,
No. 16, Mani Street,
Near Railway Station,
Pollachi. 642 001.
Tamil Nadu.

Copy Submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Principal Secretary/Commissioner of Commercial Taxes/Member,
II Floor, Ezhilagam, Chepauk, Chennai-600 005.

Copy to:

3. The Commissioner of GST & Central Excise,
Chennai (Coimbatore) Commissionerate,
4. Assistant Commissioner (ST),
Pollachi (East) Assessment Circle,
Commercial Taxes Buildings
Pollachi – Palghat Road,
Pollachi – 642 001.

5. Master File/ Spare-4

