

TAX INFO

Dated 16/10/2021

Latest update on GST Law: Information regarding “Whether the activity is job-work or manufacturing” based on the **Ruling given by AAR-Maharashtra.**

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Name of Case	In re Garware Industries Limited
Authority	GAT AAR Maharashtra
Date of Ruling	11.10.2021
RulingNo.	GST-ARA-107/2019-20/B-73

Facts of the Case:

Garware Industries Limited (GIL) is engaged in processing and conversion of Plain Polyester Film into processed All Types of Polyester films (i.e. Dyed Film, Laminated Films, TS Films, PPF Films). GIL, an associate company of Garware Polyester Limited (GPL). GPL sends Plain Polyester Films along with all other required input (collectively referred to as ‘inputs) to GIL for Manufacturing/converting of Plain Polyester films into Dyed/Laminated/TS Films on Job-work basis.

Question on which advance ruling is sought:

Whether as per Notification no. 20/2019 dated 30/09/2019, services provided by Garware industries Limited falls under clause (id) Heading 9988.

Contention by applicant:

The applicant contended that after the treatment/work on the Plain Polyester Films provided by GPL, **the basic characteristics of the product have not been lost.** After the process undertaken on the raw materials supplied by their principal, **the new product that emerges does not appear to have a distinct name, character and use and therefore the applicant cannot be considered as a manufacturer** of the impugned products. The Dyed/TS/Laminated Films, which come into existence after the process conducted on the raw materials, are sent back within the period of one year as required. **Since no new product comes into existence, therefore the process undertaken will come under the purview of job-work.**

Decision of the Authority:

The impugned services supplied by the applicant to GPL are in the nature of job work services, classifiable under Entry at item (id) under heading 9988 of Notification No. 11/2017- Central Tax (Rate) dated 28-06-2017 as amended.

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