

TAX INFO

Dated 17/11/2021

Latest update on GST Law: Information regarding **The job work services provided on the goods / materials belonging to the registered persons are taxable at 12%** as given in **Ruling by AAR-Karnataka.**

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Name of Applicant	In re Alcoats
Authority	GST AAR Karnataka
Date of Ruling	29.10.2021
Ruling No.	KAR ADRG 62/2021

Brief Facts Of The Case:

The Applicant is engaged in providing job work services by carrying out **the process such as anodizing, plating on the materials sent by its customers on job work basis** i.e., manufacturing services on physical inputs (goods) owned by others. Applicable SAC Code for their services is 998873 – Other fabricated metal product manufacturing and metal treatment services.

Questions on which the Ruling is sought:

Whether their activity is covered under clause (id) or clause (iv) of the entry number 26 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended, and consequential rate of GST applicable to their activity.

Contention of Applicant:

The applicant is providing job work services on the materials sent by their customers. **They are providing job work services only to the registered persons.** The job work services provided by the applicant appears to be covered under the two entries (viz at (id) which attracts 12% rate of tax; and at (iv) which attracts 18% rate of tax w.e.f, 01-10-2019 of serial number 26 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 as amended. The CBIC has issued a clarification vide Circular No.126/45/2019-GST dated 22-11-2019. At Para 4 of the said Circular, the Board has clarified that “there is clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017. **Entry at item (id) covers only job work services as defined in Section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person.** On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act”. Hence, w.e.f., 01-10-2019 the Applicant is liable to pay GST at the rate of 12%.

Ruling:

The job work services by way of treatment or processing undertaken by a person on goods **belonging to another registered person** are covered under clause (id) of entry number 26 of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended and **since the applicant provides the job work services on the goods belonging to registered persons only, hence are covered under clause (id) of entry number 26 of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended and accordingly attract GST rate of 12%.**

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