



AAAR: Body-building on chassis supplied by Tata-Motors taxable as job-work at 18%; reverses AAR

In the matter of Adithya Automotive Applications Pvt Ltd.

Uttar Pradesh AAAR reverses AAR, holds that body building and mounting of body on chassis supplied by Principal (Tata Motors), on delivery challans, by collecting job-work charges for such fabrication work is taxable at 18%; Appellant filed an appeal against AAR's order which (i) held the activity as not amounting to manufacturing services attracting 18% GST and (ii) rejected applicability of Circular no. 38/12/2018 dated March 26, 2018; Perusing the process of body building as informed by Applicant and term 'Job Work' as defined u/s 2(68) of CGST Act, determines that, as regards use of inputs required for fabrication of body by Applicant on its own, same has been clarified by Circular dated March 26, 2018 that a job worker can use certain inputs for fabrication work and same will not amount to manufacture; In respect of the issue of transfer of ownership, and on considering Applicant's submission that it is procuring some inputs (like steel sheets, windows, glasses) on payment of duty which is further claimed as ITC whereas chassis (of tippers, tankers and truckers) is received by it, free of cost, under delivery challans, observes that, chassis remains in temporary possession of Applicant only as a job-worker and ownership always remains with Tata Motors; On rate of tax applicable, relies upon CBIC Circular no. 52/26/2018 dated August 09, 2018, which at Para 12.2(b) clarified that fabrication of body on chassis provided by Principal, the supply would merit classification as service and 18% rate shall be chargeable: AAAR UP