

**THE AUTHORITY FOR ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009**

Advance Ruling No. KAR ADRG 53/2021

Dated : 29-10-2021

Present:

1. Dr.M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes Member (State)
2. Sri. T. Kiran Reddy
Joint Commissioner of Customs & Indirect TaxesMember (Central)

1.	Name and address of the applicant	M/s. Sheen Electroplaters Private Limited, Plot No.307, KIADB Industrial Area, Jigani-Bommasandra Link Road, Bommasandra Industrial Area, Jigani, Anekal Taluk, Bengaluru Urban-560105.
2.	GSTIN or User ID	29AABCS9660G1ZZ
3.	Date of filing of Form GST ARA-01	18/08/2021
4.	Represented by	Sri. K Udayashankar Manja, Accounts Head (EMPLOYEE CODE : SEPL0005) Authorised Representative
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Taxes, Bangalore South Commissionerate, Bengaluru (Range-ASD8)
6.	Jurisdictional Authority – State	ACCT, LGSTO-027, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act vide CIN ICIC21082900117238 dated 13/08/2021 & Rs.5,000/- under KGST Act vide CIN SBIN20012900039785 dated 07/01/2020.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Sheen Electroplaters Private Limited, Plot No.307, KIADB Industrial Area, Jigani-Bommasandra Link Road, Bommasandra Industrial Area, Jigani, Anekal Taluk, Bengaluru Urban-560105, having GSTIN 29AABCS9660G1ZZ have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read



with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The Applicant is a Private Limited Company registered under the provisions of Central Goods and Services Tax Act, 2017 as well as Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act and KGST Act respectively). The Applicant is engaged in the business of plating Industry, approved for Electroplating and surface treatment of aerospace and non-aerospace components. The applicant states that they provide job work services on the goods (physical inputs) owned by the companies registered under GST.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

a. *What is the GST Rate applicable for Job work service?*

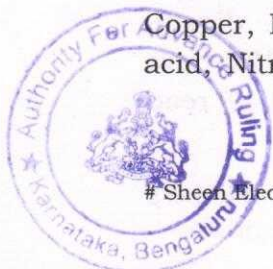
b. *Whether it falls under entry (id) Services by way of job work other than (i), (ia), (ib) and (ic) above; @ GST 12% or (iv) which covers "manufacturing services on physical inputs owned by others @ GST 18%?"*

4. **Admissibility of the application:** The questions, on which advance ruling has been sought are in respect of "applicability of a notification issued under provisions of the CGST/KGST Act" and "determination of the liability to pay tax on any goods or services or both" and hence the application is admissible under Sections 97(2) (b) and (e) of the CGST Act 2017 respectively.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue/s :

5.1 The applicant states that they are engaged in the business of plating industry, an independent and well established industrial resource approved for electroplating and surface treatment of aerospace and non-aerospace components; they provide services of Electroless Nickel Plating, SS Passivation, Chemical Conversion Coating, Zinc Phosphating, Manganese Phosphating, Dry/Solid Film Lubrication, Powder Coating, Painting and also few other chemical processes such as Gold Plating, Silver Plating, Electrolytic Nickel Phosphorous, Nickel Plating, White Bronze Plating, Zinc Plating, Tin Plating, Copper Plating, Surface Treatments, Anodizing, SS Passivation and Chemical Conversion Coating.

5.3 The applicant further states that they provide above Job Work services, to the companies registered under GST, based on the requirements of the respective customers; the customers send components along with delivery challan for job work service; the applicant purchases required raw materials such as Gold, Silver, Copper, Nickel, Chromium, Zinc, Tin and acids like Hydrochloric acid, sulphuric acid, Nitric acid, sodium hydroxide and many other chemicals, for electroplating



process and they also carry out various chemicals processes and testing in laboratory on components provided for job works.

6. Applicant's Interpretation of Law:

6.1 The applicant states that they are charging GST @ 18% for all above services as per Notification 11/2017 dated 28-06-2019 under heading 9988 (Manufacturing services on physical inputs (goods) owned by others).

6.2 The applicant states that Job Work, u/s 2(68) of CGST Act 2017, is defined to mean as *"any treatment or processing undertaken by a person on goods belonging to another registered person and the expression 'job worker' shall be construed accordingly."*

6.3 The applicant contends that as per Notification 11/2017 Central Tax (Rate) dated 28-06-2017 their services of Job work are covered under Serial number 26 & Heading 9988 (manufacturing services on physical inputs (goods) owned by others), i.e [(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii), (iia) and (iii) above at 18%.

6.4 The applicant further contends that Notification 20/2019 Central Tax (Rate) dated 30-09-2019, amends the notification No.11/2017-Central Tax (Rate), dated the 28th June, 2017 by inserting entry (id) *Services by way of job work other than (i), (ia), (ib) and (ic) above;* against serial number 26, in column(3), in item (iv), after the brackets, words and figures "(ia)", the brackets, words and figures "(ib),(ic),(id)," shall be inserted;

6.5 The applicant also contends that the Circular No.126/45/2019-GST prescribes 12% GST rate for all services by way of job work under the entry at item (id) under heading 9988 of Notification No.11/2017-Central Tax (Rate) dated 28-06-2017 inserted with effect from 01-10-2019 and this makes the entry, at item (iv) that covers "manufacturing services on physical inputs owned by others" with GST rate of 18%, redundant.

6.6 The entries at items (id) and (iv) under heading 9988 read as under:

- a. (id) Services by way of job work other than (i), (ia), (ib) and (ic) above; @ GST 12%
- b. (iv) which covers "manufacturing services on physical inputs owned by others" @ GST 18%.

PERSONAL HEARING PROCEEDINGS HELD ON 07-10-2021

7. Sri K Udayashankar, Head of Accounts Section (Employee Code : SEPL0005) & Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.



FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and the relevant facts along with the arguments made by the applicant and also submissions made by their learned representative during the time of hearing.

10. The applicant in into provision of various electro plating services on the goods received under delivery challan from their customers and returns the goods after doing the needful. The applicant purchases various raw material for provision of their output service. The applicant contends that their service is in the nature of job work and attract GST rate of 12% in terms of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No.20/2019-Central Tax (Rate) dated 30.09.2019. The applicant also contends that Circular No.126/45/2019-GST prescribes 12% GST rate for all services by way of job work under the entry at item (id) under heading 9988 of Notification No.11/2017-Central Tax (Rate) dated 28-06-2017 inserted with effect from 01-10-2019.

11. In view of the above the core issue before us to decide is whether the job work services provided by the applicant are covered under clause (id) or clause (iv) of entry number 26 of Notification No.11/2017-Central Tax(Rate) dated 28-06-2017, as amended by Notification 20/2019 Central Tax (Rate) dated 30-09-2019, effective from 01.10.2019, for the heading 9988 and also the rate of GST applicable thereon. In this regard we invite reference to para 4 of the circular No.126/45/2019-GST dated 22-11-2019, issued by the CBIC, wherein it is communicated as under:

*“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”.*

12. It could be inferred from the foregoing circular (para 4) that the job works defined under Section 2(68) of the CGST Act i.e. job work services by way of



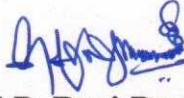
treatment or processing undertaken by a person on goods belonging to another registered person are covered under clause (id) of entry number 26 of the Notification 11/2017-Central Tax (Rate) dated 28.06.2017, as amended, and clause (iv) of the notification supra covers only services which are excluded under clause (id) and also carried out on physical inputs (goods), owned by the unregistered person/s.

13. In the instant case the applicant provides the job work services on the goods belonging to registered persons and hence are covered under clause (id) of entry number 26 of the Notification 11/2017-Central Tax (Rate) dated 28.06.2017, as amended and accordingly attract GST rate of 12%.

14. In view of the foregoing, we pass the following

R U L I N G

The job work services undertaken by the applicant on the goods (physical inputs) belonging to the registered persons are covered under clause (id) of entry number 26 of the Notification 11/2017-Central Tax (Rate) dated 28.06.2017, as amended and accordingly attract GST rate of 12%.



(Dr. M.P. Ravi Prasad)

**Member
MEMBER**

Karnataka Advance Ruling Authority
Place : Bengaluru,
Bengaluru - 560 009

Date : 29-10-2021

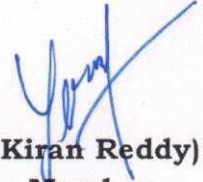
To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Mysore GST Commissionerate, Nazarbad Range, Mysore.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-205, Mysore.

5. Office Folder.



(T. Kiran Reddy)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

