Ruling

Activity of Body Building of Motor Vehicle on Chassis to be considered as supply of services attracting 18% GST.

Observations & Findings

The applicant, M/s Aromal Autocraft is engaged in providing services of body building on the chassis of motor vehicle of customers on a job-work basis. It has approached the KAAR for advance ruling on:

- Whether body building by fabrication and other processes on chassis of motor vehicles owned by others is considered as supply of service?
- If so then what would be applicable GST rate and service code?
- Classification and tax rate for activity of accident repairing job which includes cost of material and labour.

The applicant receives chassis from respective owners at their workshop. As per the approved plan, material is procured and the work is executed which includes, cutting, welding and assembly of all fabricated parts of the chassis. The applicant submitted that all the work is done on the chassis of respective customers and at no point in the process is the chassis transferred to them.

KAAR mentioned that the main issue to be determined is whether the activity of body building on the chassis constitutes the supply of services or a supply of good. As per Para 3 of Schedule II of CGST Act, 2017, any treatment or process which is applied to another person's goods is a supply of service. In the present case, the applicant is fabricating the body on the chassis belonging to the customer and hence the activity shall be considered as supply of services and will be taxed accordingly.

Based on the above considerations, KAAR ruled that:

- Activity of body building of motor vehicle on the chassis supplied by the customer is a supply of services
- The activity is liable to 18% GST classifiable under SAC 9988
- Activity of repairing job on lump sum prices is to be classified under SAC 998714 and liable to 18% GST.