

<b>GUJARAT AUTHORITY FOR ADVANCE RULING</b> <b>GOODS AND SERVICES TAX</b> <b>D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,</b> <b>AHMEDABAD – 380 009.</b>	
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ADVANCE RULING NO. GUJ/GAAR/R/2023/ **32**  
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2023/AR/08)

Date: - **03.11.2023**

Name and address of the applicant	:	Shree Avani Pharma, Shed J-1204, Nr Post Office, GIDC Ankleshwar, Bharuch, Gujarat – 393002.
GSTIN of the applicant	:	24ABTFS4354F1ZW
Date of application	:	28.02.2023
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(a)(b)
Date of Personal Hearing	:	29.8.2023
Present for the applicant	:	Manish Patel

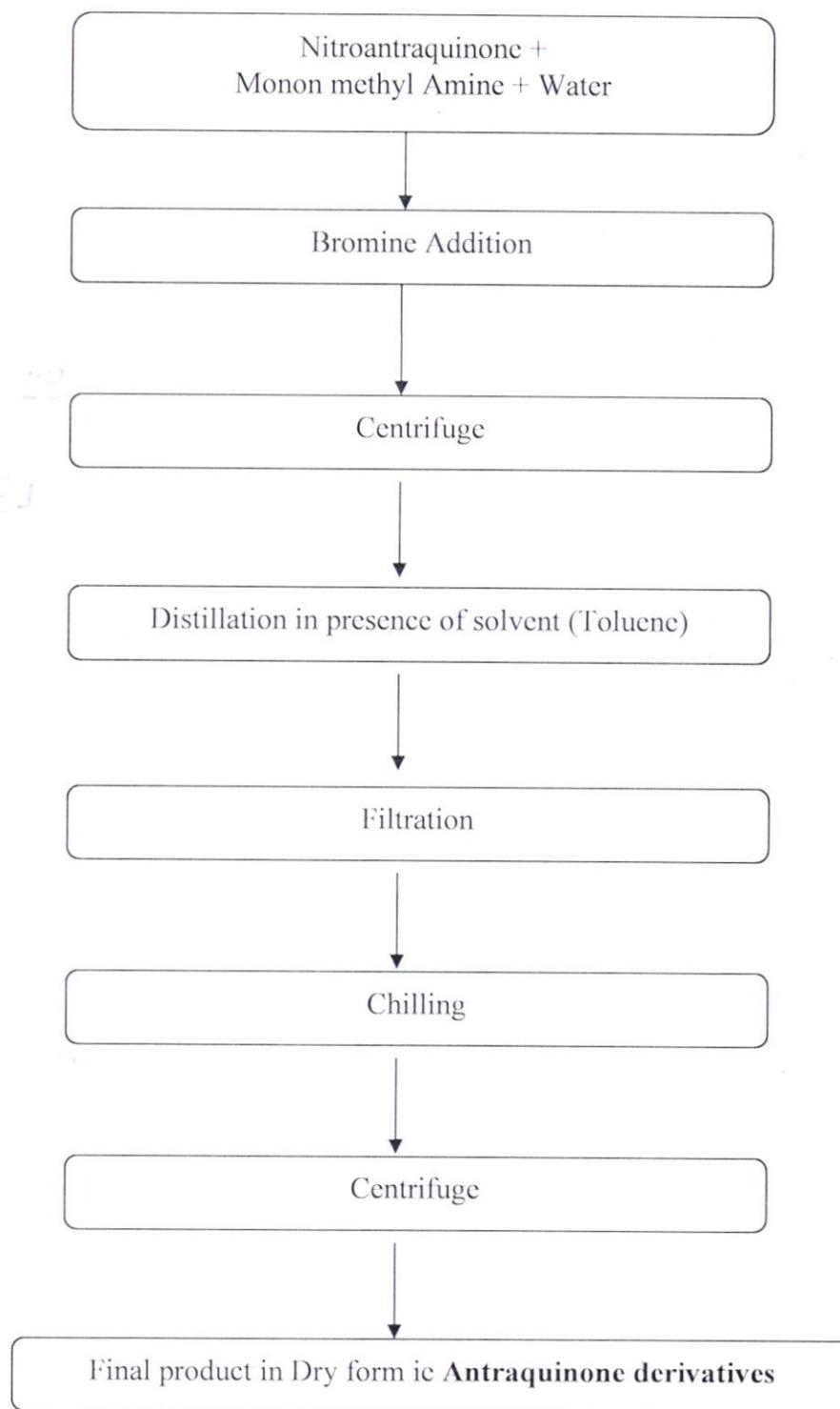
**Brief facts:**

Shree Avani Pharma, Shed J-1204, Nr Post Office, GIDC Ankleshwar, Bharuch, [for short –‘applicant’] is registered with the department and their GST No. is 24ABTFS4354F1ZW.

2. The applicant is a partnership firm and is engaged in the job work of converting raw material [inputs owned by others] viz [i] Nitroantraquinone (HSN 2909); (ii) Monon methyl Amine (HSN 2921)& (iii) Bromine (HSN 2801) into Antraquinone derivatives (HSN 2914). The conversion is done by the appellant for their client M/s. Profile Bio-Chemical Pvt Ltd., who is registered under GST. The applicant has further stated that they undertake job work only for clients registered with GST; that during the job work, ownership of the goods does not change *i.e.* remains with its client.

3. The applicant, has given the process flow chart, which depicts the following viz





4. Detailing the process, the applicant has stated that originally the Nitroantraquinone and Monon methyl Amine are in dry/powder form. The applicants mixes these product with water, heats it at high temperature & after heating, Bromine which is in liquid form, is added to the mixture & allowed to mix for a certain time. The solution then passes through machine for centrifugation at high speed so that the particles can be separated from the solution as per their shape, size & density. The solution undergoes the process of distillation in the presence of solvent (toluene) so that the mixtures can be separated. It then undergoes filtration process for separating the particles from solution and then undergoes chilling process for reducing the temperature of particles. After this if any liquid is remaining, it is separated by way of centrifugation at very high speed.



so that final product is completely dry. The final product Antraquinone derivatives in dry/powder form is thereafter ready.

5. The applicant is of the belief that their service of job work falls under SAC 9988 & that he has to pay GST @ 12% in terms of Sr No. 26(id), *ibid*.

6. In view of the foregoing, vide the aforesaid application, the applicant has sought advance ruling on the below mentioned question *viz*

*1. Whether the service in question falls within the entry Sr. No. 26 of notification No. 11/2017-CE (Rate) dated 28.6.2017, as amended vide notification No. 20/2017-CT (Rate) dated 30.9.2019 & SAC 9988 (id) & attract GST @ 12% [CGST 6% + SGST 6%] or otherwise.*

7. Personal hearing was granted on 29.8.2023 wherein Shri Manish Patel, appeared and reiterated the facts as stated in the application.

### **Discussion and findings**

8. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

10. Before delving on to the aforementioned question, it would be prudent to reproduce the relevant provisions in vogue for the sake of ease of reference *viz*.

### **CENTRAL GOODS AND SERVICES TAX ACT 2017**

*(68) "job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly;*

[Notification No. 11/2017-Central Tax (Rate), dated 28-6-2017]

TABLE				
Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	



26	<b>Heading 9988</b> (Manufacturing services on physical inputs (goods) owned by others)	(i) Services by way of job work in relation to- (a) Printing of newspapers; (b) Textile yarns (other than of man-made fibres) and textile fabrics; (c) Cut and polished diamonds; precious and semi-precious stones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);	2.5	-
		(d) Printing of books (including Braille books), journals and periodicals; (e) Processing of hides, skins and leather falling under Chapter 41 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). <i>Explanation.-</i> "man made fibres" means staple fibres and filaments of organic polymers produced by manufacturing processes either,- (a) by polymerisation of organic monomers to produce polymers such as polyamides, polyesters, polyolefins or polyurethanes, or by chemical modification of polymers produced by this process [for example, poly (vinyl alcohol) prepared by the hydrolysis of poly(vinyl acetate)]; or (b) by dissolution or chemical treatment of natural organic polymers (for example, cellulose) to produce polymers such as cuprammonium rayon (cupro) or viscose rayon, or by chemical modification of natural organic polymers (for example, cellulose, casein and other proteins, or alginic acid), to produce polymers such as cellulose acetate or alginates.		
		(ii) Manufacturing services on physical inputs (goods) owned by others, other than (i) above.	9	-

**[Notification No. 1/2018-C.T. (Rate), dated 25-1-2018]**

(j) against serial number 26, in column (3), -

(A) in item (i), after sub-item (e), the following sub-item shall be inserted, namely :-  
“(ea) manufacture of leather goods or foot wear falling under Chapter 42 or 64 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) respectively;”;

(B) for item (iii) and the entries relating thereto in columns (3), (4) and (5), the following shall be substituted, namely :-

(3)	(4)	(5)
“(iii) Tailoring services.	2.5	-
(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii), (iia) and (iii) above.	9	-”;

**[Notification No. 20/2019-C.T. (Rate), dated 30-9-2019]**

(n) against serial number 26, in column (3), after item (ia) and the entries relating thereto in columns (3), (4) and (5), the following shall be inserted, namely :-

(3)	(4)	(5)
“(ib) Services by way of job work in relation to diamonds falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);	0.75	-
(ic) Services by way of job work in relation to bus body building;	9	-
(id) Services by way of job work other than (i), (ia), (ib) and (ic) above;	6	-”;



2. This notification shall come into force with effect from the 1st day of October, 2019.

**Circular No. 126/45/2019-GST, dated 22-11-2019**

*Subject - Clarification on scope of the notification entry at item (id), related to job work, under heading 9988 of Notification No. 11/2017-Central Tax (Rate), dated 28-6-2017 - Regarding.*

2. The matter has been examined. The entries at items (id) and (iv) under heading 9988 read as under :

(3)	(4)	(5)
(id) Services by way of job work other than (i), (ia), (ib) and (ic) above;	6	-
(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (id), (ii), (iia) and (iii) above.	9	-

3. Job work has been defined in CGST Act as under.

*"Job work means any treatment or processing undertaken by a person on goods belonging to another registered person and the expression 'job worker' shall be construed accordingly."*

4. In view of the above, it may be seen that there is a 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 28-6-2017. 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.

11. As is evident, the applicant is seeking a ruling primarily on whether the process of converting raw material, owned by others who are registered with the department viz [i] Nitroantraquinone (HSN 2909); (ii) Monon methyl Amine (HSN 2921)& (iii) Bromine (HSN 2801) into Antraquinone derivatives (HSN 2914) would

- fall within the ambit of entry Sr. No. 26(id) of notification No. 11/2017-CE (Rate) dated 28.6.2017, as amended vide notification No. 20/2017-CT (Rate) dated 30.9.2019;
- would be classified under SAC 9988; and
- whether it will attract GST @ 12% [CGST 6% + SGST 6%] or otherwise.

12. The description of the heading 9988 is manufacturing services on physical inputs (goods) owned by others. Job work as defined under section 2(68) of the CGST Act, 2017, means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly. The applicant has stated that they are engaged in



converting the inputs Nitroantraquinone (HSN 2909); (ii) Monon methyl Amine (HSN 2921)& (iii) Bromine (HSN 2801) supplied by the principal into Antraquinone derivatives (HSN 2914). A flow chart of the process is also provided which we have reproduced above.

13. A conjoint reading of notification No. 11/2017-CT (Rate) dated 28.6.2017, as amended, together with circular No. 126/45/2019-GST dated 22.11.2019, clearly depicts that there is a clear demarcation between scope of the entries at item (id) and item (iv) in so far as heading 9988 of Notification No. 11/2017-Central Tax (Rate), dated 28-6-2017 is concerned. While entry (id), *ibid* covers job work services as defined in section 2(68) of CGST Act, 2017, in respect of treatment or processing undertaken by a person on goods belonging to another registered person, the entry (iv) on the other hand while excluding the services covered by entry (id), 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. To summarize, therefore, Sr. No. 26(id) [residual entry] covers job work where inputs are sent by registered person, while Sr. No. 26(iv) covers manufacturing services (processing) wherein inputs (goods) are sent by an unregistered person.

14. At the cost of repetition the applicant has stated that they are carrying out the processing for their client M/s. Profile Bio-Chemical Pvt Ltd., who is registered under GST and that during the course of job work, ownership of the goods does not change and remains with its client.

15. In view of the foregoing, on the given facts, we find that the service in question falls within the ambit of entry Sr. No. 26(id) of notification No. 11/2017-CE (Rate) dated 28.6.2017, as amended vide notification No. 20/2017-CT (Rate) dated 30.9.2019 and is classifiable under SAC 9988 and will attract GST @ 12% [CGST 6% + SGST 6%].

16. In the light of the foregoing, we rule as under:



**RULING**

The service in question falls within the ambit of entry Sr. No. 26(id) of notification No. 11/2017-CE (Rate) dated 28.6.2017, as amended vide notification No. 20/2017-CT (Rate) dated 30.9.2019; the service would be classified under SAC 9988 ; and it will attract GST @ 12% [CGST 6% + SGST 6%].



(RIDDHESH RAVAL)  
MEMBER (SGST)



(AMIT KUMAR MISHRA)  
MEMBER (CGST)

Place: Ahmedabad

Date: 03.11.2023



**SAG**  
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