

12% GST on Mixed Supply of the Job Work and Works Contract

Vrinda Engineers Private Limited vs. W.B AAR

Fact of the Case

- In the present case Vrinda Engineers Private Limited is the assessee who is a supplier of building structure, railway bridge equipment, technical structure, blast furnace shell, civil structure.
- Apart from supplying items, the applicant does job work on the materials and design belonging to another registered person.
- The applicant sought the advance ruling on the applicable rate of tax in terms of SI No. 26 of Notification No. 11/2017- Central Tax (Rate) dated June 28, 2017, amended time to time.

Decision of the Case

- The coram consisting of Sushmita Bhattacharya and Parthsarathi Dey clarified that the applicant activities can be segregated into job-work of fabrication on the material provided by the Principal and delivery thereof, and supply of paint on the fabricated structures and works contract involving the application of a coat of paint on the erected structures and thereby improving/maintaining an immovable property.
- The AAR observed that the contract combines two separate services namely the job work of fabrication of steel structures and delivery thereof at the site with incidental supply of paint, and works contract of applying a coat of paint to the steel structures after erection.
- Therefore, the AAR ruled that the applicant supplies a mixed supply constituting the job work of fabrication of steel structures and the works contract of applying paint to the erected steel structures. It is taxable at the rate of 12% in terms of the provisions under section 8(b) of the GST Act.