



Job Work

Agenda

1 Provisions

2 Case Laws

3 Reporting

4 Q & A

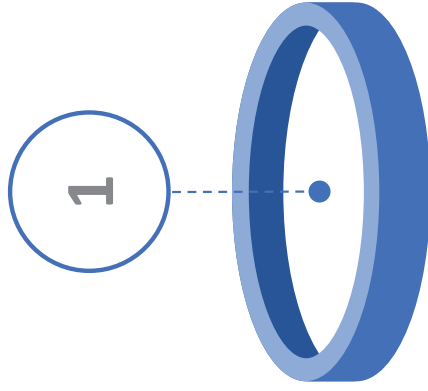


Provisions

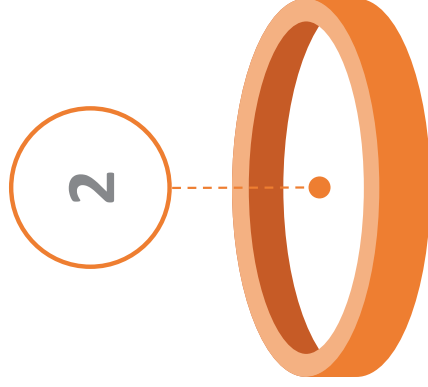
Section 2(68)

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;

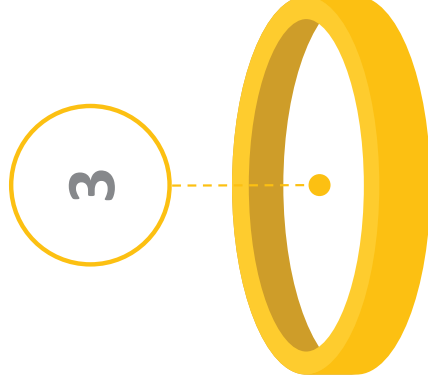
Provisions



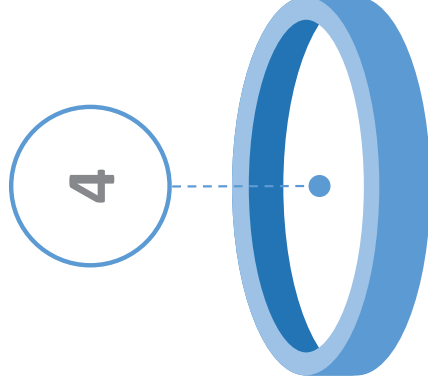
Section 143 - Process



Section 19 & Rule 45 for ITC



Rule 138 – issue of
E-waybill



Form GST ITC – 04

Job Work Process

Time period of getting back input

bring back inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out, to any of his place of business, without payment of tax;

Time period of getting back capital Goods

supply such inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export, as the case may be:

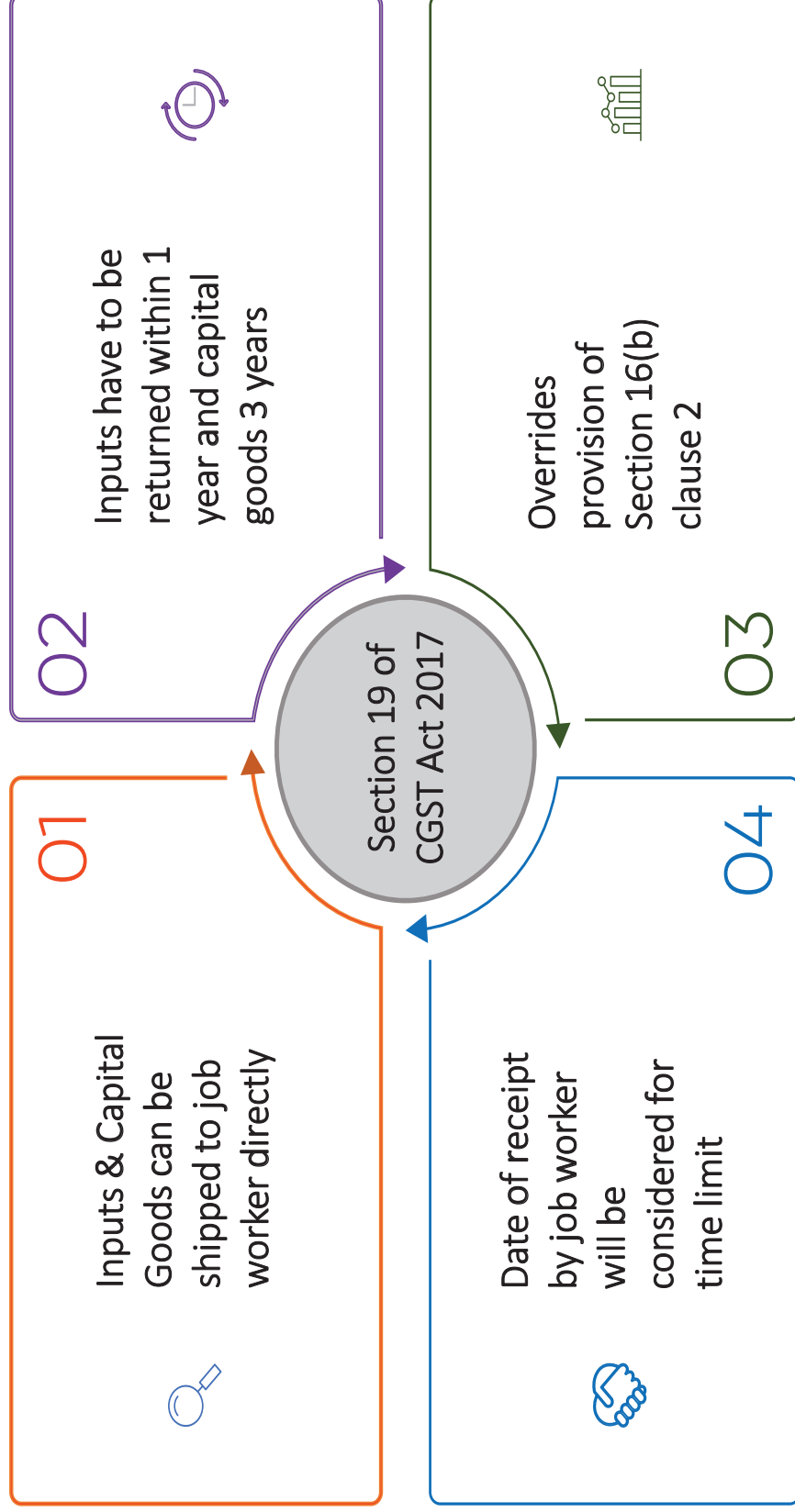
Time of supply in case of non receipt

If inputs or capital goods are not received back within stipulated time, the same will be treated as supply from the day on which the inputs or capital goods are sent for job work

Further supply from job workers location

Outward supply can happen from Job workers location if the location of the Job worker is added as additional place of business in the registration of the principal.

Input Tax Credit



Rule 45

Inputs, capital goods can be sent directly to job worker

Can be moved from one job worker to another by endorsement of delivery challan

Delivery challan has to be issued as per Rule 55

Quarterly Return ITC - 04 has to be filed by 12th of first month of next quarter

The Commissioner can extend the date

While returning the goods the job worker will raise a challan with ref to original challan

Rule 138

Provided also that where goods are sent by a principal located in one State or Union territory to a job worker located in any other State or Union territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment:

Provided also that where handicraft goods are transported from one State or Union territory to another State or Union territory by a person who has been exempted from the requirement of obtaining registration under clauses (i) and (ii) of section 24, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Financial Year*

2020-21

Return Filing Period*

Apr-Jun

SEARCH

4. Details of inputs/capital goods sent for job work (includes inputs/capital goods directly sent to place of business /premises of job worker)

Total Taxable Value
₹ 0

No. of Records-
0

5A. Details of inputs/ capital goods received back from job worker to whom such goods were sent for job work; and losses and wastes:

No. of Records-
0

5B. Details of inputs / capital goods received back from job worker other than the job worker to whom such goods were originally sent for job work; and losses and wastes:

No. of Records-
0

5C. Details of inputs/ Capital goods sent to job worker and subsequently supplied from premises of job worker; and losses and wastes:

No. of Records-
0

4. Details of inputs/capital goods sent for job work (includes inputs/capital goods directly sent to place of business /premises of job worker)



No Record found for the provided Inputs.



iIf you have more than 500 challans, then please use upload functionality to upload the challans.

• Indicates Mandatory Fields

Job Worker Type •

Select



BACK

ⓘ If you have more than 500 challans, then please use upload functionality to upload the challans.

• Indicates Mandatory Fields

Job Worker Type•

Registered

GSTIN•

Enter Supplier GSTIN

Challan date•

DD/MM/YYYY

Supplier's Name

Challan number•

Enter challan number

Item Details

Goods Type•	Description of goods•	Unit Quantity Code (UQC)•	Quantity•	Taxable value (₹)•	Rate of Tax (%)	
					Integrated tax•	Ces
Select		Select			Select	

i If you have more than 500 challans, then please use upload functionality to upload the challans.

• Indicates Mandatory Fields

Job Worker Type•

Unregistered▼

State•

Select▼

Challan number•

Enter challan number

Challan date•

DD/MM/YYYY

Item Details

Goods Type•	Description of goods•	Unit Quantity Code (UQC)•	Quantity•	Taxable value (₹)•	Rate of Tax (%)	
					Integrated tax•	Ces
Select▼		Select▼			Select▼	

◀

▶

SAVE

BACK

5A. Details of inputs/ capital goods received back from job worker to whom such goods were sent for job work; and losses and wastes:

No Record found for the provided Inputs.

Either the details of original challan issued by principal or fresh challan issued by job worker under which goods have been received back, are to be reported.

Indicates Mandatory Fields

Job Worker TypeRegistered

GSTINEnter Supplier GSTIN

Supplier's Name

Original challan dateDD/MM/YYYY

Original challan numberEnter original challan number

Item Details

	Quantity	Nature of job work done by job worker	Losses & wastes		Actions
			UQC	Quantity	
			Select		ADD

5B. Details of inputs / capital goods received back from job worker other than the job worker to whom such goods were originally sent for job work; and losses and wastes:

No Record found for the provided Inputs.

Either the details of original challan issued by principal or fresh challan issued by job worker under which goods have been received back, are to be reported.

Indicates Mandatory Fields

Job Worker TypeRegistered

GSTINEnter Supplier GSTIN

Supplier's Name

Original challan numberEnter original challan number

Original challan date

DD/MM/YYYY

Item Details

Challan No. issued by job worker under which goods have been received back	Date of challan issued by job worker under which goods have been received back	Description of goods	UQC

SAVE

5C. Details of inputs/ Capital goods sent to job worker and subsequently supplied from premises of job worker; and losses and wastes:

No Record found for the provided Inputs.

Original challan details may not be filled up where one-to-one correspondence between goods sent for job work and supplied therefrom is not possible, however, invoice details are mandatory.

Indicates Mandatory Fields

Job Worker Type

Unregistered

State

Select

Original challan number

Enter original challan number

Original challan date

DD/MM/YYYY

Item Details

Invoice No. in case supplied from premises of job worker issued by the Principal	Invoice date in case supplied from premises of job worker issued by the Principal	Description of goods	UQC



Case Laws

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Questions Raised in AAR

1. *Supply of coal or any other inputs on a job work basis by JSL to JEL*
2. *Supply of power by JEL to JSL*
3. *Job work charges payable to JEL by JSL*

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Facts of the Case

1. *JSL imports coal from suppliers located outside India*
2. *Required inputs (such as coal) would be supplied by JSL to JEL- For the purpose of this arrangement, JSL shall be construed as a 'Principal'. On receiving the inputs, JEL shall undertake the activities in accordance with the Job Work Agreement*
3. *Power generated from the aforesaid activities shall be supplied back to the Principal*
4. *JEL would recover charges from JSL in accordance with the Job Work Agreement. Each invoice shall contain details of the inputs supplied to JEL and power supplied to JSL and the charges for services rendered during the preceding month, applicable taxes and the date of payment for the said consideration*

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Applicants Submission

1. *The activity undertaken by the Applicant should qualify as a 'treatment or process',*
2. *The treatment or process undertaken should be on goods i.e. the inputs (coal) involved in the present case should fall within the ambit of term 'goods'*
3. *These inputs/goods should belong to JSL*
4. *Inputs should be brought back after completion of Job Work or Otherwise, within one year of their being sent out, to any place of business of the Principal.*

Definitions

Process

a natural or involuntary operation or series of changes; handle or deal with by a particular process' a systematic series of actions directed to some end;

Treatment

*Submission to the action of a chemical, physical or biological agent”
subjection to some agent or action”*

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Applicants Submission – Case Laws

- Commissioner Central Excise vs Indorama Textiles Ltd. [2010 (260) ELT 382 (Bom HC)] = 2009 (10) TMI 571 - BOMBAY HIGH COURT
- Haldia Petrochemicals Ltd. vs. CCE, Haldia [2006 (197) ELT 97 (Tri-Delhi)] = 2005 (1) TMI 306 - CESTAT, NEW DELHI
- Sanghi Industries Limited vs CCE, Rajkot [2006(206) ELT 575 (Tri-Delhi)] = 2006 (4) TMI 422 - CESTAT, NEW DELHI
- Sanghi Industries Limited vs CCE, Rajkot [2014 (302) ELT 564 (Tri.-Ahmd.)] = 2014 (2) TMI 278 - CESTAT AHMEDABAD

The above judgements cover instances where materials (such as naphtha, light diesel oil, furnace oil, etc) were supplied to the job worker for carrying out a specified process for the purpose of generation of electricity. Nowhere have the Courts denied or held that the activities undertaken do not result into a job work activity. Further the Supreme Court dismissed the appeal petition filed by the Commissioner of Central Excise Nagpur against the order of the Hon'ble Bombay High Court in the matter of Indorama Textiles Ltd (supra) - Commissioner vs Indorama Textiles Ltd. 2010(260) E.LT. A83(SC). = 2010 (7) TMI 981 - SUPREME COURT

In light of the aforesaid submissions and the submissions made earlier, it is submitted that the transaction proposed to be undertaken by the Company would be construed as a job work transaction and the Company would be considered as a job worker. Further, the GST would be payable only on the Job Work charges charged by the Company.”

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Departments View

As we begin to analyse, we see that the inputs provided by JSL to JEL are coal or any other inputs and after processing these, the output is electricity which is supplied to JSL. As an immediate observation, we have to say that the goods sent for job work are coal and after the so claimed process of 'job work' by JEL, the new product 'electricity' comes into existence. It is very apparent that the goods which are received after job work are in no way identifiable with the goods which were sent for job work. Electricity is a totally new commodity which will be delivered to JSL. To ascertain whether conversion of coal into electricity would tantamount to being 'job work', we need to examine the relevant provisions under the GST.

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Departments View – Case Law

We are absolutely conscious that noscitur a sociis rule is not applied when the language is clear and there is no ambiguity, which according to us does exist and is perceptible in the Explanation in question. A very broad and a wide definition of the term “processing” if applied, would include manufacture of a new or distinct product. Manufacture normally involves a series of processes either by hand or machine. If a restricted construction is not applied it would create and give rise to unacceptable consequences. It is not the intend to treat and regard manufacturing activities as processing. Manufacturing, as is understood, means a series of processes through different stages in which the raw material is subjected to change by different operations, (For difference between process and manufacturing see [CIT v. Tara Agencies \[CIT v. Tara Agencies, \(2007\) 6 SCC 429\], = 2007 \(7\) TMI 4 - SUPREME COURT OF INDIA Orient Paper and Industries Ltd. v. State of M.P. \[Orient Paper and Industries Ltd. v. State of M.P., \(2006\) 12 SCC 468\] = 2006 \(11\) TMI 320 - SUPREME COURT OF INDIA and Aspinwall Co. Ltd. v CIT \[Aspinwall & co. Ltd. v CIT, \(2001\) 7 SCC 525\].\) = 2001 \(9\) TMI 3 - SUPREME Court](#)

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Departments View – Case Law

we see that the definition of 'job work' in the GST Act uses the words 'treatment or process'. The impugned activity undertaken by the applicant to convert the coal into electricity would not be covered by the words 'treatment or process' as found in the definition of 'job work'. Here, the intent of the legislation is not to cover such treatment or process as would result into a distinct commodity. The activity, in fact, is a manufacture of electricity. And we find that the activity of 'manufacture' has been defined in the GST Act which is as follows:

“(72) “manufacture” means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly;”

As can be seen the definition itself says that the emergence of a new product from the processing of the inputs would be a manufactured product. In the instant case the end product i.e., “electricity” has a distinct name, character and use than the inputs i.e., “coal”. Thus, when the Legislature has provided for the definition of 'job work' as well as 'manufacture', the meaning as understood by the definition of 'manufacture' cannot be read into the words 'treatment or process' as found in the definition of 'job work'. 'Treatment', *Process' and 'Manufacture' are three different activities recognized by the Legislature. The intent of the Legislature is to restrict the scope of 'job work' to 'treatment' or 'process' and not to extend the same to 'manufacture'. We need not deliberate more on the issue as the emergence of a distinct commodity is very obvious and therefore beyond the applicability of the definition of 'job work' under the GST Act.

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

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Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Departments View – Case Law

we would like to say that the applicant has placed much reliance on certain case laws under the Central Excise Act which have been reproduced above. However, the case laws deal with the provisions as were available under the said Act. Such are not the facts in the instant case. We find that these case laws relied upon by the applicant were in the context of eligibility of input tax credit vis-a-vis the definition of input. For the sake of better understanding, we would like to reproduce one such definition which was in consideration in the case of [Haldia Petrochemicals Ltd. vs CCE, Haldia \[2006 \(197\) ELT 97 \(Tri.- Delhi\)\] - 2005 \(1\) TMI 306 - CESTAT, NEW DELHI](#)

*“input means all goods, except high speed diesel oil and motor spirit, commonly known as petrol, used in or in relation to the manufacture of final product **whether directly or indirectly and whether contained in the final product or not, and includes accessories of the final products the final products cleared along with final products goods used as paint, or as packing material, or as fuel or for generation of electricity or steam used for manufacture of final products or for any other purpose within the factory of production and also includes lubricating oils, greases. cutting oils and coolants.”***

As can be seen, the processes involved in the above cases required that the inputs used may or may not have been found in the final product. The facts before us and the applicable provisions are different than those found in the case laws relied upon by the applicant. Further, we observe that the facts and applicable provisions being unambiguous, we do not feel the need to comment or discuss the other case laws and provisions as relied upon by the applicant.

We are of the firm view that the activity undertaken by JEL amounts to manufacture of electricity from the coal as supplied by JSL and is squarely covered in the definition of manufacture' under the GST Act. It is, therefore, not covered by the scope of the definition of 'job work' under the GST Act as contended by the applicant.

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

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Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Order

Referred Supply Definition and Schedule -1 Clause 2 to conclude that it is supply

For reasons as discussed in the body of the order, the questions are answered thus -

Q.1 Applicability of GST on supply of coal or any other inputs on a job work basis by JSL to JEL

A. This question pertains to supply JSL and not JEL, the applicant. In view thereof, the same is not entertained.

Q.2 Applicability of GST on supply of power by JEL to JSL.

A. This question is answered in the affirmative.

Q.3 Applicability of GST on job work charges payable to JEL by JSL.

A. The transaction between JEL and JSL is a transaction of supply of goods and not a 'job work' and therefore, the question does not survive.

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Order

On perusal of the Bombay High Court Judgment in the case of COMMISSIONER VERSUS INDORAMA TEXTILES LTD. [2010 (7) TMI 981 - SC ORDER], it is established that electricity can be generated on the Job work basis.

It is further inferred that when electricity can be generated on job work basis, it is bound to happen that any inputs sent to the premises for the generation of electricity would not be sent back in the same original form.

The Bombay High Court, in this case, decided in the favor of the Respondent, holding that the Respondent was justified in claiming input credit in respect of the furnace oil, being used at the job worker's premises for the generation of electricity, which was the intermediate goods, being received by the Respondent, in that case the principal - By applying the above case law in the instant case, it is opined that coal, despite being consumed in the process of the generation of electricity, thereby becoming irretrievable, will not preclude the proposed arrangement from being the job work transaction, as understood by the Appellant.

Case Laws

M/S. JSW ENERGY LTD & APPELLATE AUTHORITY FOR ADVANCE RULING, MAHARASHTRA

Order

The principal will not be in position to independently bring back the inputs from the premises of the job worker, thereby not satisfying the conditions laid out in section 143 (1)(a) of the CGST Act, 2017 - the proposed arrangement under consideration is satisfying the condition laid down under section 143 (1) (a) of the CGST Act, 2017 in respect of bringing back of the inputs by the principal i.e. JSL from the job worker's premises i.e. JEL, after the completion of the job work. Thus, the earlier observation in this regard is sought be revised. Accordingly, no GST will be leviable on this supply.

Case Laws

H. MUHAMMAD KUNJU AND BROTHERS VERSUS ASSISTANT STATE TAX OFFICER – KERALA HIGHCOURT

Facts

Detention of goods along with vehicle - reason for detention is mis-match in the value of the goods transported, as shown in the e-way bill and job work invoice that accompanied the transportation of the goods.

As per the statutory provisions, when goods are sent to other premises for job work, it is the same delivery challan that has to accompany the transportation for the onward and return journey as well. At any rate the objection of the respondents is only with regard to the value shown in the e-way bill that accompanied the goods on its return journey.

Case Laws

H. MUHAMMAD KUNJU AND BROTHERS VERSUS ASSISTANT STATE TAX OFFICER – KERALA HIGHCOURT

Facts

It has to be noticed that the value shown in the e-way bill on the return journey had to correspond with the value shown in the invoice raised by the job worker, and the rate of ₹ 3469.76/- shown in both the documents was the actual consideration paid to the job worker for the job work done on the goods sent to him by the petitioner. It is also relevant to note that in the e-way bill as also the job work- invoice, the quantity of the goods is correctly shown as 15,490 Kgs and the description of goods is also shown as 'HR plates'. In as much as there could be no doubt with regard to the identity of the goods that were being transported, and the difference in the value shown in the e-way bill (from that shown in the original delivery chalan) was only on account of the requirement of maintaining uniformity in the value shown in the tax invoice raised by the job worker and the e-way bill generated by him, I am of the view that the detention in this case was wholly unjustified.

Case Laws

H. MUHAMMAD KUNJU AND BROTHERS VERSUS ASSISTANT STATE TAX OFFICER – KERALA HIGHCOURT

Order

Judge allows the writ petition to be quashed. Exts.P5,P6 and P7 and directing the respondents to release the goods and the vehicle to the petitioner on his producing a copy of this judgment before the respondent. The learned Government Pleader shall also communicate the gist of this judgment to the respondent for facilitating an early clearance of the goods and the vehicle.



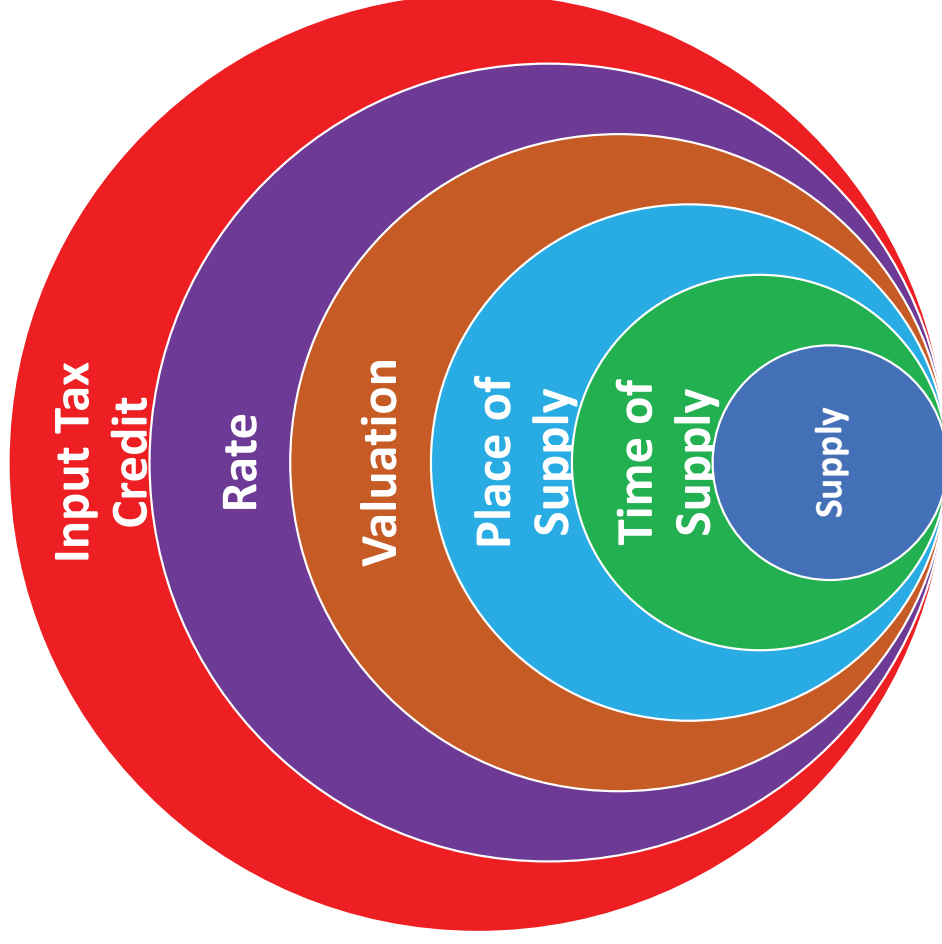
Works Contract

Definition

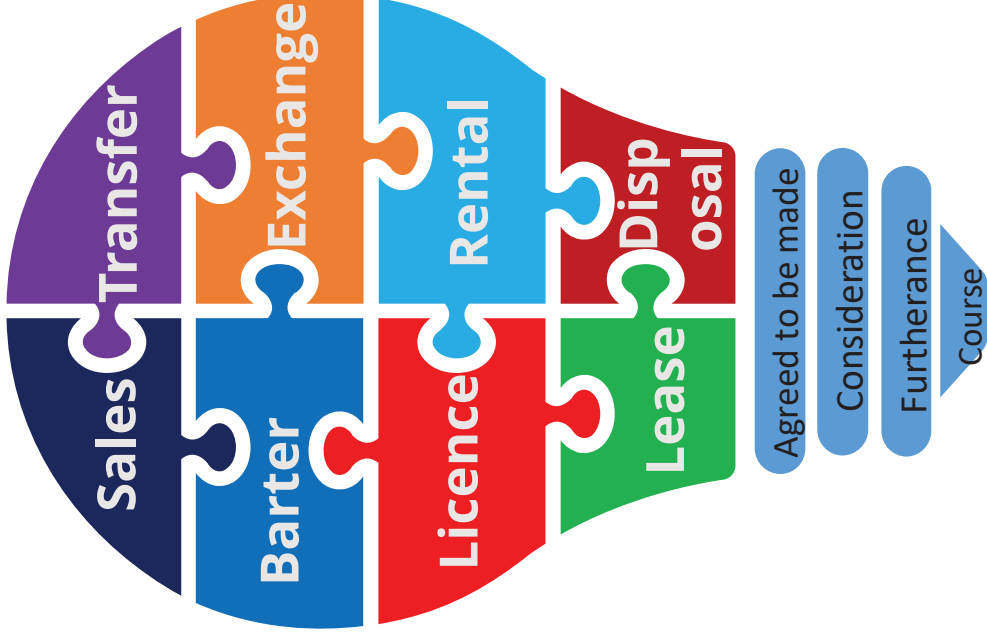
Works Contract – Section 2(119)

“works contract” means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;

Implications



Supply



Section 7 of CGST Act 2017

Types of Supply

Composite Supply

Means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Mixed Supply

Means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Composition Supply

Naturally Bundled

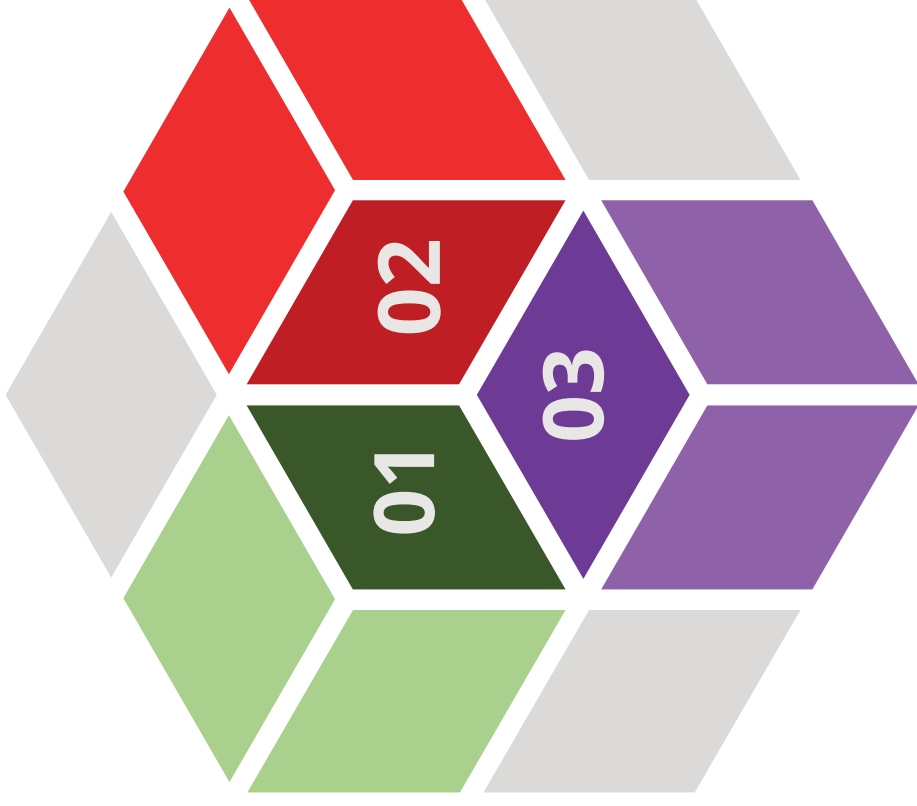
In Conjunction with each other



Two or More Taxable
Supplies

One of Which is a Principal Supply

Mixed Supply



Consists of two or more supplies

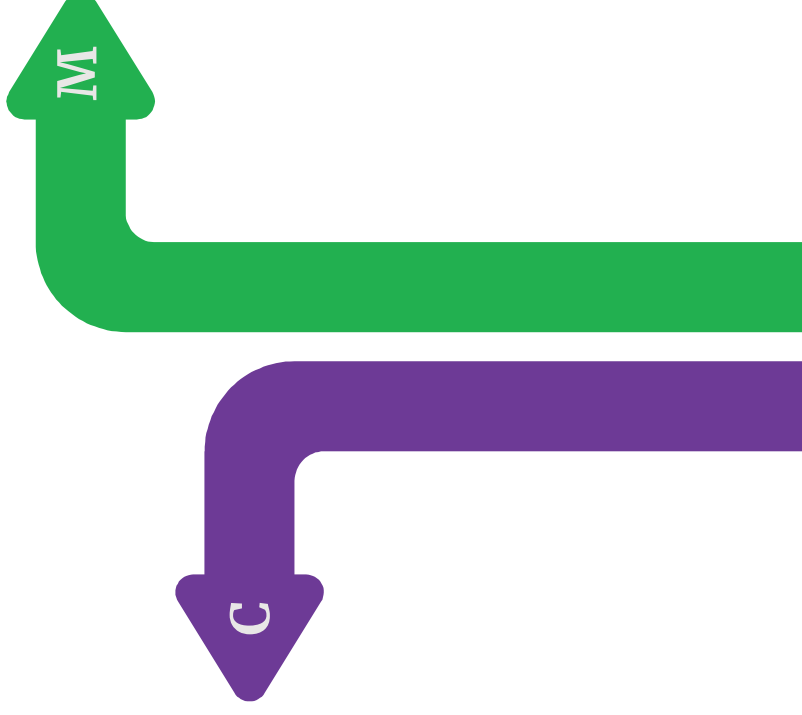
Not Naturally Bundled

It can be supplied independently

Valuation

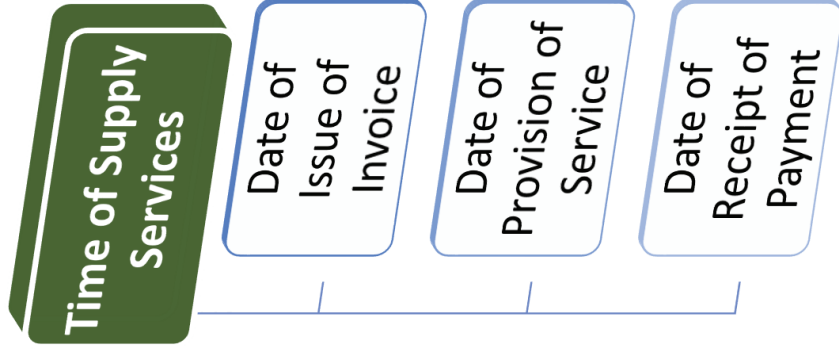
Composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply;

Mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax



Section 13

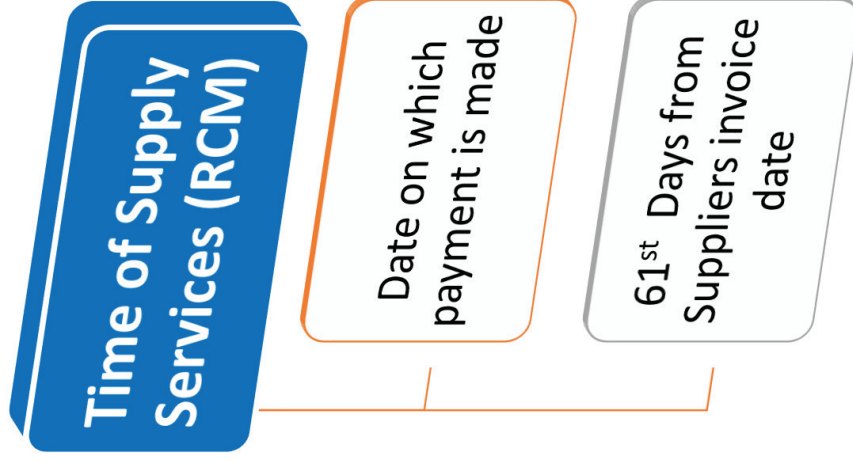
Time of Supply





Section 13

Time of Supply



Place of Supply

Section 12(3) of IGST Act 2017

Directly in relation to an immovable property, including services for carrying out or co-ordination of construction work.

The location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located.

Location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient.

Valuation



Location of Recipient	Place of Supply	Type of Supply	Remarks
Delhi	Delhi	Intra State	No Challenge
West Bengal	West Bengal	Intra State	No Challenge
Delhi	West Bengal	Inter/Intra	ITC it is Inter as Registration is not there



Valuation

01

Consideration charged for supply of the service, where price is the sole consideration on.

02

Includes taxes, duties paid other than taxes paid under Goods and Service Tax, 2017.

03

Incidental expenses related to supply.

04

Expenses incurred by the recipient on behalf of the supplier.

05

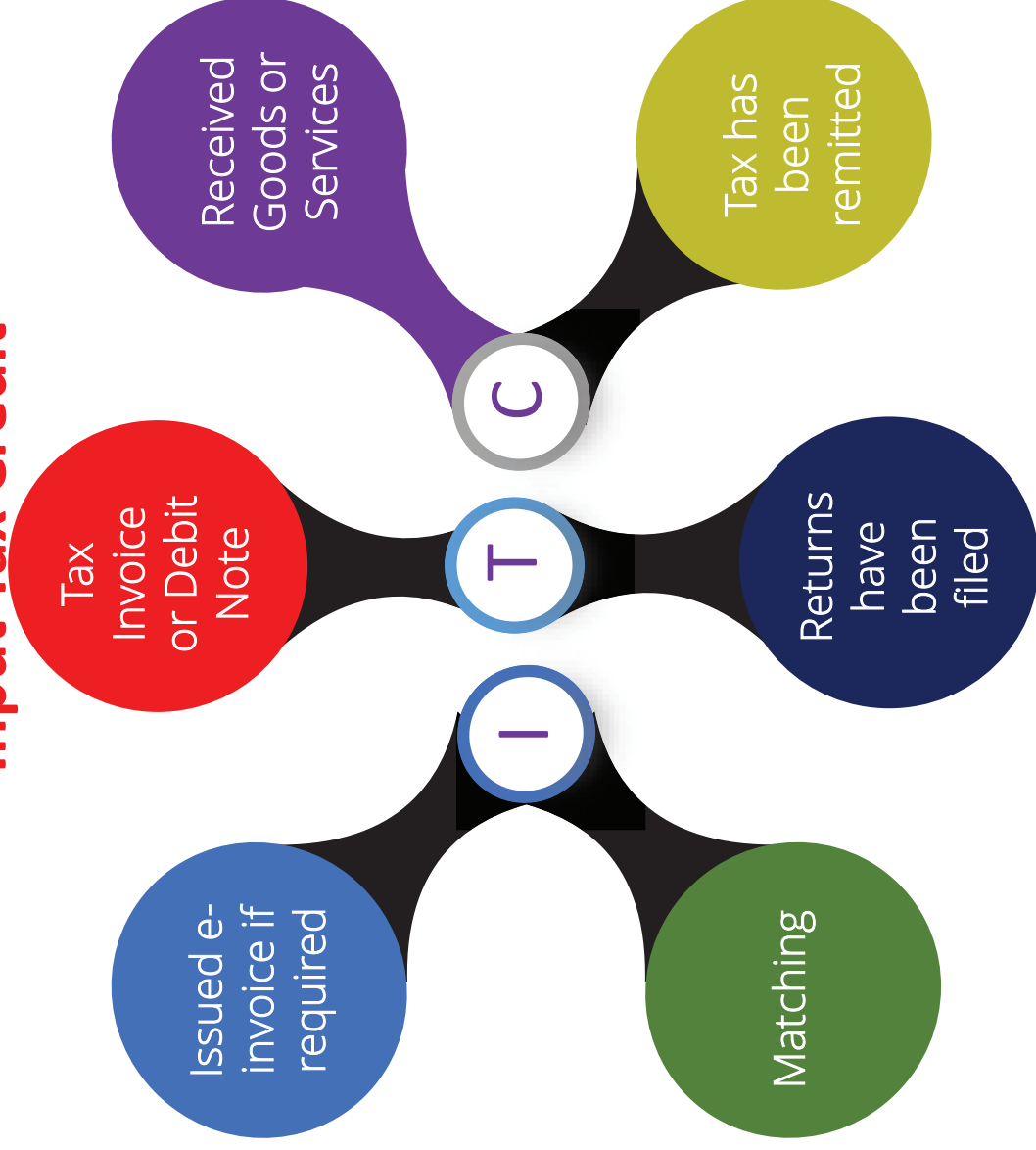
Includes late fees and delayed fees charged.

Rates

Notification

Rates are based on nature of service, to whom it is rendered – refer to relevant notifications issued from time to time

Input Tax Credit



Input Tax Credit

Allowed

Works Contract where it is used for outward which is again works contract

Allowed

Works Contract to Immovable property for Plant & Machinery

Not Allowed

Works contract for immovable property other than Plant & Machinery



Case Laws



Case Laws

M/S Safari Retreats Private Limited v Chief Commissioner of Central Goods & Service Tax [W.P. (C) 20463 of 2018]

Order

Allowed availment of input tax credit (ITC) on goods and services used for construction of immovable property and used in the course or furtherance of business.

Case Laws

M/S Safari Retreats Private Limited v Chief Commissioner of Central Goods & Service Tax [W.P. (C) 20463 of 2018]

Contention of Petitioner

The petitioner therein was engaged in the business of constructing shopping malls for the purpose of letting out for commercial purposes. Inputs in the form of cement, sand, steel, aluminum, wires, plywood, paint, escalators, electrical equipment as also and input services such as architect fees etc. were used in construction of the complex that was ultimately leased out for commercial purposes (attracting goods and services tax). Section 17(5)(d) of Central Goods and Services Tax Act, 2017 (CGST Act) restricts ITC on goods and services received by a taxable person for construction of an immovable property on his own account even though such immovable property is used in the course or furtherance of business.

Case Laws

M/S Safari Retreats Private Limited v Chief Commissioner of Central Goods & Service Tax [W.P. (C) 20463 of 2018]

Contention of Petitioner

The principal argument taken in the petition was that Section 17(5)(d) of the CGST Act restricts the seamless flow of credit and that denial of ITC in is unjust, arbitrary, oppressive and contradictory to the basic rationale of GST. The Petitioner argued that the restriction under Section 17(5)(d) of the CGST Act should apply only in those cases where there is a break in the tax chain. However, in the present case, there is no breakage in the tax chain as the Petitioner would be liable to pay goods and services tax (GST) on letting out of such properties for commercial purposes.

Case Laws

M/S Safari Retreats Private Limited v Chief Commissioner of Central Goods & Service Tax [W.P. (C) 20463 of 2018]

Highlights of the Order

- The purpose of the CGST Act is to provide a uniform law for levy and collection of tax on intra state supply of goods and services, and to prevent multi taxation.
- Section 17(5)(d) of the CGST Act is to be read down and a narrow interpretation of Section 17(5)(d) of the CGST Act is frustrating the objective of the CGST Act.
- If the petitioner is required to pay GST on rental income arising out of the investment on which he has paid GST, he is entitled to avail the ITC for the inputs and input services consumed by them.

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Question Raised by Applicant

Whether concessional rate of GST shall apply to the sub-contractor who is sub-contracted from a sub-contractor of the main contractor, the main contractor being provider of works contract to a Government entity?

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Facts of the Case

- Applicant is a sub contractor for M/s. Ocean Constructions (India) Pvt. Ltd
- The main Contractor is awarded work by M/S Karnataka Neeravari Nigam Ltd for consutruction of Channa basaveshwara Lift Irrigation Scheme
- Scope of work includes preparation of plans and drawings, construction of intake canal, jack well cum pump house, Rising main, Electrical sub-station, erection of vehicle turbine pumps, including commissioning of entire project, including maintenance for 5 years period on turnkey basis

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Applicants Interpretation

Services provided by him falls under clause (ix) to serial number 3 of Notification 11/2017-Central Tax (Rate) dated 28-06-2017, as amended by Notification No.01/2018-Centra1 Tax (Rate) dated 13-10-2017 and the concessional rate of tax@12% shall apply to him.

Description of the Service	Rate (per cent.)	Condition
“(ix) Composite supply of works Contract as defined in clause(119)of section 2 of the Central Goods and Services Tax Act, 2017 provided by a sub-contract or to the main contractor Providing services specified in item (iii) or item (vi) above to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity.	6%	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case maybe.

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Departments Contention

- The original contract is awarded by M/s. Karnataka Neeravari Nigam Limited to M/s. Ocean Constructions (India) Private Limited.
- The entry no.3 (iii) of Notification No. 11/2017- Central Tax (Rate) dated 28.06.2017 (as amended) explains that any taxable person providing such supply of service in the form of composite supply of works contract as defined in clause (119) of section 2 of the CGST Act 2017 to Central Government, State Government, Union Territory, a local authority or a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of as explained vide sub entry no (b) (canal, dam or other irrigation works) such being the case, the supplier of service as subcontractor will get concessional rate of tax @ 6% CGST and @ 6% KGST.
- M/s. Karnataka Neeravari Nigam Limited is qualified to be called as a Government Entity
- Main contractor is not a Government Entity

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Order

- The composite supply undertaken by the applicant under question is not covered under entry no. 3(iii) or 3(vi) or 3(ix) of the Notification No. 11/2017- Central Tax (Rate) dated 28.06.2017 as amended and hence applicant is not eligible to charge GST at a rate of 6% under CGST Act and 6% under the KGST Act. The applicant has to discharge tax rate CGST @9% and KGST @ 9% each under the provision of the GST Acts.

Case Laws

M/S Hadi Power Systems and Authority for Advance Ruling Karnataka

Departments Contention

- The original contract is awarded by M/s. Karnataka Neeravari Nigam Limited to M/s. Ocean Constructions (India) Private Limited.
- The entry no.3 (iii) of Notification No. 11/2017- Central Tax (Rate) dated 28.06.2017 (as amended) explains that any taxable person providing such supply of service in the form of composite supply of works contract as defined in clause (119) of section 2 of the CGST Act 2017 to Central Government, State Government, Union Territory, a local authority or a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of as explained vide sub entry no (b) (canal, dam or other irrigation works) such being the case, the supplier of service as subcontractor will get concessional rate of tax @ 6% CGST and @ 6% KGST.
- M/s. Karnataka Neeravari Nigam Limited is qualified to be called as a Government Entity
- Main contractor is not a Government Entity

Differences

Features	Job Work	Works Contract
Guiding Section	Section 2(68)	Section 2(119)
Use his own goods	No	Yes
ITC	Available	Conditions Apply
Nature of Goods	Movable	Immovable
Reporting	Separate	Regular
Will Rates vary based on Recipient	No	Yes
Interpretation	Simple	Complex
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