

18% GST payable on Reshelling of Old Sugar Mill Rollers: The AAR, Maharashtra

Fact of the Case

The applicant, M/S S.B.Reshellers Pvt. Ltd. submitted that the activity of reshelling of old sugar mill rollers is held as repairing activity by the Supreme Court in the base of Lathia Industrial Supplies Co. Pvt.Ltd. and the Tribunal in the cases of Jagat Machinery Manufacturers P.Ltd. & Zenith Rollers Ltd. V/s. CCE under the Central Excise era. On the said activity, the applicant has paid service tax as repair/maintenance service/Business Auxiliary Service as per the Finance Act, 1994 under Service Tax regime.

Under the GST regime also the said activity is classified as a Service and the applicant is charging 18% GST on the same since all services are attracting 18% GST. However, after insertion of clause (id) in Sr. No.26 of Notification No. 11/2017-CT(R), dt.28.06.2017 declaring 6% CGST for services by way of job work, some of applicant's customers expressed a view that the said activity is treatable as job work service covered under said newly inserted clause (id) of Sr. No.26 of Notification No. 11/2017-CT(R), dt.28.06.2017, since the customers are following the procedure under Rule 55 read with Rule 45 of CGST Rules, 2017 for the said activity and are declaring the same in their job work return to be filed under Rule 45 of the CGST Rules, 2017 and that since job work services covered under said clause (id) now GST is payable @ 12% only, applicant also should charge 12% GST on the said service.

The applicant has sought the advance ruling on the issue in respect of classification of the reshelling of old sugar mill rollers and Whether the activity of reshelling of old sugar mill rollers will attract 12% GST in terms of clause (id) of Sr. No.26 of Notification No.11/2017-CT(R), dt.28.06.2017 or will continue to attract 18% GST as earlier.

Decision of the Case

The Coram ruled that the activity of reshelling of old sugar mill rollers is treatable as a repair/maintenance service under SAC 9987. The said activity of reshelling of old sugar mill rollers will attract 18% GST.

The Maharashtra Authority of Advance Ruling (AAR) ruled that 18% GST payable on Reshelling of old Sugar Mill Rollers.