

AUTHORITY FOR ADVANCE RULINGS
(Central Excise, Customs and Service Tax)
Hotel Samrat, 4th Floor, Kautilya Marg, Chanakyapuri
New Delhi

Present:

Justice V.S. Sirpurkar (Chairman)
Shri S.S.Rana (Member)
Shri R.S.Shukla (Member)

The 22nd day of July, 2016

Ruling No. AAR/ST/ 24 /2016

Application No. AAR/44/ST/16/2015

Name & address of the applicant : M/S Sarkar & Sen Company, West Bengal.

Commissioner concerned : Commissioner of Service Tax, Kolkata-II, 180, Shanti Pally Rajdanga, Main Road, Kolkata-700107

Present for the applicant : None

Present for the Department : Sh. Ranjan Khanna
Authorised Representative

RULING

M/s Sarkar & Sen Company (hereinafter also referred to as applicant), a labour contractor, proposes to undertake job work for M/s Nipha Exports (P) Ltd – a manufacturer, on contract basis at the rate of Rs.2000/- per “Jute Loom Machine Assembly” at the premises of said M/s Nipha Exports. For this, Agreement dated 12.06.2015 with respect to job contract between the applicant and M/s Nipha Exports (P) Ltd has been submitted by the applicant.

2. The question raised by the applicant for ruling by this Authority is as under;

Whether applicant is eligible for exemption from payment of Service Tax on job work undertaken inside the factory of the manufacturer as per Notification No. 25/2012-ST dated 20.06.2012, as amended?

3. Notification No. 25/2012-ST dated 20.06.2012, as amended vide Notification No. 06/2015 dated 01.03.2015 inter-alia exempts following taxable service from the whole of the service tax leviable there-under section 66B of the Finance Act, 1994.

30. Carrying out an intermediate production process as job work in relation to

(c) any goods excluding alcoholic liquors for human consumption on which appropriate duty is payable by the principal manufacturer;

4. Further, sub- clause 2 (Z) of said notification defines “principal manufacturer” as under;

2. Definitions – For the purpose of this notification, unless the context otherwise requires –

2) “principal manufacturer” means any person who gets goods manufactured or processed on his own account from another person.

5. In order to ascertain the applicability of Notification No. 25/2012-ST, Commissioner of Central Excise in-charge of M/s Nipha Exports (P) Ltd was asked for a report in this connection, who informed that M/s Nipha Exports (P) Ltd is availing Central Excise duty exemption on the manufacture of “Jute Loom Machine” falling under Tariff Head 8448 3220 vide Notification No. 12/2012-CE (NT) dated 17.03.2012 (S. No. 251).

6. As the ‘principal manufacturer’ i. e M/s Nipha Exports (P) Ltd is availing benefit of exemption Notification No. 12/2012-CE (NT) dated 17.03.2012 (S. No. 251) on the manufacture of “Jute Loom Machine” on job work by the applicant, benefit of exemption Notification No. 25/2012-ST dated 20.06.2012, as amended, cannot be extended to the applicant.

7. In view of the above, we rule as under;

Applicant is not eligible for exemption of Service Tax in respect of job work undertaken in the factory of the manufacturer in terms of Notification No. 25/2012-ST dated 20.06.2012, as amended.

(S.S. Rana)
Member (R)

(V.S. Sirpurkar)
Chairman

(R.S.Shukla)
Member (L)