

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULINGS UNDER
SECTION 60 OF THE KARNATAKA VALUE ADDED TAX, 2004 AND RULES 164 AND 165 OF
THE KARNATAKA VALUE ADDED TAX RULES 2005

PRESENT

- (1) M.D. Jain,
Additional Commissioner of Commercial Taxes
(Head Quarter)-1, Bangalore and chairman.
- (2) H. D. Arunkumar,
Additional Commissioner of Commercial Taxes,
(Policy & Law), Bangalore and Member.
- (3) R. Jagadeesh Prasad,
Additional Commissioner of Commercial Taxes,
(GST), Bangalore and Member.

NAME AND ADDRESS OF THE APPLICANT : M/s. Ontop Pharmaceuticals Pvt., Ltd.,
No.9D, Bommasandra Indl. Area,
Hosur Road, Bangalore-560099.

TIN : 29730064164

JURISDICTIONAL ASSESSING AUTHORITY : LVO-26, Koramangala, Bangalore.

REPRESENTED BY : Sri. Sridhar, Assistant Manager

ORDER NO.AL.R.CLR.CR-29/12-13, DATED:11-09-2013

1. M/s. Ontop Pharmaceuticals Pvt., Ltd., No. .9D, Bommasandra Indl. Area, Hosur Road, Bangalore-560099, borne on the files of LVO-026, Koramangala, Bangalore with TIN-29730064164, ('the applicant' for short) has filed an application in Form VAT-540 dated:16-07-2012 under section 60 of the KVAT Act,2003 ('Act' for short). The Applicant is a Private Limited Company engaged in manufacture of medicines and also undertaking 'job work' of manufacturing medicines for a few companies under a contract. The Applicant is seeking clarification as to whether the 'job work charges' charged for executing the 'job work of manufacture of medicines' is liable for VAT at 5%.

2. The applicant's authorised representative Sri. Sridhar, Assistant Manager appeared before this Authority on 20-10-2012 and was heard.

3. On verification of the documents produced and submissions by the applicant, it is found that the applicant is engaged in the manufacture of medicines and also doing job work of manufacturing medicines to few companies under contract. The applicant get orders from local registered dealers for jobwork of manufacturing medicines. The applicant will sell some of the raw

materials, packing materials and consumables to such registered dealers raising tax invoices. The customers (registered dealers) will send all the raw materials to the applicant under his documents mentioning that materials supplied are for job works. The applicant will manufacture and send the finished goods with his job work bill stating it as exempted from tax. The applicant seeks clarification as to whether such charges for 'job work' is liable for VAT at 5% as per the Act.

4. At the time of hearing the authorised representative also submitted that the company is yet to commence the manufacturing operation. Therefore he has no copy of contract agreement. He further submits that he will be receiving only job work charges and wants to know whether such job work charges are liable to tax.

5. The Applicant's explanation and submissions are examined. If as submitted by the applicant all the materials required for manufacture and packing of medicines by the applicant for his customers are supplied and belong to such customers, the applicants related transaction does not attract any tax under the provision of the KVAT Act.

6. This authority therefore clarifies that execution of work of manufacture of medicines which does not involve any transfer of property in goods in its execution is not liable to tax under the provisions of the KVAT Act, 2003.

(R. Jagadeesh Prasad)

Member

(H.D. Arunkumar)

Member

(M.D. Jain)

Chairman

Clarification & Advance Ruling Authority
Gandhinagar, Bangalore-9

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Gandhinagar, Bangalore-9

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Gandhinagar, Bangalore-9

Copy to:

- (1) The Applicant.
- (2) The LVO-026, Koramangala.
- (3) Submitted to the Commissioner of Commercial Taxes (Karnataka), Bangalore.