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Clarifications in Circular No. 34/8/2018-GST

Clarifications regarding GST in respect of certain services

The following clarifications have been issued vide Circular No. 34/8/2018-GST dated March 1, 2018, as approved by the Fitment Committee to the GST Council in its meeting held on 9th , 10th and 13th January 2018 :

Whether activity of bus body building, is a supply of goods or services?

- In the case of bus body building there is supply of goods and services. Thus, classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case.

Whether retreading of tyres is a supply of goods or services?

- In retreading of tyres, which is a composite supply, the pre-dominant element is the process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply.
- Which part of a composite supply is the principal supply, must be determined keeping in view the nature of the supply involved.
- Value may be one of the guiding factors in this determination, but not the sole factor.
- The primary question that should be asked is what is the essential nature of the composite supply and which element of the supply imparts that essential nature to the composite supply. Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods (retreaded tyres under heading 4012 of the Customs Tariff attracting GST @ 28%)

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