

## GST REVISIONARY SERIES

What do you mean by Job work?

As per section 2(68) "job work" means any treatment or process undertaken by a person on **goods belonging to another registered person.**

Can a registered Person/Principal be allowed input tax credit (ITC) on inputs sent to a job worker for job work?

Yes, a registered Person/Principal is allowed inputs tax credit (ITC) on inputs sent to a job worker for job work subject to such conditions and restrictions as may be prescribed.

Can principal be entitled to avail ITC even if goods without being first brought to his place of business?

Yes, principal shall be entitled to take ITC on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business.

Is there any time limit to receive back the Inputs & Capital Goods to principal after completion of job work ?

Where the Inputs or Capital goods sent to a job worker, such goods/inputs or Capital goods must return back to principal within the period of 1 year or 3 years as the case may be.

The period of 1 year or 3 years shall be counted from which date?

Where the inputs or capital goods are sent directly to a job worker, the period of one year or three years shall be counted from the date of receipt of inputs by the job worker. In other cases, the date of goods/inputs or capital goods sent.

What are the consequences if Input and capital goods not received back by the principal within time period prescribed under law?

It shall be considered as supply to job worker & shall be declared in FORM GSTR-1 of a month in which such period laps and the principal shall be liable to pay the tax along with applicable interest on GST liability.

What are the Documents required if goods sent to the job worker ?

Prescribed documents are Challan, e-way bill and any other document required under any other law, depending upon the nature of goods.

Can goods be sent from one job worker to another job worker ?

Yes, under the cover of the challan which may be issued either by the principal or the job worker sending the goods to another job worker.



When and where must the details of challans issued/endorsed by principal or job worker need to be furnished?

Principal or job worker need to file FORM GST ITC -04 at GST portal for that period before the twenty-fifth day of the following month of the quarter.

When and where must the details of challans issued/ endorsed by principal or job worker need to be furnished- **(PART-II)**?

**WEF 01.10.2021 :**

- ▶ **For a Principal whose Aggregate Turnover during immediate preceding is more than Rs. 5.00Cr :**  
He has to file **half yearly** GST ITC-04 for the period from 01<sup>st</sup> April-30<sup>th</sup> Sept of current FY up to 25<sup>th</sup> of succeeding month i.e 25<sup>th</sup> Oct of current FY.
- **For a Principal whose Aggregate Turnover during immediate preceding is less than Rs. 5.00Cr :**  
He has to file **yearly** GST ITC-04 for the period from 01<sup>st</sup> April-31<sup>st</sup> March of current FY up to 25<sup>th</sup> of succeeding month i.e 25<sup>th</sup> April next financial year.

Any extension of time period is available to furnish the FORM GST ITC-04 ?

Yes, the said time period can be extended by the Commissioner by a notification.

The responsibility of keeping proper accounts of the inputs and capital goods sent for job work lies with whom?

The responsibility of keeping proper accounts of the inputs and capital goods including scrap, if any lies with the principal.

Who is responsible to send and receive back the goods to/from job worker?

Principal is responsible to send and receive back the goods sent for job worker.

Does the job worker requires to obtain registration if both principal and job worker are in same state?

Job worker is required to obtain registration only if his aggregate turnover, to be computed on all India basis, in a financial year exceeds the specified threshold limit (i.e. Rs 20 lakhs or Rs. 10 lakhs in case of special category States) in case both the principal and the job worker are located in the same State.

Does the job worker requires to obtain registration if principal and job worker are in different states?

Yes, it is compulsory to obtain registration as per section 24(i) of CGST Act in case of inter-state supply including cases where principal and job worker are in different states.

Supply of goods by the principal from job worker's place of business / premises will be treated as supply been made by the principal or by the job worker?

Supply of goods by the principal from the place of business / premises of the job worker will be treated as supply by the principal and not by the job worker.



Can the principal supply the goods directly from the premises of the job worker without bringing it back to his own premises?

Yes. But the principal should have declared the premises of an **unregistered job worker** as his additional place of business.

If the job worker is a registered person then goods can be supplied directly from the premises of the job worker.

Does e-way bill required to be generated for job work goods or inputs?

The 3rd Proviso to Rule 138 states very clearly that where goods are sent by principle located in one state or union territory to a job worker located in another state or union territory, the e -way bill shall be generated either by principle or by job worker, if registered, irrespective of the value of the consignment

Whether the value of moulds and dies, jigs and fixtures or tools which have been provided by the principal to the job worker and have been used by the latter for providing job work services would be included in the value of job work services?

The value of moulds and dies, jigs and fixtures or tools may not be included in the value of job work services provided its value has been factored in the price for the supply of such services by the job worker.

Some capital goods like jigs and fixtures are non-usable after their use and normally sold as scrap. What is the treatment of such items in job work provisions?

The condition of bringing back capital goods within three years is not applicable to moulds, dies, jigs and fixtures or tools. These can be sold as scrap and principal need to take care of all compliances.

What would be treatment of the waste and scrap generated during the job work?

The waste and scrap generated during the job work can be supplied by the job worker directly from his place of business, on payment of tax, if he is registered.

If he is not registered, the same would be supplied by the principal on payment of tax.

Can a person other than registered person follow the job work procedure under the Act?

No. It is important to note that the provisions of section 143 of the CGST Act are applicable to a registered person.

Thus, it is only a registered person who can send the goods for job work under the said provisions.

What if the inputs or capital goods are neither returned nor supplied from the job worker's place of business / premises within the specified time period?

The principal would issue an invoice for the same and declare such supplies in his return for that particular month in which the time period of one year / three years has expired. The date of supply shall be the date on which such inputs or capital goods were initially sent to the job worker and interest for the intervening period shall be payable on the tax.

Whether the goods of principal directly supplied from the job worker's premises will be included in the aggregate turnover of the job worker?

No, the goods of principal directly supplied from the job worker's premises will not be included in the aggregate turnover of the job worker. It will be included in the aggregate turnover of the principal.



What are the legal/documentary requirements where goods are sent by the principal to only one job worker?

- The principal shall prepare a challan (in triplicate) in terms of rules 45 and 55 of the CGST Rules, for sending the goods to a job worker.
- Two copies of the challan may be sent to the job worker along with the goods.
- The job worker should send one copy of the said challan along with the goods, while returning them to the principal.
- The FORM GST ITC-04 will serve as the intimation as envisaged under section 143 of the CGST Act, 2017.

What are the legal/documentary requirements where goods are sent by one job worker to another job worker?

- In such cases, the goods may move under the cover of a challan issued either by the principal or the job worker.
- In the alternative, the challan issued by the principal may be endorsed by the job worker sending the goods to another job worker, indicating therein the quantity and description of goods being sent.
- The same process may be repeated for subsequent movement of the goods to other job workers.

What are the legal/documentary requirements where goods are returned to the principal by the job worker?

The job worker should send one copy of the challan received by him from the principal while returning the goods to the principal after carrying out the job work along with his own bill for job work charges and a e-way bill.

Whether returning backs the goods to foreign principal is Export & can the IGST paid on Import of Goods be claimed as Input?

The return of imported goods to the foreign principal after job work is “export of goods”, which is declared as a “zero rated supply” as per Section 16 (1) of the IGST Act. The IGST paid on the import of goods for job work purpose can be availed as ITC by the importer / job worker; even the input tax credit can be claimed as refund.

What will be the place of supply in case goods have been imported for job work?

The place of supply of service provided by the Job worker (importer) would be the location, where such services are actually performed, i.e. the Job worker's (importer) location, which would be in taxable territory. But wef 01.02.2019 scenario has changed.

What will be the place of Supply for temporarily import of Goods for Repair/other treatment & re-export?

In the case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process without being put to any use in India, other than that which is required for such repairs or treatment or process. Accordingly, the place of supply of such job work services would be the location of the recipient of supply (foreign principal's location), as per Section 13 (2), which is outside the taxable territory. (Ref- IGST (Amendment) Act , 2018)

Whether the job worker (Importer) is liable to pay GST on the labour charges received from the foreign principal?

Job worker (Importer) is not liable to pay GST on the labour charges received from the foreign principal..

Is tax payable, where the goods are removed from the place of the principal for any purpose to the job worker before commencement of GST and the same were returned to him after commencement of GST?

No tax shall be payable if:

- such inputs, after job work returned to the said place within 6 months (can be extended by commissioner on sufficient cause) from the date of commencement of GST law.
- principal and job worker submits a declaration of the stock details of inputs, semi-finished goods or finished goods held by the job worker on the commencement day of GST Law in Form Tran-1 as per Rule 119 of CGST Rules.



What if the goods are not returned within the stipulated time of 6 months (or extended 2 months)?

If the goods are not returned in the stipulated time of six months (or extended 2 months) then the ITC shall be liable to be reversed.

What are the various rates on job work as per Notification No. 11/2017 - Central Tax (Rate) at serial no.26 Heading 9988?

Description of Service	Rate (%)
(i) Services by way of job work in relation to— (a) printing of newspapers (b) textiles and textile products (c) all products other than diamonds (d) processing of hides, skins and leather	2.5
(ia) Services by way of job work in relation to— (a) manufacture of umbrella; (b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6%	6
(ii) Services by way of any treatment or process on goods belonging to another person, in relation to— (a) printing of newspapers; (b) printing of books (including Braille books), journals and periodicals	2.5
(iii) Tailoring services	2.5
(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii) and (iii) above.	9

## Famous Case Laws under Job Work

JSW Energy Limited VS Union of India and ors.  
(Manufacturing or job work)

Crown Beers India (P) Ltd -Mah./AAAR/2018-19 dt 09.04.2019  
(Manufacturing or job work)

Maharashtra Authority For Advance Ruling in the case of Kolhapur  
Foundry And Engineering Cluster  
(Manufacturing or job work)

## Notifications under Job Work

### Relevant Notifications:

11/2017-CT(R) dt. 28.06.2017 - taxable services

12/2017-CT(R) dt. 28.06.2017 - exempted services

46/2017 Central Tax dt. 14.11.2019 (amend notification No. 11/2017-CT(R))

14/2018-CT 23.03.2018 (amendment in rule:45)

20/19-CT(R) dt. 30.9.19. (reduce CGST rate)

### Important Circulars:

38/12/2018-GST dt 26.03.2018 -master circular

48/22/2018-GST dt 14.06.2018- fabric processors

52/26/2018-GST dt.09.08.2018 - bus body fabrication

126/45/2019-GST dt. 22.11.2019-26(id) and (iv)