



## **JOB WORK**

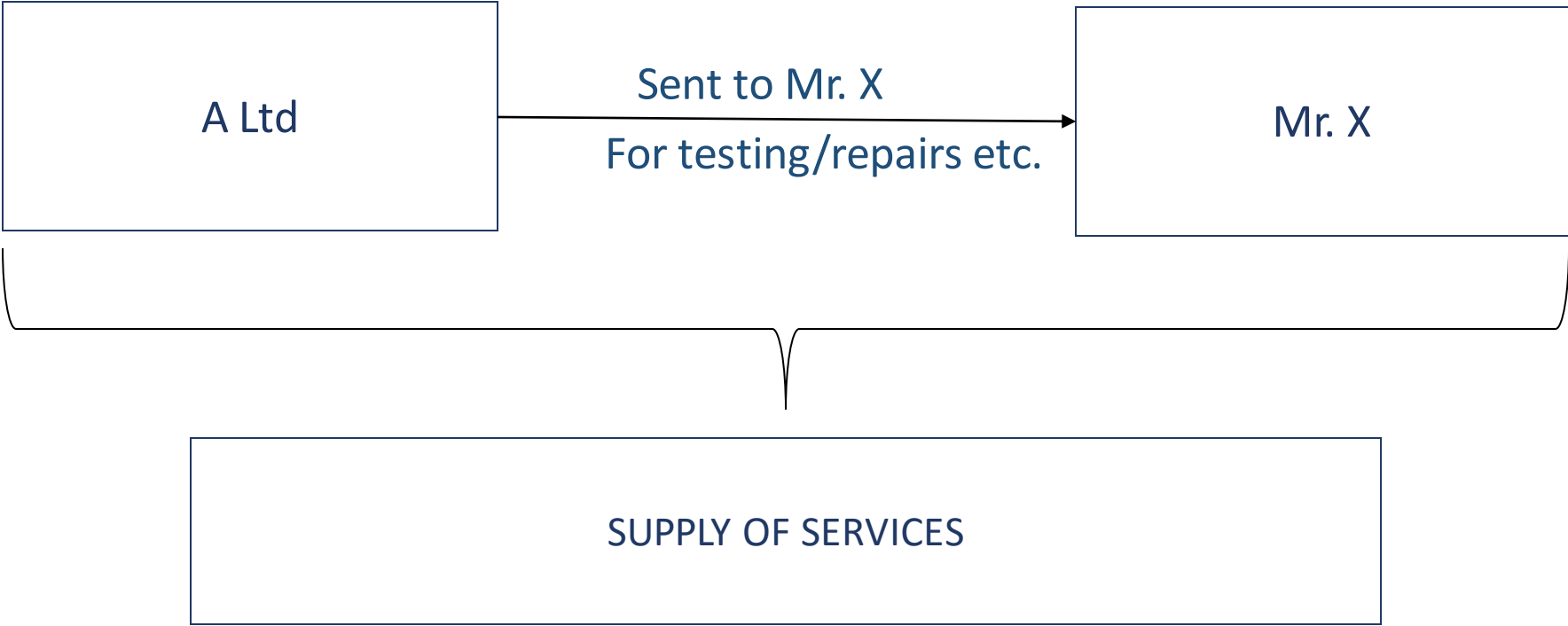
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# Treatment or process to another person's goods



# Job Work

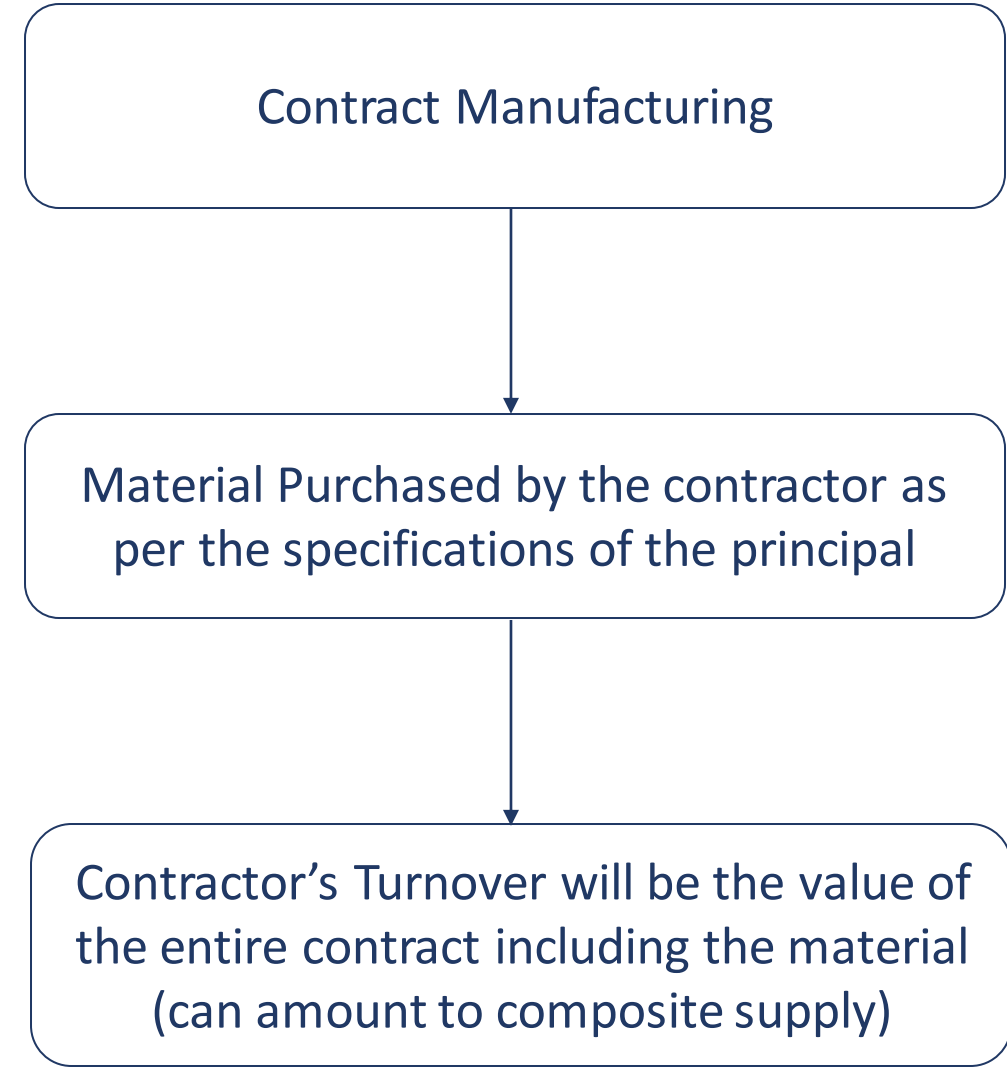
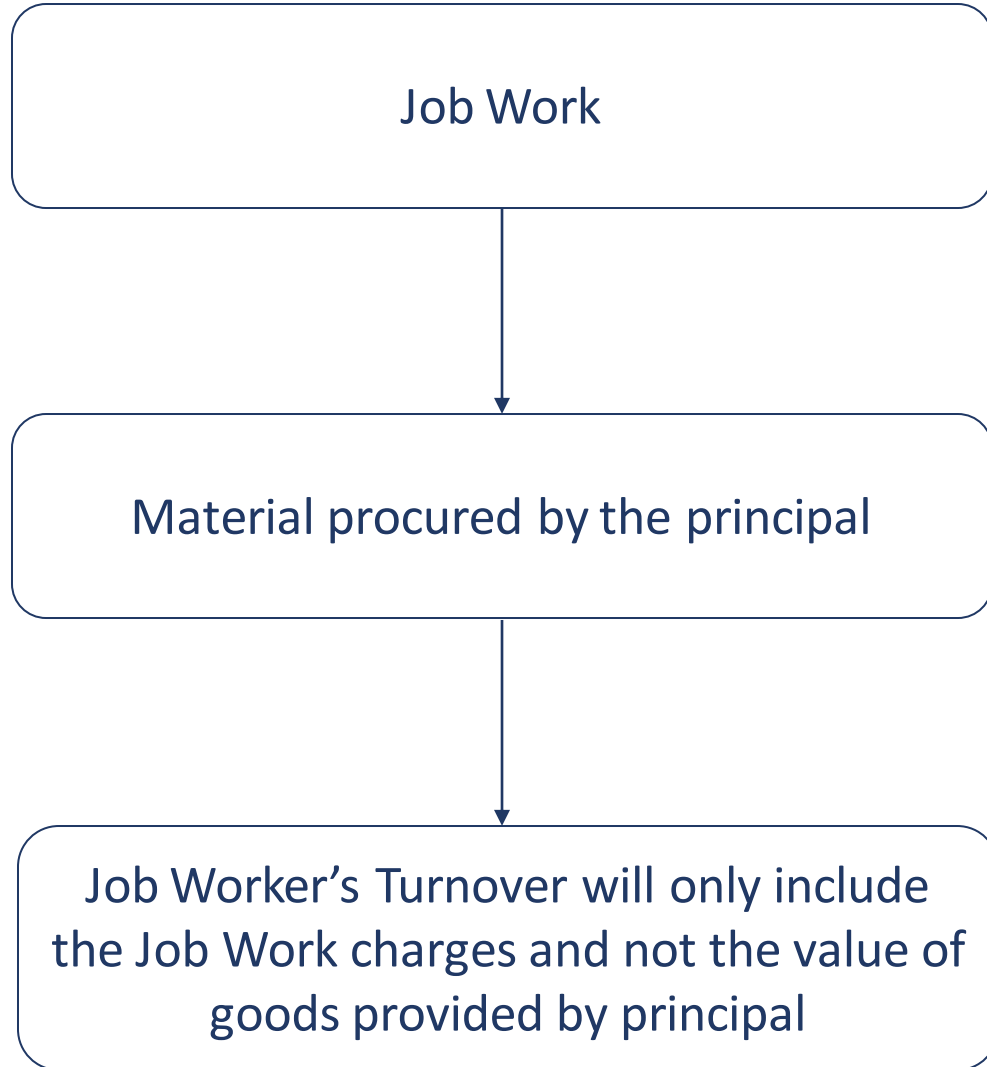
- Job work means
- **any treatment or process**
- undertaken by a person on **goods**
- **belonging to another registered person**
- and the expression job worker shall be construed accordingly

(may or may not amount to manufacture)

# Interpretation of Job Work

- He should be engaged in processing or manufacture
- Such activity should be on goods ( semi finished) supplied by the registered principal,
- Activity would be on behalf of or under the instruction of the principal,
- Activity would complete or be a part of process,
- Processed goods would be sent back to the principal or on his instruction to other job worker or even the customer of the principal and
- The principal should keep track of the goods, its movement and account for the goods sent and returned including scrap.
- The goods should be belonging to another registered person only

# Job Work Vs Contract Manufacturing



# Heading 9988 - (Manufacturing services on physical inputs (goods) owned by others)

Clauses	Description	Rates
(i)	<p>Services by way of job work in relation to-</p> <p>(a) Printing of newspapers;</p> <p>(b) Textiles and textile products falling under Chapter 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);</p> <p>(c) all products 107[, other than diamonds,] falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);</p> <p>(d) Printing of books (including Braille books), journals and periodicals;</p> <p>(da) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5per cent. or Nil;</p> <p>.....</p>	5
(ib)	Services by way of job work in relation to diamonds falling under chapter 71 in the First Schedule to the Customs Tariff Act 1975	1.5
(ic)	Services by way of job work in relation to bus body building	18
(id)	Services by way of job work other than (i), (ia), (ib) and (ic) above	12

In relation to a registered person

## Heading 9988 - (Manufacturing services on physical inputs (goods) owned by others)

Clauses	Description	Rates	
(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. (c) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent. or Nil	5	In relation to other than registered person
(iia)	Services by way of any treatment or process on goods belonging to another person, in relation to printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6per cent	12	
(iii)	Tailoring services	5	
(iv)	Manufacturing services on physical inputs owned by others, other than (i), (ia), (ib), (ic), (id), (ii), (iia) and (iii) above	18	

# Job Work

Registered Principal under intimation and subject to certain prescribed conditions

Send inputs or capital goods without payment of tax to job worker for job work

Bring Back such goods to any of the place of business

Directly Supply such goods after completion of job work

Within 1 year (inputs) / 3 years (capital goods)

After 1 year (inputs) / 3 years (capital goods)

On payment of tax within India

With or without payment of tax in case of export

No payment of tax is required and ITC available to principal

Deemed to be a supply on the date when such goods were sent

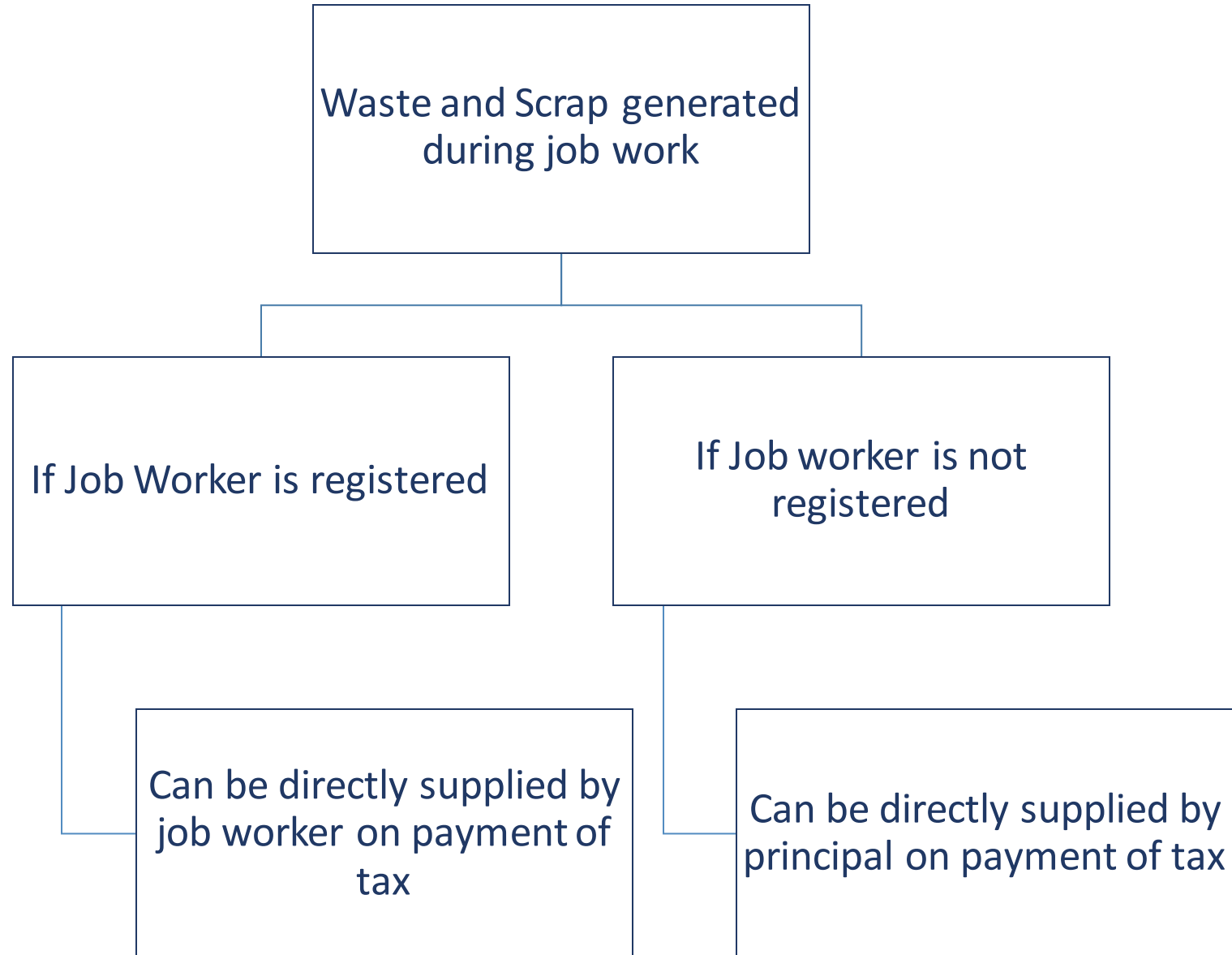
Not allowed unless job worker's premises is declared as additional place of business except:

- 1) Where Job Worker is registered OR
- 2) Principal is engaged in supply of notified goods

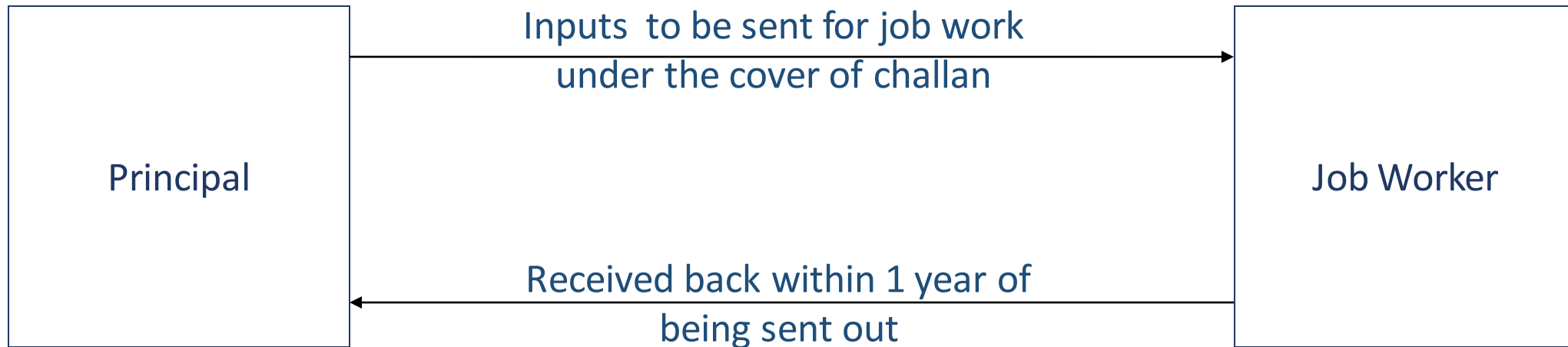
Capital goods excludes moulds, dies, jigs, fixtures, tools etc.



# Waste and Scrap generated during job work

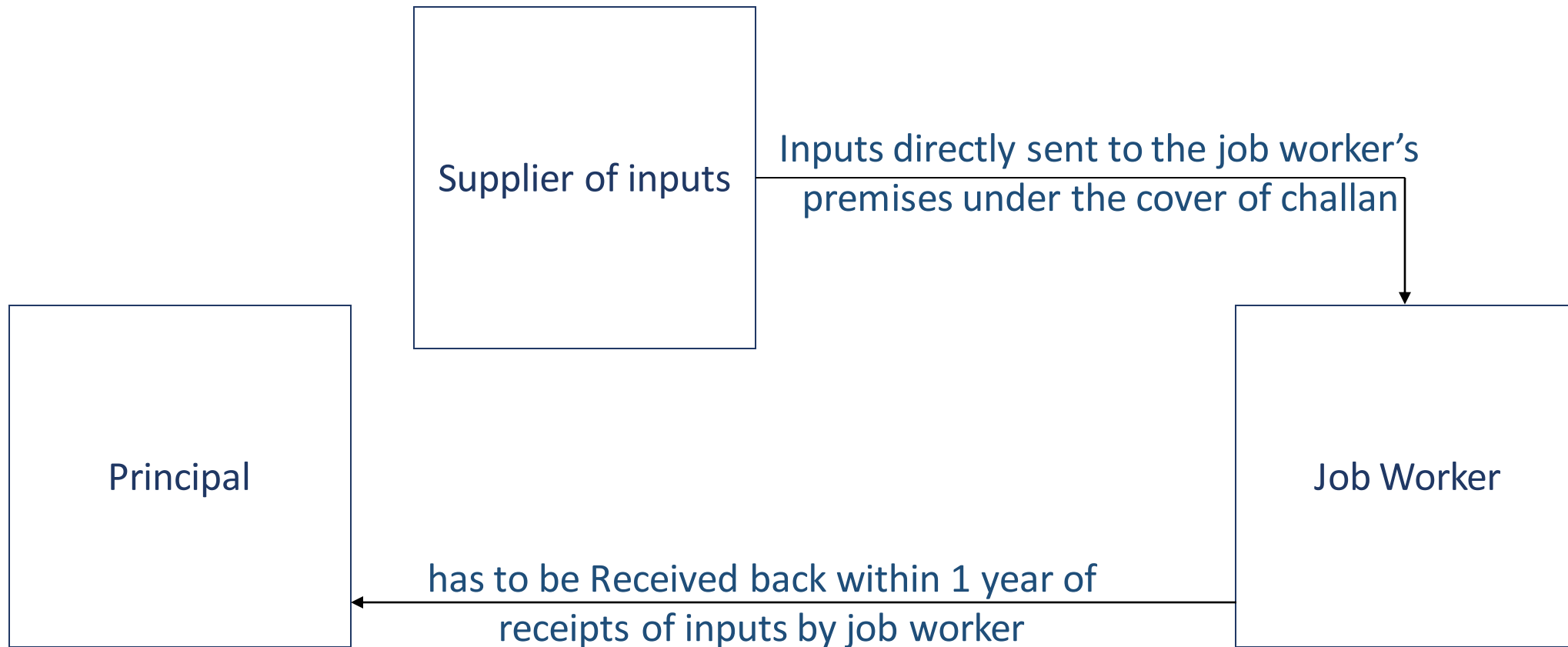


# Taking ITC in respect of inputs sent for job work



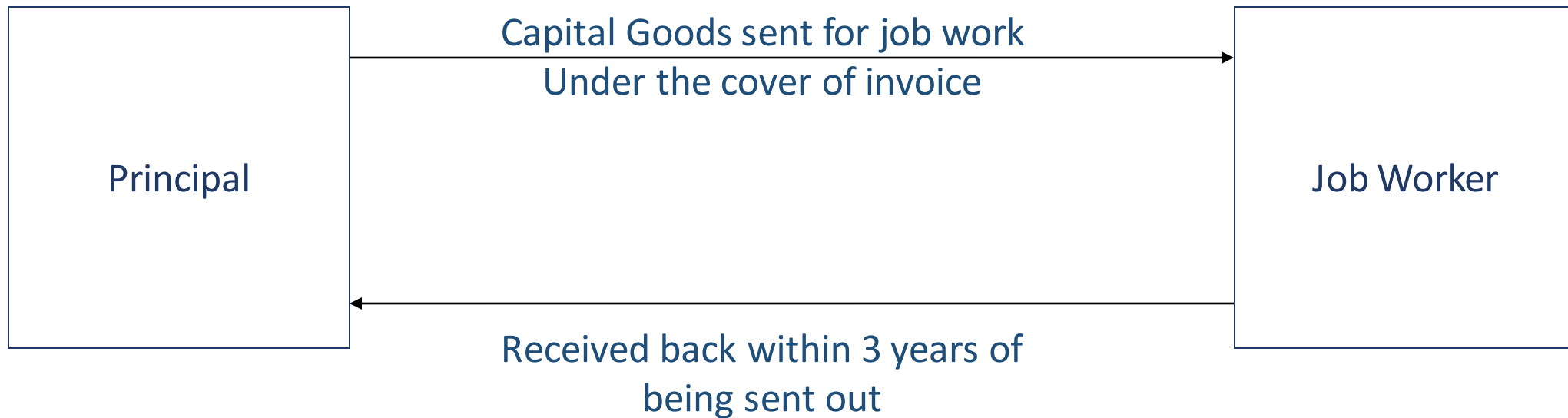
ITC available to principal if the conditions and restrictions under job work are satisfied and details of challan for goods dispatched included in Form GSTR-1 for that period

# When inputs are directly sent to job worker



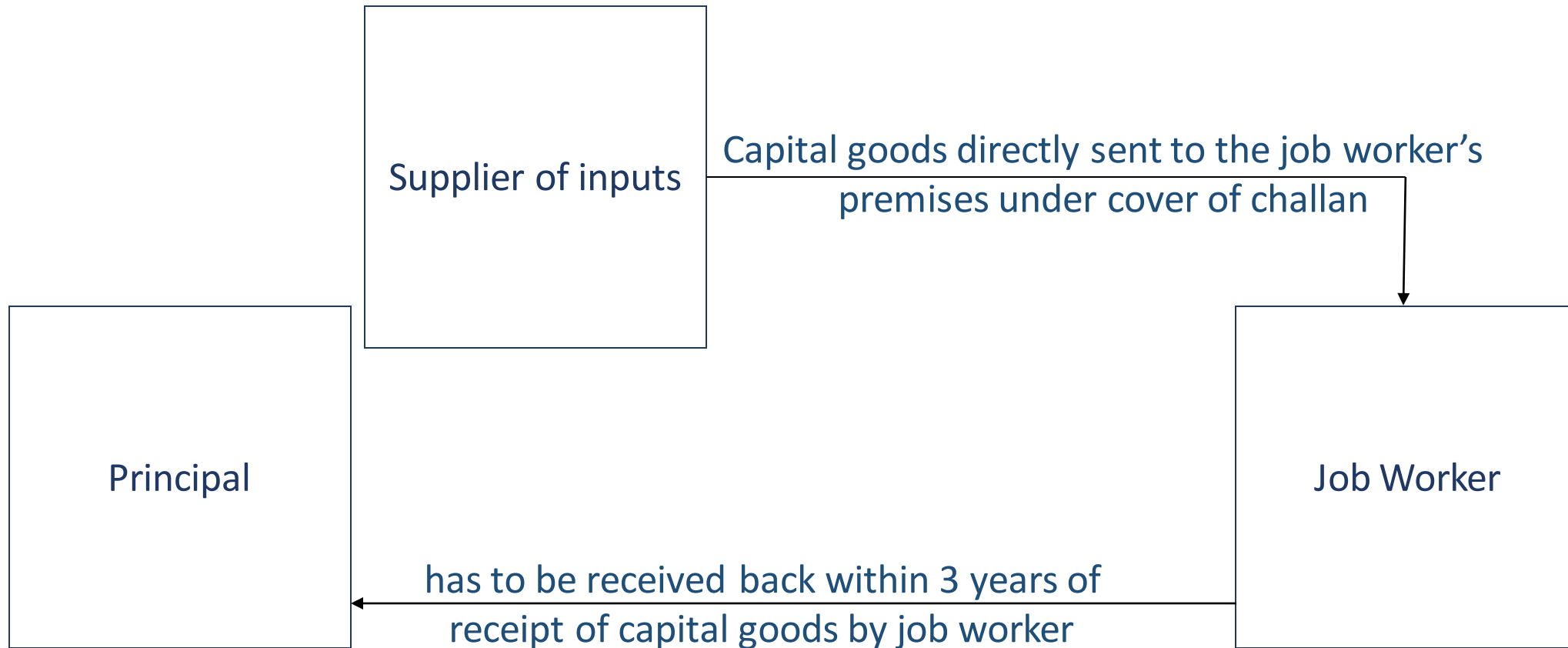
ITC available to principal if the conditions and restrictions under job work are satisfied and details of challan for goods dispatched included in Form GSTR-1 for that period

# Taking ITC of capital goods sent for job work



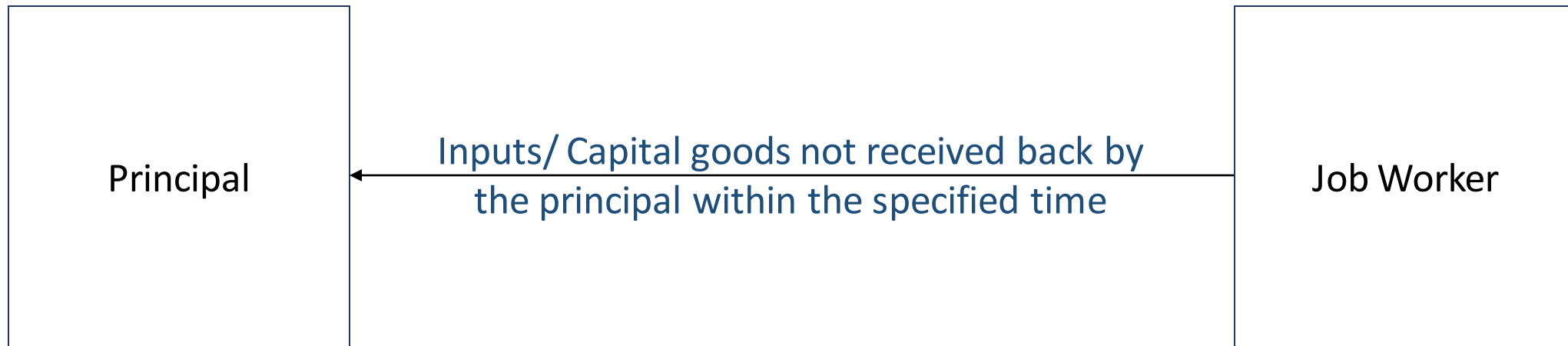
ITC available to principal if the conditions and restrictions under job work are satisfied and details of challan for goods dispatched included in Form GSTR-1 for that period

# Capital goods directly sent to job worker



ITC available to principal if the conditions and restrictions under job work are satisfied and details of challan for goods dispatched included in Form GSTR-1 for that period

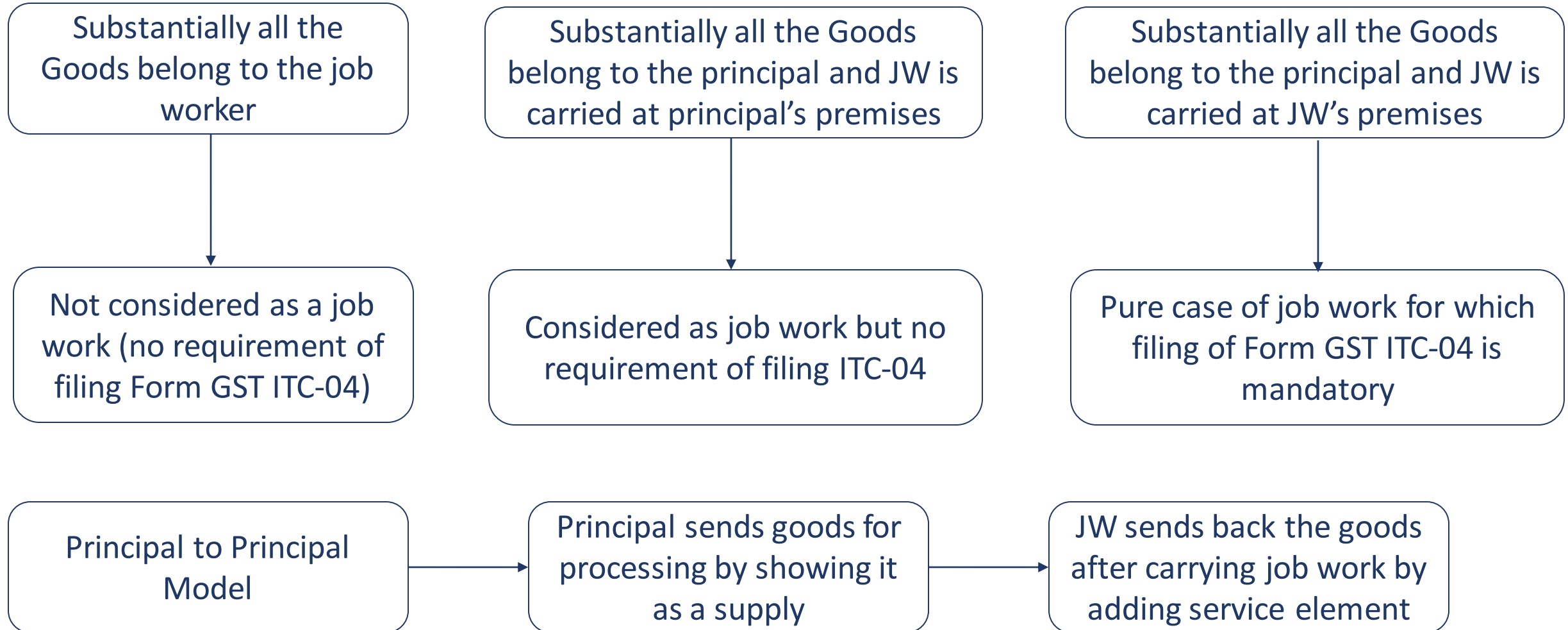
# Inputs/Capital goods not received back in time



- The condition of receiving back inputs/capital goods is not applicable for moulds and dies, jigs and fixtures

Deemed to be a supply by the principal on the date when the goods are sent out and the challan issued earlier shall be deemed to have been the invoice

# Models of Job Work



# Relevant aspects of Job work

- a. Job workers is not a hired labour and cannot be considered as a manpower supplier liable under reverse charge mechanism as the responsibility of the work is on the job worker. (Electricals P Ltd Vs UOI – 1992 (61) ELT 413( Guj)
  
- a. This would be so even if the job worker works within the premises of the principal. (Apex Tata Iron & Steel Co ltd Vs CCE – 2003 (156) ELT 681 (T-K))
  
- c. Contractor who works under the direct control and supervision of the principal's quality control staff in their factory. In such a case he could be said to be a hired labour and consequently a manpower supplier.  
(Blue Star Ltd. Vs UOI- 2003 (161) 141( Bom))



# Movement of goods under Job Work

Nature of movement	Value limit for e-waybill	Job Worker	Documents required
Inter-state	No limit	Registered	Delivery Challan E-waybill – to be generated either by the job worker or the principal
Inter-state	No limit	Unregistered	Delivery challan E-waybill – to be generated by principal only
Intra-state	Default limit – Rs. 50000 Statewise	Registered	Delivery challan E-waybill – to be generated either by the job worker or the principal
Intra-state	Default limit – Rs. 50000 Statewise	Unregistered	Delivery challan E-waybill – to be generated by principal only

# Movement of goods under Job Work

- **Where goods are sent by principal to only one job worker** - The principal would prepare in triplicate, the challan for sending the goods to a job worker (one for job worker, one for principal and one when job worker returns the goods).
- **Where goods are sent from 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 or upon endorsement of the original challan (with quantity and description) by the job worker.
- **Where the 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.

# Movement of goods under Job Work

- **Where the goods are sent directly by the supplier to the job worker:** In this case, the supplier should prepare an invoice with a 'bill to' address of the principal and 'ship to' address of the job worker. Further, the principal would issue the challan and send the same to the job worker.
- **Where goods are returned in piecemeal by the job worker:** In case the goods after carrying out the job work, are sent in piecemeal quantities by a job worker to another job worker or to the principal, the challan issued originally by the principal cannot be endorsed and a fresh challan is required to be issued by the job worker.

# Submission of intimation

- Principal is required to furnish the details of challans in respect of goods sent to a job worker or received from a job worker or sent from one job worker to another job worker during a quarter in FORM GST ITC-04 by the 25th day of the month
- It is the responsibility of the principal to include the details of all the challans relating to goods sent by him to one or more job worker or from one job worker to another and its return
- The requirements of furnishing Form GST ITC-04 has been waived off from the inception of GST (i.e. July 2017) to 31<sup>st</sup> March 2019.
- All the goods not received from a job worker or not supplied required to be declared in serial number 4 of FORM ITC-04 for the quarter April-June, 2019
- However, all the necessary records should be maintained showing the goods sent, received and directly sold from job worker's premises to ensure that the department cannot question the satisfaction of the job work provisions.





# Issues with job work

- Absence of one to one correlation
- Different units of measure
- Value to be declared in the delivery challan
- Consequences of non filing of Form GST ITC-04
- Can goods be sent to another branch for job work?



Thank You!

**SPEAKER**

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