

FROM THE DESK OF ' B S R '

B.S.Seethapathi Rao, Tax Consultant, Kakinada. Dated.19.1.2020.

Article on Job Work relating to Printing Industry under GST Scenario:

Dear professional colleagues, Good morning to all of you. I have received suggestions from our friends on services relating to “ **Job Work relating to Printing Industry** ” under GST Scenario. I am preparing an article on the above subject with my little bit knowledge under GST Scenario and share to all of you. Kindly refer and provided your feed back and suggestion on the above subject to my what's app no.9848099490 or my mail

i.d.sitapathirao@yahoo.co.in

Dear Colleagues before going to subject we have to refer meaning of the following words under GST Scenario.

1. **Meaning of Job Work and Job Worker** : As per Section 2(68) of the CGST Act,2017, the meaning of word “ Job Work ,that under taking any treatment or processes by a person on goods belonging to another register person and the expression” job worker” shall be constructed accordingly.
2. **Meaning of Goods** : As per Section2(52) of the CGST Act,2017, goods means every kind of movable property other than money and securities, Thus, the term job work is confined to the process undertaken by the job worker on movable goods only.
3. **Meaning of Principal**: As per Section 143(1) of the CGST Act,2017,The term “Principal” means a registered person sending taxable goods for job work.
4. **Treatment of job work as “service”**: As per clause 3 of Schedule II of the GST Law,2017, any treatment or process which is being applied to another person's goods is considered as “supply of services”.
5. **Dispatch of consumable goods to the job worker**: It was held that the meaning attributed to Inputs in the Explanation to Section 143 takes care of the difference between the inputs sent to job worker and the goods returned after some intermediate treatment/process like galvanization that may exhaust some of the inputs sent out. Thus, the Zinc, etc. exhausted in the process of galvanizing need not be physically returned. If the galvanized structures are returned, that will be sufficient compliance of section 143(1)(a) of the CGST Act,2017.
6. **Whether the term “Job worker” includes “own unit”**: When the goods are sent for job work to another unit of the same person , an interesting question arises, whether the transfer would be considered as ‘Stock Transfer” or “transfer for job work” .In my opinion, since various units of the same person have been treated as distinct persons under the GST Law,2017, Transfer to own units would be considered as transfer to job worker. It is important to mention here that goods may be transferred to job worker without payment of tax, subject to other conditions like intimation to GST authorities, return within 1 year etc., whereas, it is not possible in case of stock transfer.

7. **Can the person also use his own goods during the process:** It is significant to note that activities involving two or more taxable goods and / or services (other than in relation to immovable property) have been considered as composite contracts under GST Law,2017. Further, in general, no process or treatment can be completed without adding some incidental goods. Even in case of bleaching process, some chemicals are involved. However, the law says that process must be applied to another person's goods. However, if the job worker uses material in a manner so that the goods used by him become the principal supply, it would not be covered under this clause.
8. **As per circular no.38/12/2018-GST dated 26th March,2018(para-5):** The definition of job work as contained in section 2(68) of the GST Law,2017, entails that the job work is treatment or process undertaken by a person on goods belonging to another registered person. Thus, the job worker is expected to work on the goods sent by the principal and whether the activity is covered within the scope of "Job Work" or no would have to be determined on the basis of facts and circumstances of each case. Further, it is clarified that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work.
9. Under job work services, the output is not owned by the unit providing this service, Therefore, the value of the services is based on the service charge paid, not the value of the goods manufactured. The job worker, as a supplier of services, is liable to pay GST tax if he is liable to be registered. He shall issue an invoice at the time of supply of the services
10. The value of service would include not only the service charges but also the value of any goods or service.
11. **Special Procedure for removal of goods under Section 143 of the CGST Act,2017:**
 - (a). As per Section 143(1) of the CGST Act,2017 , a registered person (the Principal) may, under intimation and subject to such conditions as may be prescribed send any inputs and /or capital goods without payment of tax, to a job worker for job work and from there subsequently send to another job worker and likewise.
 - (b). As per Section 143(2) of the CGST Act,2017,If benefit under this section is availed, the principal shall be responsible and accountable for all transactions between him and the job worker.
 - (c).As per Rule 45(3) of GST Rules,2017,details of challans in respect of goods dispatched to a job worker or received from a job worker during a tax period shall be included in Form GST ITC -04 furnished for that period on or before 25th day of the month succeeding the said quarter or within such further period as may be extended by the Commissioner by a notification in this behalf.

12. **Publishing, printing and reproduction services:** This services includes transfer of intangible inputs, rather than physical inputs, when outsourcing (part or all) of the production process. The units providing the service do not own or retain usage rights to the intangible inputs. This includes publishing of printed matter, software, etc., on a fee or contract basis. **Services Accounting Code is 998911** as per GST Law,2017.
13. **(A).Publishing on a fee or contract basis:** This services includes publishing on a fee or contract basis , of printed matter, software etc.,
(b).Printing Contracts: As per circular no.11/11/2017-GST ,dated.20th Oct,2017:
- (a) Supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes, etc printed with logo, design, name , address or other contents supplied by the recipient of such printed goods, are composite supplies and the question , whether such supplies constitute supply of goods or services would be determined on the basis of what constitute the principal supply.
 - (b) Principal supply has been defined in section 2(90) of the CGST Act,2017, as supply of goods or services which constitutes the predominant element of a composite supply and which any other supply forming part of that composite is ancillary.
 - (c) In case of printing of books, pamphlets, brochures, annual reports and the like where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belonging to the printer supply of printing of the content supplied by the recipient of supply is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.
 - (d) In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc., falling under chapter 48 or 49. Printed with design, logo, etc., supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominately supply is that of goods and the supply of printing of the content (supplied by the recipient of supply) is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of under chapter 48 or 49 of the customs Tariff.
14. **Printing and reproduction services of recorded media, on a fee or contract basis:** This service includes newspaper and book printing services , printing services directly onto plastic, glass, metal, wood or ceramics and other printing services. Further these following services also treated as printing and reproduction services of recorded media, on a fee or contract basis:-
- (a) Those related to bookbinding, folding, assembling, stitching, gluing, collating, boasting , adhesive binding, trimming, gold stamping services,
 - (b) Other book finishing services such as folding, cutting, stamping, drilling, punching, perforating, embossing, sticking, gluing and laminating,
 - (c) Services of processing matrices ,films, bromide prints or electronic data in order to generate original texts to be reproduced (composition, photo composition, plate making,

- (d) Services of combining text and image techniques for making a reproducible original production services of other reprographic products such as overhead projection foils, sketches, layouts, dummies,
- (e) Preparation services of digital data like enhancement, selection, linkage of digital data stored on EDP data carriers, other graphic service activities related to printing rebinding services,
- (f) Reproduction services from master copies of gramophone records, compact discs and tapes with music or other sound recordings,
- (g) Reproduction services from master copies of videotapes, laser discs, DVD or other media with motion pictures and other video recordings,
- (h) Reproduction services from master copies of software and data on all kind of disks, tapes, cartridges, and other media, (Excluding color printing of images from film or digital media, audio and video productions).

15. **Value of service in case of Job Work under GST Scenario:** Under Job work services, the output is not owned by the unit providing this service. Therefore, the value of the service is based on the service charges paid, not the value of the goods manufactured. The job worker as a supplier of services, is liable to pay GST tax if he is liable to be registered. He shall issue an Tax Invoice at the time of supply of the service. The Value of services would include only the services charges but also the value of any goods or services used by him for supplying the job work services. **The Service Account Code of the above services is 998912** under GST Law, 2017.

16. **Difference between printing Contract and Printing Job Work under GST Scenario:**

The legislature has made a distinction between the job work and printing contract. In the job work, materials are provided by the Principal, whereas in the Printing Contract, the printer uses its own material also.

17. **Requirement of Registration:** As per Section 22 (1) of CGST Act, 2017 every supplier shall be liable to take registration in every State or UT from where he makes a taxable supply of goods /or services, if his aggregate turnover in a financial year exceeds threshold limit of Rs.20 Lakhs or 10 Lakhs in Eastern States.

Example for aggregate turnover:

- (i). If any taxable person (PAN Based) is having business turnover Rs.15 Lakhs and Rs.6 lakhs rental income on immovable property liable to take GST registration.
- (ii) If any taxable person (PAN Based) is having tax business turnover Rs 13 Lakhs and Rs.6 Lakhs rental income on immovable property not require to take registration (Rs.13 plus Rs. 6 lakhs = 19 Lakhs, no obligation to take registration.
- (iii). Is any taxable person (PAN Based) is having Rs.25 Lakhs business turnover and such business in "Individual Status" as per Individual PAN Based he has to take registration for such business and income from immovable property belongs to (HUF PAN BASED) and turnover on immovable property of Rs.6 lakhs, there is no obligation to take GST registration under HUF capacity.

18. Input Tax Credit :

Conditions for claiming of Input Tax Credit by the service provider: As per section 17(5) of the GST Act, 2017, for the following procurements, he is not eligible for input tax credit, even if used in the course or furtherance of business.

(a). Works contract services when supplied for construction of immovable property, other than plant and machinery.

(b). Goods or Services or both received by a taxable person for construction of an immovable property on his own account, other than plant and machinery, even used in the course or furtherance of business. He is eligible to claim ITC on repairs and maintenance to building or immovable property if the same have not been capitalized in the books of account.

8. Applicable Rate of GST On Job Work on Printing services under GST Scenario:

As per Notification No. 11/2017 –CT(Rate), Entry No 26 & 27 after amendments vide Notification No 31/2017 –Ct(Rate) dated.13.10.2017 w.e.f.13.10.2017, provided for better understanding by tax professionals.

S.No.	Nature of Printing Services	Code/Entry	Rate
A	Printing of news paper		
(a)	Job Work	9988/entry 26(i)(a)	@5%
(b)	Any Treatment or process on goods belonging to another person	9988/entry 26(ii)(a)	@5%
(c)	Printing where only content is supplied by the publisher and the physical inputs including paper used for printing belonging to the printer	9989/entry 27(i)	@12%

B	Printing of books (including Brailee Books) Journals and periodicals		
(a)	Job Work.	9988/entry 26(i)(d)	@5%
(b)	Any treatment or process on goods belonging to another person.	9988/entry 26(ii)(b)	@5%
(c)	Printing where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	9989/entry 27(i)	@12%

C	Printing of all goods falling under Chapter 48 or 49, which attract 5% or NIL		
(a)	Job Work.	9988/entry 26(i)(da)	@5%
(b)	Any treatment or process on goods belonging to another person.	9988/entry 26(ii)(c)	@5%
(c)	Printing where only content is supplied by the	9989/entry 27(i)	@12%

	publisher and the physical inputs including paper used for printing belong to the printer.		
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D	Printing of goods falling under chapter 48 or 49 which attract GST @12%		
(a)	Job Work.	9988/entry 26(ia)(b)	@12%
(b)	Any treatment or process on goods belonging to another person.	9988/entry 26(ia)	@12%
(c)	Printing where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	9989/entry 27(i)	@12%

E	Printing of goods falling under chapter 48 or 49 which attract GST @18% like letter cards, envelopes, registers etc., (Other than A to D above)		
(a)	Job Work.	9988/entry 26(iv)	@18%
(b)	Any treatment or process on goods belonging to another person.	9988/entry 26(iv)	@18%
(c)	Printing where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer.	9989/entry 27(ii)	@18%