

JOB WORK PROVISIONS

Job work means undertaking any **treatment or process** by a person on goods belonging to another registered taxable person. The person who is treating or processing the goods belonging to other person is called '**job worker**' and the person to whom the goods belongs is called '**principal**'

Sending Goods For Job Work Without Paying GST

The registered taxable person (the principal), **under intimation & subject to the conditions** that may be prescribed send any inputs and/or capital goods, without payment of tax to a job worker for job work & subsequently from there to another job worker (s) and shall either bring back such inputs/capital goods after completion of job work or otherwise within 1year/3 years of their being sent out or supply such inputs/capital goods after completion of job work or otherwise within 1year/3 years of their being sent out, from the place of business of job worker on payment of tax within India or with or without payment of tax export.

Direct Supply From Job Workers Premises

The goods can be directly supplied from the job workers premises without bringing it back to the principals premises, if the job worker is a "registered" person or if the principal has shown the premise of an "un registered" job worker as his additional place of business or if the goods being supplied, have been notified by the commissioner as eligible for direct supply from job workers premises.

ITC on Inputs/Capital Goods Sent For Job Work

Principal is entitles to claim ITC on inputs & capital goods sent to job worker, whether sent after receiving them at this place of business or even if such inputs/capital goods are directly sent without first being brought to own premises.

If the inputs/capital goods are not received back by the principal or not supplied from the place of business of the job worker within 1 year/3 years, it will be a deemed supply by the principal to job worker on the day such goods were sent out by the principal or the date of receipt of the goods, if directly sent. The principal will be liable to pay tax, interest accordingly. The condition of bringing back capital goods within 3 years is not applicable to moulds, dies, jigs and fixtures or tools.

It is the responsibility of the principal to maintain proper accounts of job work related inputs and capital goods.

Waste & Scrap

Waste & Scrap generated during 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.

Intermediate goods can also be sent for job work.

Valuation & GST Rate

The goods of the principal directly supplied from the job workers premises, will not be included in the aggregate turnover of the job worker. However, the value of the goods & services used by the job worker for carrying out the job work will be included in the value of services supplied by the job worker. **The Service Code (Tariff) is 998832 under description - Paper and paper product manufacturing services.** The rate of GST to be charged is 18%, with full ITC to job workers on inputs & services used.

Sending Goods For Job Work On Paying GST

The principal can send the inputs/capital goods to job worker on payment of GST without following the special procedure above. In such a case the job worker would take ITC and supply back the processed goods (after completion of job work) on payment of GST.

Location of Job Worker – The principal & job worker can be located in the same state or union territory or different states or union territories.

Transition Provisions- Job Work

Inputs/goods/semi-finished goods are sent to job worker by principal before appointed date & such goods are lying with job worker as on the appointed date, the principal or the job worker is not liable for any tax provided –

- (i) Inputs/semi-finished goods are sent to the job worker in accordance to the provisions of the existing law before the appointed day. (Say as per Notification No. 214/86 C.E.)
- (ii) The job worker returns the same within six months of the appointed date (or within the extended period of maximum two months)
- (iii) Both the job worker and manufacturer declare the details of inputs held in stock by the job worker on behalf of the manufacturer on the appointed day in such form and manner and in such time period as prescribed.

If the goods are not returned within 6 months from the appointed date ITC claimed is liable to be recovered & tax is payable by the job worker.

Conditions & Restrictions In Respect of Inputs & Capital Goods Sent On Job Work

- (1) The inputs, semi finished goods or capital goods shall be sent to a job worker under the cover of a challan issued by the principal, including where such goods are sent directly to a job worker.
- (2) The challan so issued shall contain details specified in Invoice Rules 10
- (3) The details of challans in respect of goods dispatched or received from a job worker shall be included in FORM GSTR-1 furnished for the period.
- (4) Where the inputs or capital goods are not returned to the principal within the stipulated, the challan shall be deemed to be an invoice for the purpose of this Act, the same shall be declared in **FORM GSTR-1** and the principal shall be liable to pay tax along with applicable interest.
- (5) The details of challans in respected of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in **FORM GST ITC – 04** furnished for the period on or before the **25th day** of the month succeeding the said quarter.

Delivery Challan

The principal may issue delivery challan in lieu of invoice; for transportation of goods for job work,

The delivery challan shall be prepared in **Triplicate**

- **Original copy** being marked as **ORIGINAL FOR CONSIGNEE**
- **Duplicate copy** being marked as **DUPLICATE FOR TRANSPORTER**
- **Triplicate copy** being marked as **TRIPPLICATE FOR CONSIGNER**

Where such goods are being transported on a delivery challan in lieu of invoice, then the same shall declare in FORM (**WAYBILL**).

Content of Delivery Challan (Serially Numbered not exceeding sixteen characters, in one or multiple series)

- Name, Address and GSTIN of consigner , if registered
- Name, Address and GSTIN of consignee , if registered
- Date & Number of delivery challan
- HSN code & description of goods
- Quantity (Provisional, where the exact quantity being supplied is not known)
- Place of supply in case of inter-state movement
- Taxable Value
- Tax Rate and tax amount, CGST, SGST/UTGST, IGST or cess where transportation is for supply to the consignee
- Signature.