

Goods and Services Tax – Job Work

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Service Tax – Law & Practise

Handbook to GST - Law & Practise

Job Work

GST – Job Work

Job Work defined earlier:

Notification No. 214/86 dated 25.03.1986

Explanation I. -"job work" means processing or working upon of raw materials or semi-finished goods supplied to the job worker/ so as to complete a part or whole of the process resulting in the manufacture or finishing of an article or any operation which is essential for the aforesaid process.

Rule 2(n) of the Cenvat Credit Rules, 2004

"job work" means processing or working upon of raw material or semi-finished goods supplied to the job worker, so as to complete a part or whole of the process resulting in the manufacture or finishing of an article or any operation which is essential for aforesaid process and the expression "job worker" shall be construed accordingly

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- Where the product undergoes a change whereby a new article having a distinctive name, character or use emerges or not from the said process in manufacture - Delhi Cloth and General Mills Co. Ltd Vs UOI (Supreme Court)
- Notification No. 25/2012-ST dated 20.06.2012 exempts
 - Job work amounting to manufacture
 - Job work where principal manufacturer has discharged the duty
- Job work vis a vis manpower supply - Circular No.190/9/2015-Service Tax
- VAT levy on Job work

GST – Job Work

Section 9 - CGST Act

9. (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

- Job Work vis a vis Principal - Distinct Persons?

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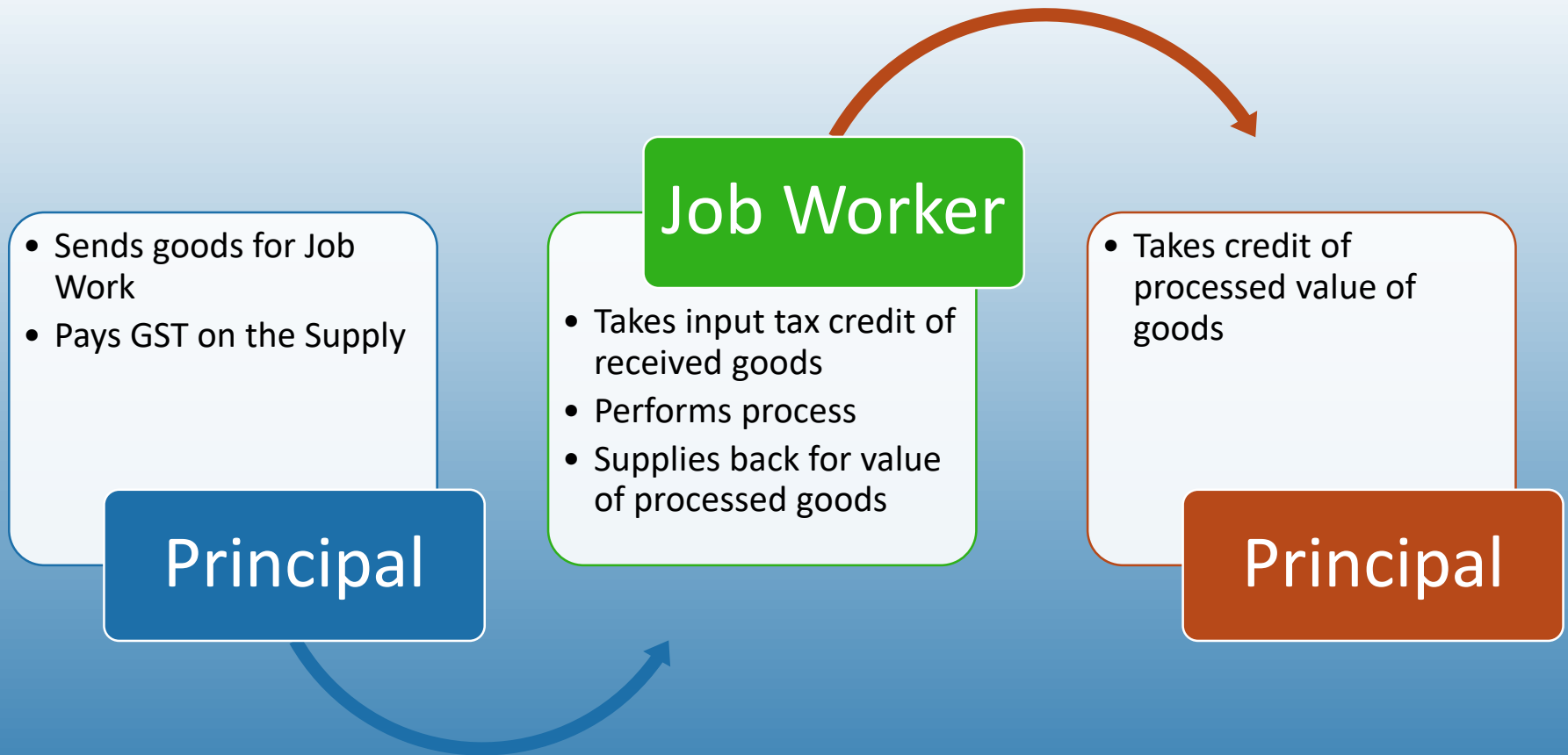
Section 2 (68) - CGST Act

“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;

The supply of goods, after completion of job-work, by a registered jobworker shall be treated as the supply of goods by the “principal” referred to in section 55, and the value of such goods shall not be included in the aggregate turnover of the registered job worker

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GST – Job Work

Turnover - the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker.

GST – Job Work

Section 19 - Taking input tax credit in respect of inputs and capital goods sent for job work.

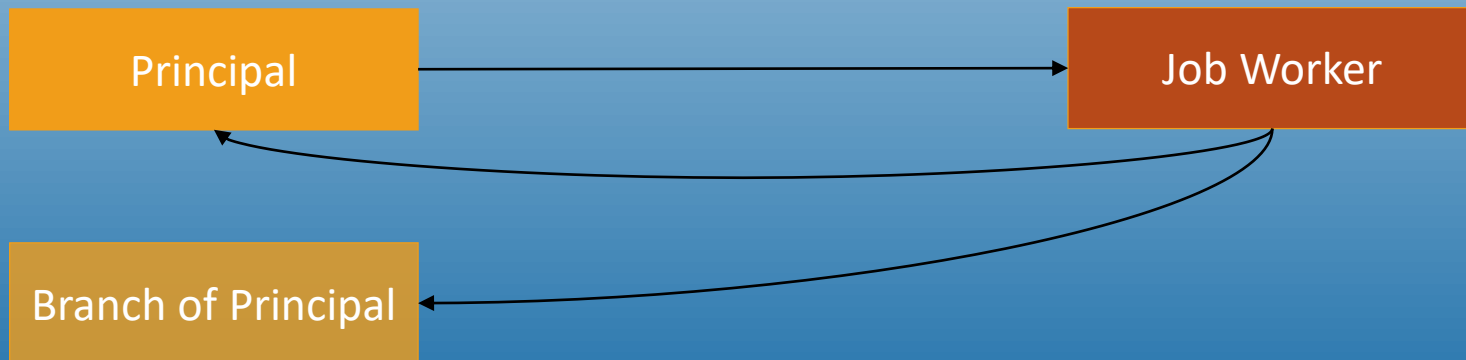
- Principal shall, be allowed input tax credit on inputs sent to a job worker for job work – conditions shall be prescribed
- Credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business
- Should be received back within the specified period of being sent out
 - one year in case of inputs
 - 3 years in case of capital goodselse, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out
- Does not apply to moulds and dies, jigs and fixtures, or tools

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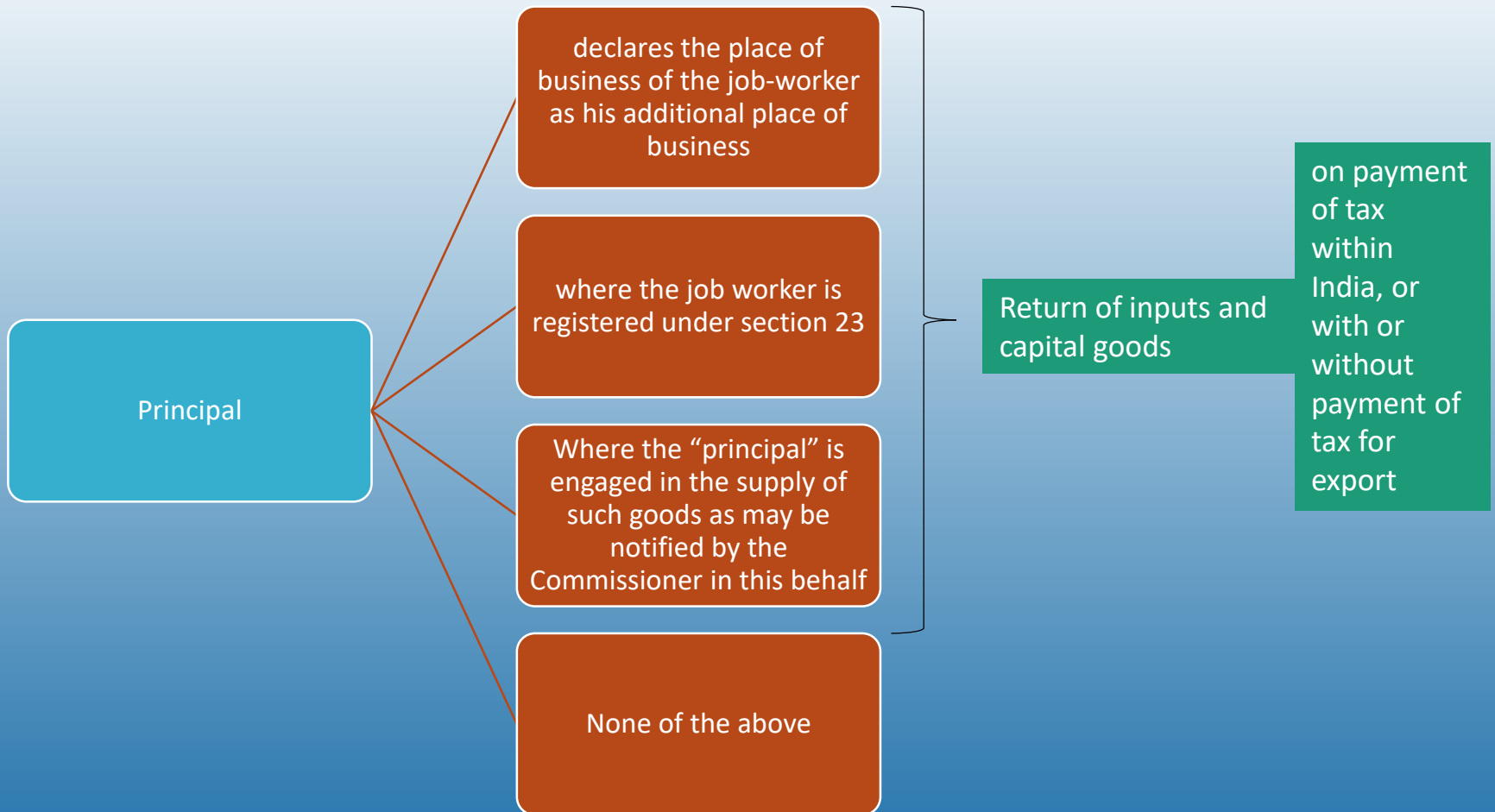
Section 19 - Special procedure for removal of goods for certain purposes

Principal may bring back after completion of job-work or otherwise,

- Inputs within one year
- capital goods, other than moulds and dies, jigs and fixtures, or tools, within three years
- to any of his place of business,
- without payment of tax



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Section	Description	Taxability
141(1)	Inputs removed for Job Work and returned on or after the date of enactment	No Tax if goods were removed AND the goods are returned within 6 months of enactment. Tax have to paid by manufacturer if the goods are returned after 6 months
141(2)	Semi-finished Goods removed for Job work and returned on or after the appointed day	No Tax if the goods were removed AND the goods are returned within 6 months of enactment. Taxes have to paid by manufacturer if the goods are returned after 6 months
141(3)	Finished goods removed for carrying out certain processes and returned	No Tax if the goods were removed AND the goods are returned within 6 months of enactment. Tax have to paid if the goods are returned after 6 months

Above benefit available only if the manufacturer and the job worker declare the details of the inputs or goods held in stock by the job worker on behalf of the manufacturer on the appointed day in prescribed manner.

GST – Job Work

Job Work

Return of Inputs sent for job work

Such goods are returned to the said factory within 6 (+2) months from the appointed day

Such goods returned after 6 (+2) months

Such inputs are not returned after 6 (+2) months

No tax payable under GST Law

Tax payable by Job worker

Input tax to be recovered from principal

GST – Job Work

Job Work

Return of Semi finished sent for job work

Such goods after completion of the job work, are returned to the said factory within 6 (+2) months from the appointed day

Such goods returned after 6 (+2) months

Such inputs are not returned after 6 (+2) months

No tax payable under GST Law

Tax payable by Job worker

Input tax to be recovered from principal

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Job Work

Return of Finished sent for job work

Such goods after completion of the job work, are returned to the said factory within 6 (+2) months from the appointed day

Such goods returned after 6 (+2) months

Such inputs are not returned after 6 (+2) months

No tax payable under GST Law

Tax payable by Job worker

Input tax to be recovered from principal

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Other points:

- Possible notification for liability to deduct tax at the rate of one per cent from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.
- No composition to job worker - engaged in the supply of services
- Job Worker – Place of Supply?
 - In case of domestic transaction – Location of Resident
 - In case of cross border transaction - Location where the services are actually performed
- Inter state Job work

Thank you

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