



JOB WORK

Job Work

Sec 2(68)

“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.



Job Work

Ingredients:

If

- a) Treatment or process has undertaken by a person; and
- b) The goods on which treatment/process is undertaken belongs to another registered person

then,

Such treatment or process is of job work and

The person undertaking is job worker



Job work whether goods or services?

This is a service - Sl.No.3 of Schedule II

(3) Treatment or process

Any treatment or process which is applied to another person's goods is a supply of services.



Job Work

Whether the value of the goods supplied by the principal is to be included while reckoning the threshold limit of Rs. 20 lakhs for the purpose of registration?

No, As per explanation (ii) of section 22 supply of goods after completion of job work by a registered job worker is not to be included in such value.



Job Work ITC– Sec 19

1. **Principal can take ITC on inputs sent to a job worker for job work**
2. **ITC eligible even if goods received by job worker without being brought to the principal**



Job Work ITC– Sec 19

3. In the following cases inputs will be deemed to have been supplied by the principal to the job worker **on the day when it was sent out**
- a) When inputs/capital goods sent for job work are not received back by principal after job work/ otherwise u/s 143(1)(a) within one year of being sent out
 - b) When inputs/capital goods sent for job work are not supplied from the place of business of job worker u/s 143(1)(b) within one year of being sent out
 - c) Where inputs are directly sent to a job worker one year shall be reckoned from the **date of receipt of goods by job worker**



Job Work ITC– Sec 19

4. Principal shall be allowed ITC on Capital goods sent to a job worker for job work.
5. ITC on capital goods available even for capital goods are sent to job worker, though first brought to principal's place of business

Segments 3, 4, 5, will not apply to moulds and dies, jigs and fixtures, or tools.



Conditions and restrictions in respect of inputs and CG sent to the job Worker (Rule-10)

- 1) The inputs, semi-finished goods or CG shall be sent to the 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 issued by the principal to the job worker shall contain the details specified in rule Invoice.8:
- 3) The 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 GSTR-1 furnished for that period.



Conditions and restrictions in respect of inputs and CG sent to the job Worker (Rule-10)

- 4) Where the inputs or CG are not returned to the principal within 1year/3years the challan issued under sub-rule (1) shall be deemed to be an invoice for the purposes of the Act.



Job work procedure – Sec 143

1. A principal may send inputs/capital goods* without payment of tax to a job worker for job work and from there subsequently send to another job worker (and the like) and shall ;-
 - a) Bring back inputs/capital goods* within a year / three years respectively are being sent out to his place of business without payment of tax, after completion of job work or otherwise



Job work procedure – Sec 143

- b) Supply such inputs or capital goods * within one or three years respectively of being sent out from place of business of job worker on payment of tax within India (or with or without payment of tax for exports)**
- c) Principal shall not supply such goods from the place of business of job worker unless the place of business of job worker is an additional place of business of the principal**



Job work procedure – Sec 143

Exceptions : I & II

- I. Where the job worker is registered under normal provisions u/s 25
- II. Where the principal is engaged in the supply of such goods as may be notified by the Commissioner

* capital goods will not include moulds and dies, jigs and fixtures, or tools



Job work procedure – Sec 143

2. responsibility for keeping proper accounts for inputs/capital goods lies with the principal
3. if the inputs/capital goods* for job work are not received/supplied within one year / 3 years of being sent out, supply of goods will be deemed when such inputs were sent out

* Capital goods will not include moulds and dies, jigs and fixtures, or tools



Job work procedure – Sec 143

4. any waste and scrap during job work may be supplied by
 - a) job worker directly from place of business if he is registered and tax is paid, or
 - b) by principal if the job worker is not registered



Job Work Transitional provision Sec 141

1. If

- a) Inputs sent to job worker for further processing, testing, repair, reconditioning or other purpose prior to the appointed day and**
- b) Such inputs are returned to such place on or after the appointed day, then no tax shall be payable if such inputs are returned to the place within 6 months from the appointed day.**

Commissioner can extend 6 months by upto 2 months

Any delay will result in ITC being recovered



Job Work Transitional provision Sec 141

- 2) If semi finished goods have been removed from principal for carrying manufacturing process prior to the appointed day are returned on or after appointed day then no tax shall be payable, if they are returned within 6 months from the appointed day.
- ✓ This period of 6 months may be extended by the Commissioner by upto 2 months.



Job Work Transitional provision Sec 141

- **Any delay will result in ITC being recovered.**
- **Manufacturer may transfer such goods to any registered person on payment of tax or for exports without payment of tax**



Job Work Transitional provision Sec 141

- 3) **Similar provisions for 2 above also apply for removal of excisable goods which have been removed without payment of duty for carrying out tests or other process not amounting to manufacturer.**
- 4) **Tax on, (1), (2), & (3) above, is not payable if and only if the manufacturer and job worker declare details of inputs/goods held in stock by the manufacturer in prescribed Form**

