



**The Institute of
Cost Accountants
of India (ICAI)**

Goods & Services Tax (GST) Certification Course

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The presentation has been prepared to provide an overview of the applicable law pertaining to the subject matter. For detailed insight and for better understanding, its is advised to refer to relevant provisions in the Act and the related rules & notifications.

Job Work under GST



- Job Work - Any treatment or process undertaken by a person on goods belonging to another registered person. *Sec 2(68) of CGST Act*
- Principal - A registered person who sends any inputs and/ or capital goods, without payment of tax, to a job worker for job work and from there subsequently to another job worker and likewise.
- Inputs - Any goods, other than capital goods, used or intended to be used by a supplier in the course or furtherance of business. *Sec 2(59) of CGST Act*
- Capital goods - Goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business [*Sec 2(19) of CGST Act*]. It doesn't include moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work [*Sec 19(7) of CGST Act*]

- As per Schedule II of CGST Act, 2017, any treatment or process which is applied to another person's goods is a supply of services (Job work).
- The relation between the person sending the goods for job work and the job worker is P2P (Principal to Principal).
- Since 'job work' is a taxable service, the job worker would be required to obtain registration if his aggregate turnover* in F.Y. exceeds the prescribed threshold.
- The general GST rate is 12%, However, in certain cases, concessional rates have been notified. The same is notified under Notification No. 11/2017 – Central Tax (Rate).

Guiding principles - Transition

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- Inputs, semi finished goods and finished goods sent prior to the appointed day and lying in job worker's place need to be returned back to the Principal/ supplied directly from the Job worker's place within 6 months of the appointed date. *Sec 141 of CGST Act*
- If the goods are not received back/ supplied within the stipulated time, input tax credit against such goods are liable to be recovered. *2nd proviso to Sec 141 of CGST Act*
- The above timeline can be extended by the Commissioner for a further period not extending 2 months. *1st proviso to Sec 141 of CGST Act*
- The details of such inputs, semi finished goods and finished goods are required to be declared by the manufacturer and the job worker in the prescribed form on the appointed date. *Sec 141(4) of CGST Act*

- A principal, under intimation, may send inputs and capital goods, without payment of tax, to a job worker for job work and from there to another job worker and likewise. *Sec 143(1) of CGST Act*
- *U/s 143(1) of CGST Act*, the inputs and capital goods sent, needs to be,
 - brought back within one and three years resp. to the principal's place of business, or
 - Supplied directly from the Job Worker's place as a taxable supply
- If the inputs and capital goods are not received back from Job worker/ supplied as a taxable supply within the stipulated time, the same shall be deemed to be taxable supply to the Job worker. Time of supply, in this case, shall be the date on which such inputs/ capital goods were sent to the job worker. *Sec 143(3) & Sec 143(4) of CGST Act*

- Provisions of e-way bill rules shall be applicable
 - Intra state - In case the value of goods exceed the threshold limit
 - Inter-state - Irrespective of the value of the consignment
- The responsibility of keeping proper records of inputs and capital goods shall lie with the principal. *Sec 143(2) of CGST Act*

How to send goods to Job worker

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- The principal shall send the goods to the Job worker under the cover of a delivery challan (issued in compliance with Rule 55) issued by the principal, including where such goods are sent directly to the job worker. *Rule 45(1) of CGST Rules*
- Where goods are sent from one job worker to another job worker, the goods may move under the cover of a challan issued either by the principal or the job worker. In the alternative, the challan issued by the principal may be endorsed by the job worker. *Proviso to Rule 45 of CGST Rules*

Delivery Challan Rules

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- Serially numbered not exceeding sixteen characters, in one or multiple series
- Date and number of the delivery challan;
- Name, address and GST number of the consigner and the consignee
- HSN code, description and quantity of goods
- Taxable value, tax rate and tax amount (where required)
- Place of supply (in case of inter-State movement)
- Signature.
- To be prepared in triplicate. Two copies of the challan to be sent to the job worker.

Bringing back from Job worker's place

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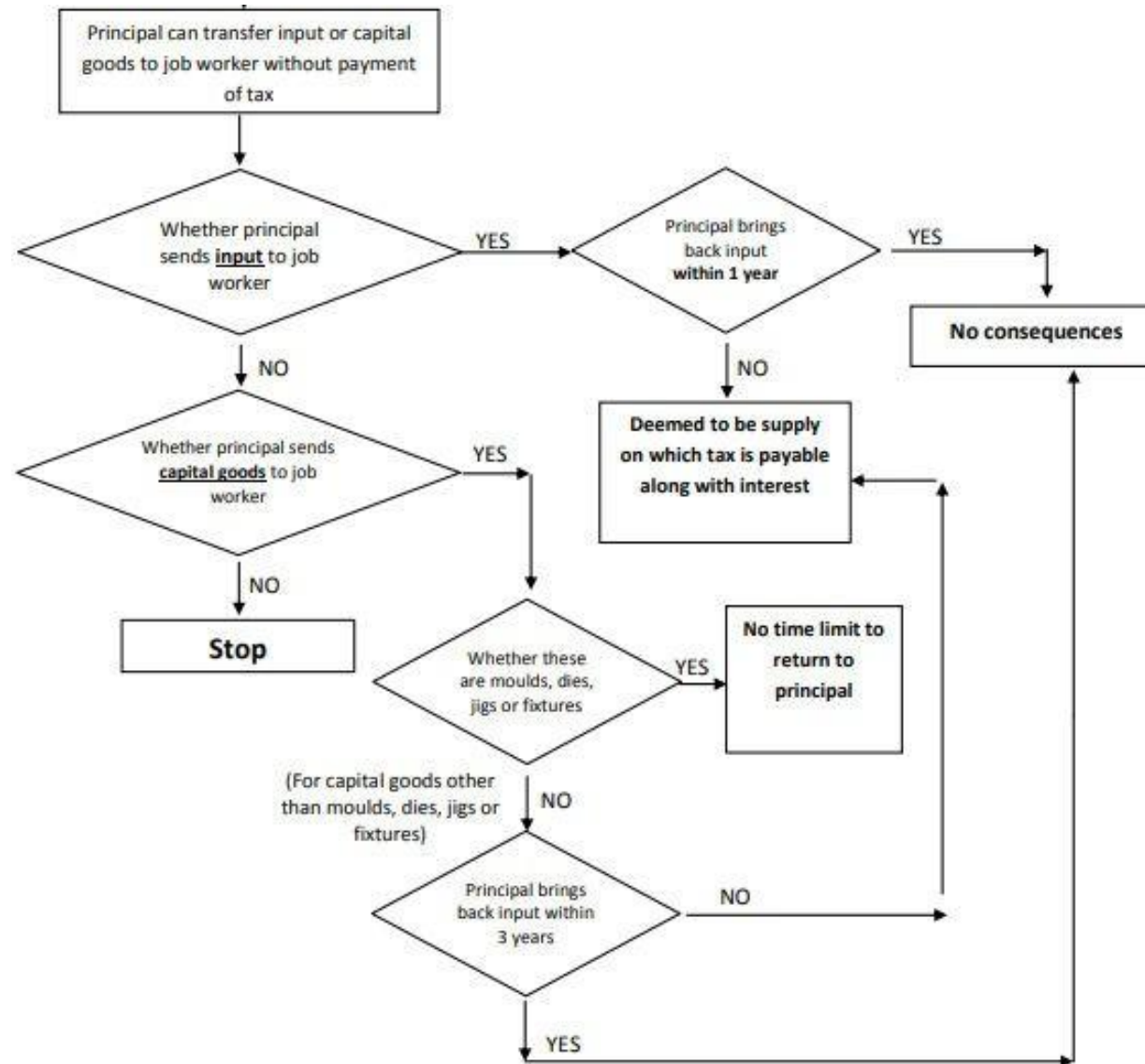
- The goods shall be brought back under the cover of a challan issued by the Job worker. The job worker should send one copy of the challan received by him from the principal at the time of original delivery.
- If the inputs and capital goods are not received back from Job worker/ supplied as a taxable supply within the stipulated time, the same shall be deemed to be taxable supply to the Job worker. The date of supply, in such case, shall be the date when the inputs and/ or capital goods was sent out. *Sec 143(3) & Sec 143(4) of CGST Act*
- In case inputs and capital goods are sent directly to a job worker, the stipulated time shall be counted from the date of receipt by the job worker. *Sec 19 of CGST Act*
- Any waste and scrap generated may be supplied by the job worker directly from his place of business on payment of tax, if such job worker is registered, or by the principal, if the job worker is not registered. *Sec 143(5) of CGST Act*

Supplying directly from Job worker's place 12

- *Proviso to Sec 143(1)(b) of CGST Act* states that the principal shall not supply the goods directly from Job worker's place unless
 - The principal declares the Job worker's place as additional place of business, or
 - The Job worker is a registered person, or
 - The principal is engaged in supply of such goods, as may be notified by the Commissioner
- Since the supply is being made by the principal, location of the supplier will be determined in the hands of the principal irrespective of the location of the job worker's place.
- Whether the value of goods sent directly from Job worker's place will be included in the job worker's aggregate turnover while calculating turnover threshold for registration?

Flow Chart

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- One of the pre-condition of claiming ITC is that the goods and services have been received by the registered person [Sec 16(2)(b) of CGST Act]. In case of goods directly sent to the job worker from the supplier's end, will the registered person be entitled to avail ITC? And if yes, when??
- The principal shall be entitled to take credit of input tax even if the goods are directly sent to a job worker for job work without being first brought to his place of business. *Sec 19 of CGST Act*. Receipt of goods by the job worker, in this case, is deemed to be compliance to Sec 16(2)(b) of the Act.

- The principal shall keep record of the goods sent to the job worker and received from the job worker, including the movement of goods from one job worker to another job worker.
- The details of inwards and outward supply to and from Job worker shall be filed in form GST ITC-04 every quarter, by the 25th day of the month succeeding the quarter.
Rule 45(3) of CGST Rules
- The count of delivery challan along with the serial number of the issued challans is to be provided in form GSTR-1

- Details of inputs/capital goods sent for job work (includes inputs/capital goods directly sent to place of business /premises of job worker)
- Details of inputs/capital goods received back from job worker or sent out from business place of job work
 - Details of inputs/ capital goods received back from job worker to whom such goods were sent for job work and losses & wastes
 - Details of inputs/ capital goods received back from job worker other than the job worker to whom such goods were originally sent for job work and losses & wastes
 - Details of inputs/ Capital goods sent to job worker and subsequently supplied from premises of job worker and losses & wastes

Principal	Job Worker	GST Rates
Registered	Registered	12% (unless specifically notified)
Registered	Unregistered	N.A.
Unregistered	Registered	18% (unless specifically notified)

Is Job work supply of goods or services?

- Supply of services

Timeline for return of goods/ onward supply

- 1 yr for inputs/ 3 yrs for Capital goods
- Extendable by 1 yr for inputs/ 2 years for Capital goods by the Commissioner

Who has to maintain the records relating to job work?

- Principal only

Thank You

Manmohan Daga



**KEEP
CALM
&
FOLLOW
THE RULES**