

# ISSUES RELATED TO JOB WORK

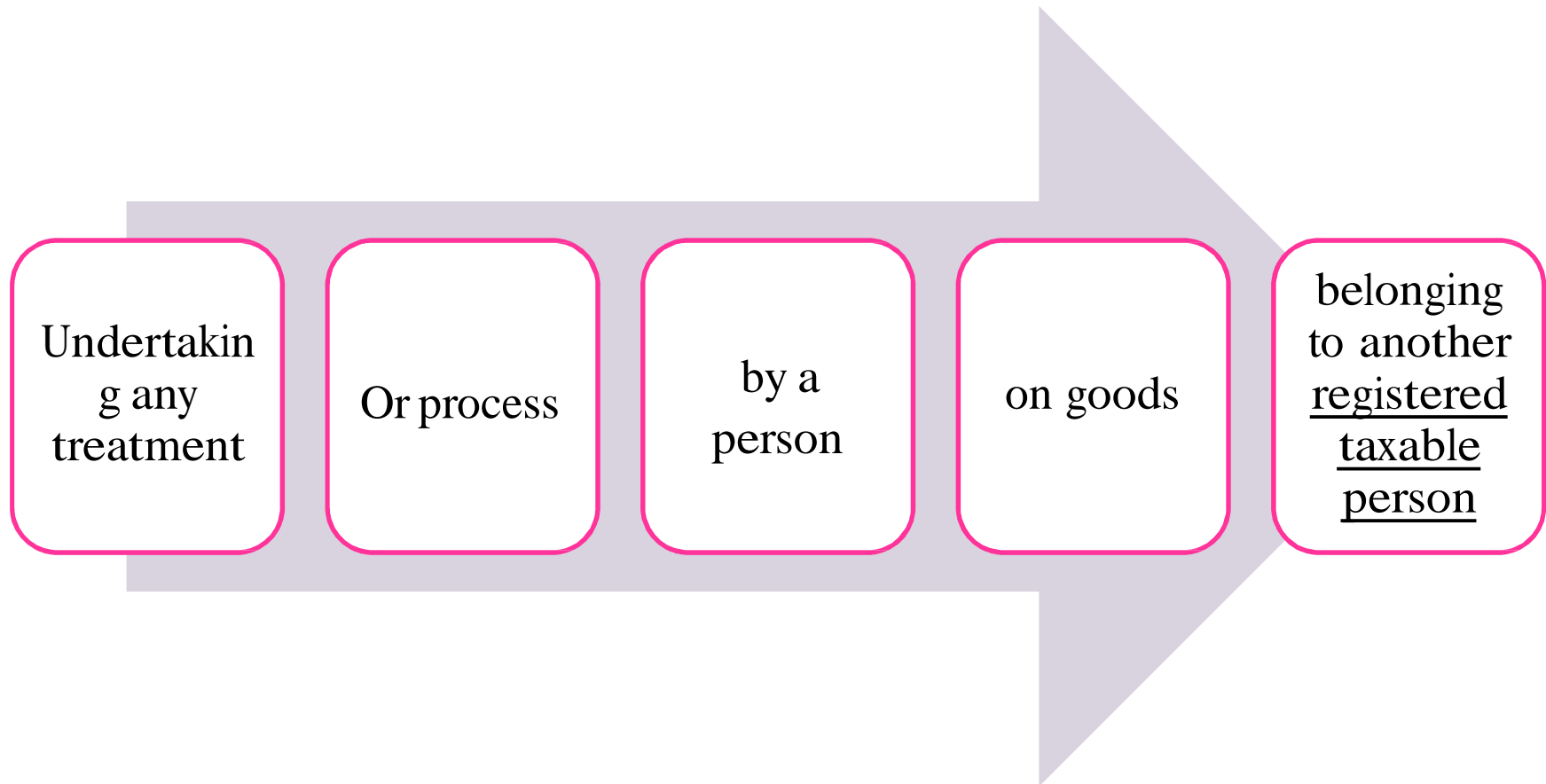
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Organised by:  
WIRC  
On: 7<sup>th</sup> July, 2018



## Definition of Job work

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

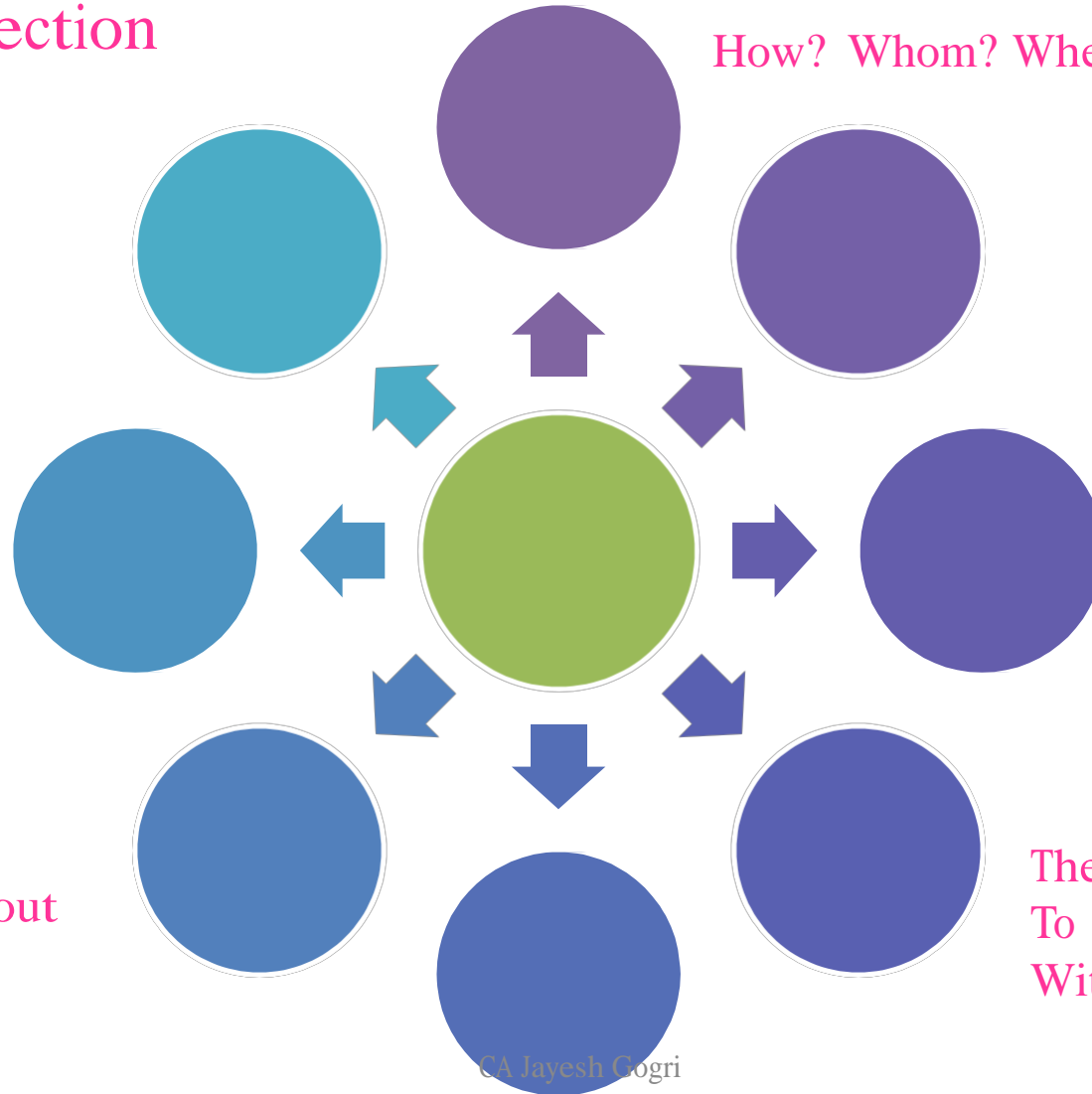
## Meaning of 'Job work' CGST 2(68)



Job work-Section  
143 CGST

How? Whom? When?

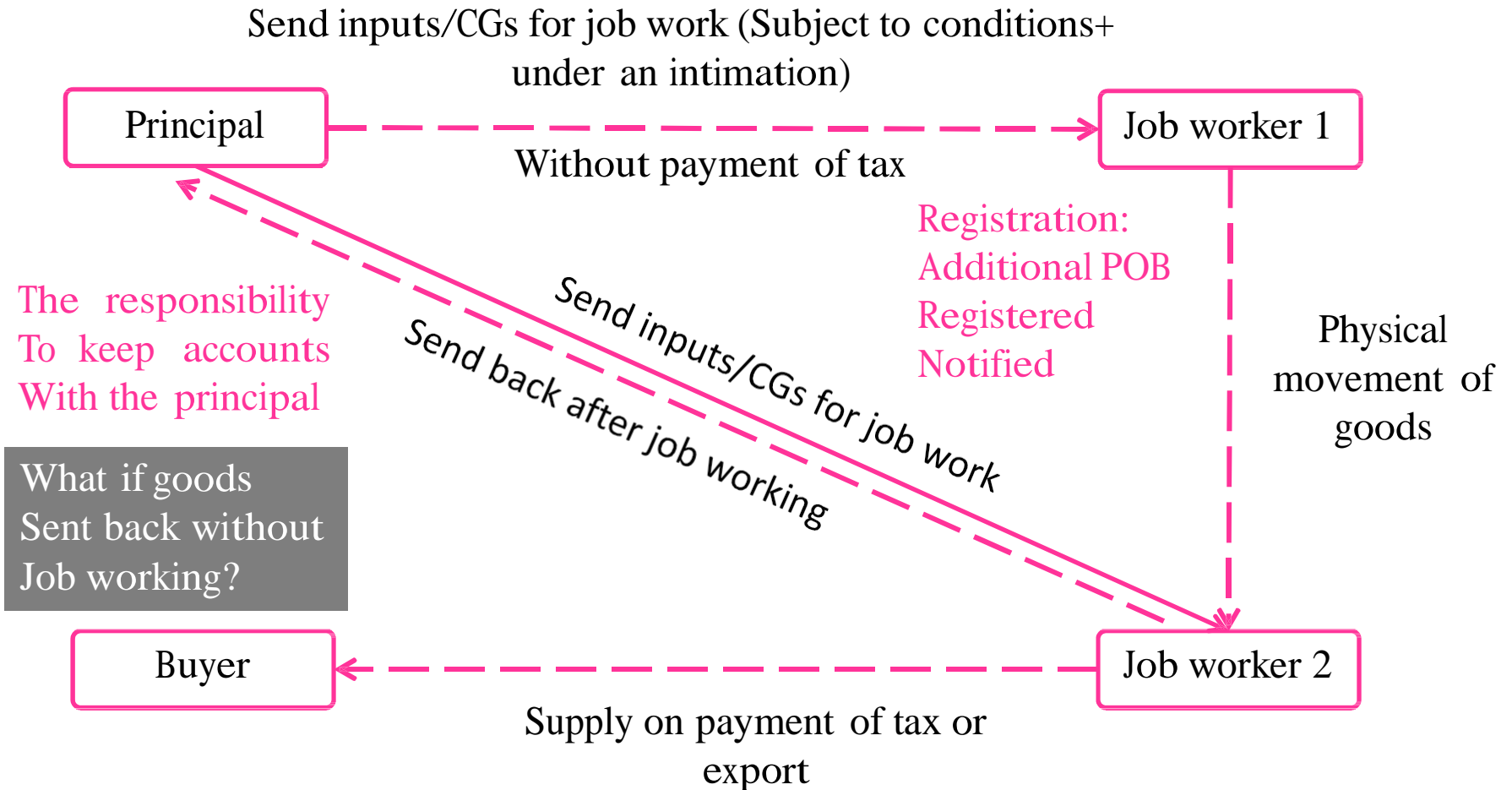
Registration:  
Additional POB  
Registered  
Notified



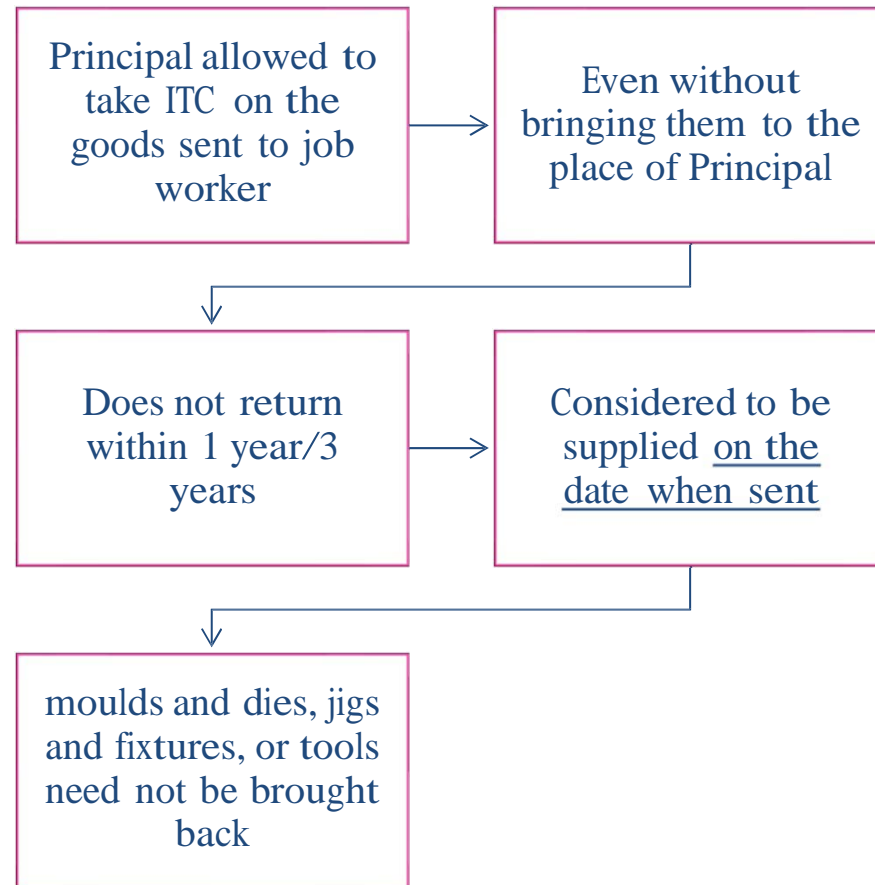
What if goods  
Sent back without  
Job working?

The responsibility  
To keep accounts  
With the principal

# Job work –process flow-Section 143 CGST



## Job work-Input tax Credit (Section 19 CGST)



## Compliances

Registration

ITC 04

GSTR 01

Records

## Registration...

- ⌚ Job work in State A
- ⌚ Principal in State B
- ⌚ Job work Turnover < 10/20 lacs
- ⌚ Inter-state supply
- ⌚ Registration compulsory?
  - 10/2017 dated 13.10.2017



## ...Registration

- ⌚ Can a person have two registrations as:
  - Principal
  - Job worker
- ⌚ Within the same State
- ⌚ In different States
  - Section 25(4)

## Valuation

- ⌚ Job work- Taxable amount:
  - Scrap retained
    - Different rate of tax
  - Materials used of job worker

## Valuation

### ⌚ Materials used of Principal

- Raw material
- Capital goods
  - The value of services would be determined in terms of section 15 of the CGST Act and would include not only the service charges but also the value of any goods or services used by him for supplying the job work services, if recovered from the principal. (Circular dated 26.3.2018)
- Moulds dies etc.
  - Accordingly, it is clarified that the value of such moulds and dies, jigs and fixtures or tools may not be included in the value of job work services provided its value has been factored in the price for the supply of such services by the job worker. (Circular dated 26.3.2018)

## ITC-Goods delivered directly to job worker

- ⊙ Goods should have been received actually
- ⊙ 19(2) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take 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.
- ⊙ 16(2)(b) Explanation.—For the purposes of this clause, it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise

## ITC- services received directly by job worker

- ⌚ ITC- available
- ⌚ Valuation ?

## Classification

### 🕒 Schedule 2 (sr. no.3)

- Any treatment or process which is applied to another person's goods is a supply of services.
- Rate of tax? 18%
- What if material used is attracting 0% or 28%

## Documents

- 🕒 Invoice
- 🕒 Delivery Challan Rule 45
- 🕒 E-way Bill Rule 138
- 🕒 Records
- 🕒 ITC-04

## Job work of unregistered person

- ⌚ Can be done?
- ⌚ Consequences?
- ⌚ Supply?
  - Schedule 1
    - 1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- ⌚ ITC?
  - 17(5)(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
- ⌚ Classification
  - Goods or service
  - Any treatment or process which is applied to another person's goods is a supply of services. ( schedule 2- Sr. no.5)



## What if Section 143 is absent?

- ⌚ Supply?
- ⌚ Value?
- ⌚ ITC?
- ⌚ Any other consequence?

## Other issues

- ⌚ Milling of Paddy
- ⌚ Printing of books
- ⌚ Refund by textile processors

## 11/2017 (sr. no. 26)

(i) Services by way of job work in relation to-

(a) Printing of newspapers;

<sup>6</sup>[(b) Textiles and textile products falling under Chapter [50](#) to [63](#)

<sup>22</sup>[(c) all products falling under [Chapter 71](#) (Pearls, precious stones)

(d) Printing of books (including Braille books), journals and periodicals;

<sup>23</sup>[(da) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 2.5 per cent. or Nil;]

(e) Processing of hides, skins and leather falling under [Chapter 41](#)

<sup>39</sup>[(ea) manufacture of leather goods or foot wear falling under Chapter 42 or 64

<sup>24</sup>[(f) all food and food products falling under Chapters 1 to 22

(g) all products falling under [Chapter 23](#) except dog and cat food put up for retail sale falling under tariff item 23091000 of the said Chapter;

(h) manufacture of clay bricks falling under tariff item 69010010

<sup>37</sup>[(i) manufacture of handicraft goods.

## 11/2017 (sr. no. 26)

[(ia)Services by way of job work in relation to-

(a) manufacture of umbrella;

(b) printing of all goods falling under Chapter 48 or 49, which attract CGST @ 6per cent.

## 11/2017 (sr. no. 24)

(iii) Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.

Rate of Tax NIL

## Job work-Transitional Provisions (CGST 141)

Before the appointed day

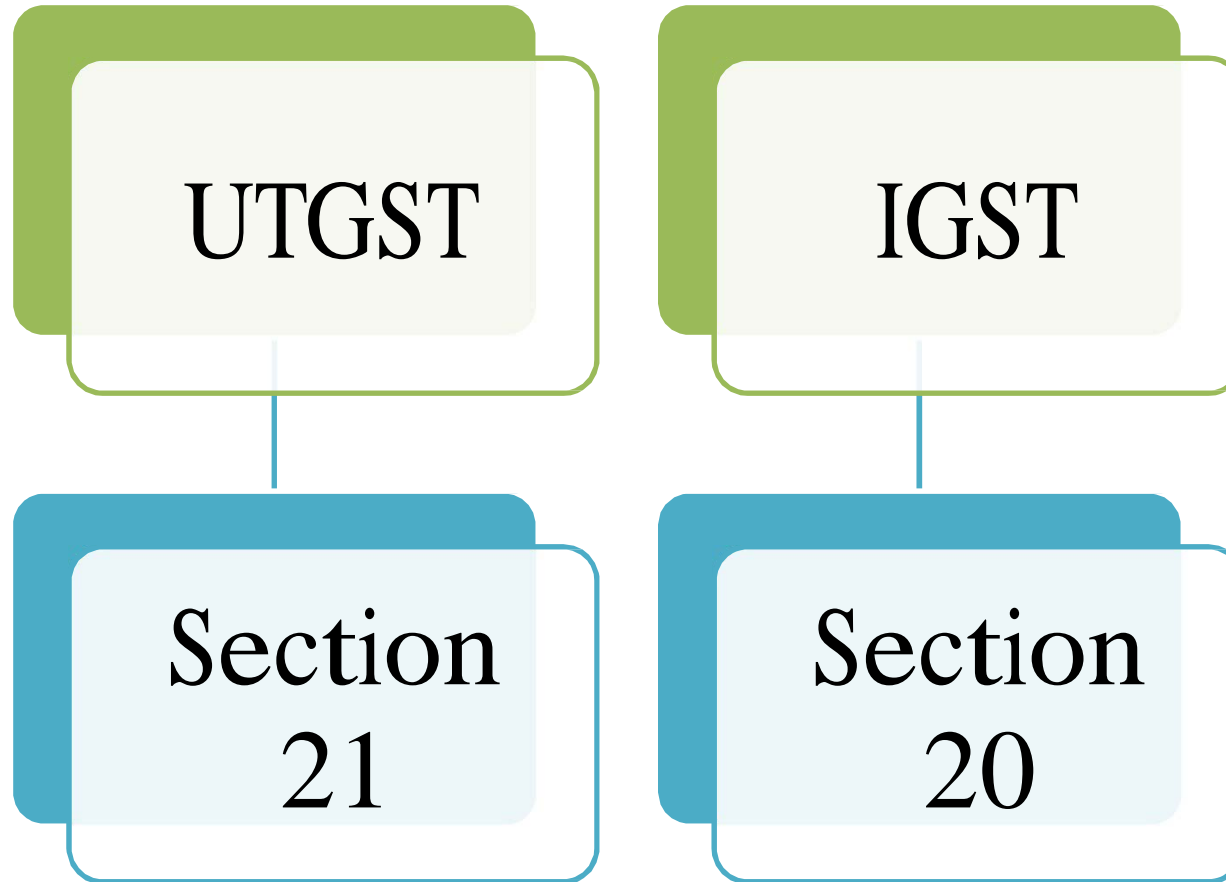
Not Returned within 6+2 months from the appointed day

ITC to be recovered

Recovery-Not creditable

Both to declare details

## Job work-Other laws



# Distinction between job work and Works contract

Job Work

Works Contract



a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning

wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract

of any immovable property



C3 s t

*'RitJil I afvit.e at YitJil time...*



09-07-2018

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