

India

Gold & Jewellery Summit



Job Work Under GST



What is Job work?

As per clause (68) of section 2 of the CGST Act, 2017, “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.

- ❑ ***What if treatment or process is done on goods belonging to Unregistered person? Will there be a change in GST rate for job work done on goods belonging to unregistered person??***

As per Para 6 of Circular No. 38/12/2018 dated 26th March, 2018 it is clarified that the provisions of section 143 of the CGST Act are applicable to a registered person. ***Thus, it is only a registered person who can send the goods for job work under the said provisions.***

- ❑ ***Will Repairing / Testing / Hallmarking also be treated as Job work??***

NOTIFICATION NO. 11/2017-CENTRAL TAX (RATE)

Sl.No	Chapter, Section, Heading		Description of Service	Rate (per cent)
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i)	Services by way of job work in relation to—	2.5
			(a) printing of newspapers;	
			b) textiles and textile products falling under Chapters 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)	
			(c) all products falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)	
		(d)		
		(ia)	
		(iii)	Tailoring services.	2.5
	(iv)	Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ii), (iia) and (iii) above.	9	

NOTIFICATION NO. 11/2017-CENTRAL TAX (RATE)

Sl.No	Chapter, Section, Heading		Description of Service	Rate (per cent)
25	Heading 9987	(i)	<i>Services by way of house-keeping, such as plumbing, carpentering, etc. where the person supplying such service through electronic commerce operator is not liable for registration under sub-section (1) of section 22 of the Central Goods and Services Tax Act, 2017.</i>	2.5 Provided that credit of input tax charged on goods and services has not been taken
		(ii)	<i>Maintenance, repair and installation (except construction) services, other than (i) above.</i>	9

Can the job worker in addition to the goods received from the principal, can use his own goods for providing the services of job work ?

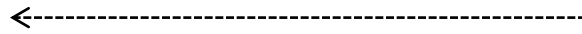
Yes, It is clarified in Para 5 of Circular No. 38/12/2018 dated 26th March, 2018 that the job worker, in addition to the goods received from the principal, can use his own goods for providing the services of job work.



Job Worker or Agent



Only A Coordinator or Facilitator
GST to be charged @ 18%



For Making Necklace



Principal
Issues
Metal /
Bullion

XYZ LTD - not a
Goldsmith Issues
the same to

GST to charged
@5%

Artisan A for
Casting & Setting

Artisan B for
Rhodium Plating

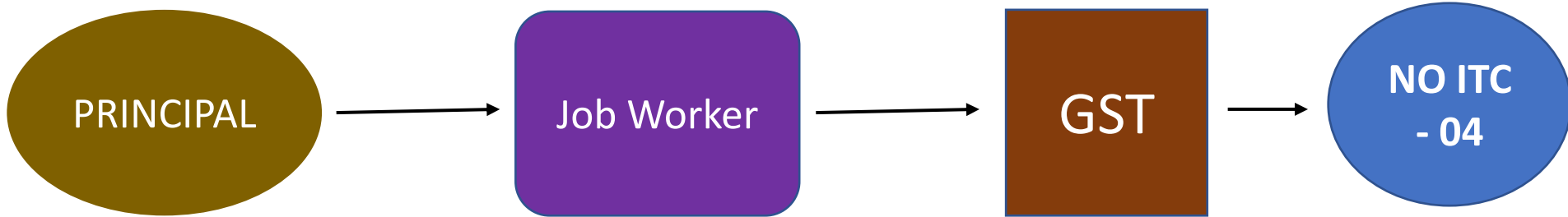
GST to charged
@5%



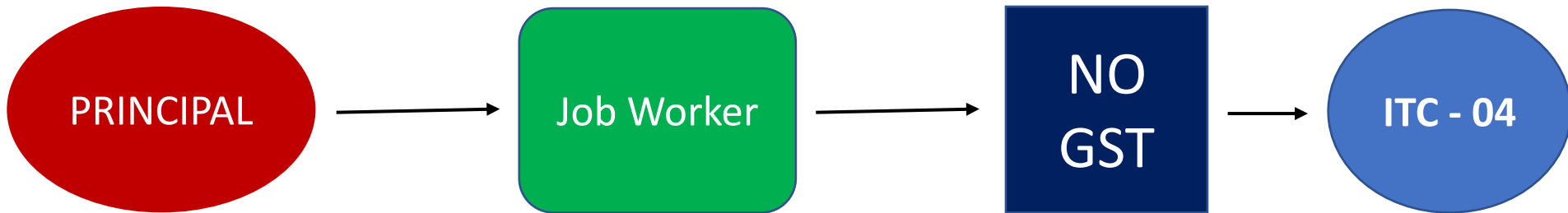
Job Work Procedure Under GST



OPTION 1 : - Supply of Inputs / Semi finished Goods / CG by RP without Sec 143

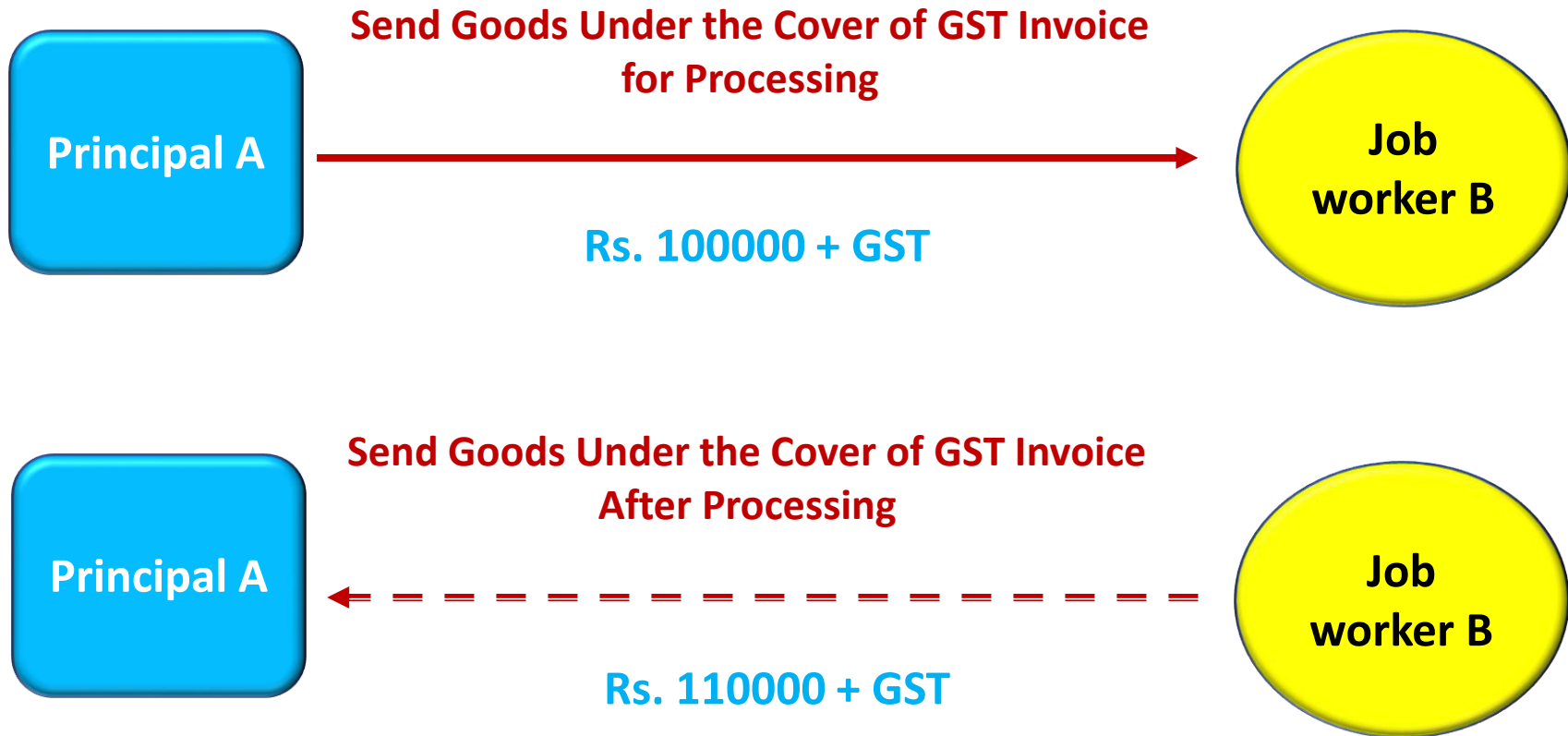


OPTION 2: Supply of Inputs / Semi finished Goods / CG by RP under Section 143



Principal has choice to follow either of the options as above – Para 6 of Circular 38/12/2018 dated 26.03.2018.

JOB WORK UNDER GST(SECTION 143)



As per the Second Proviso to Section 16 (2) of the CGST Act 2017, where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed

JOB WORK UNDER GST(SECTION 143)

JOB WORK UNDER GST

INPUTS SENT TO JOBWORKER

Received back or direct supply from the job worker premises within ONE year from the date of it being sent out

NO GST payable on supply by Principal to Job worker

Not Received back or directly supplied from the job worker premises after ONE year from the date of it being sent out

GST Payable
Deemed that such inputs had been supplied by the principal to job worker on the day when said inputs were sent out

CAPITAL GOODS (CG) **OTHER THAN MOULDS AND DIES, JIGS & FIXTURES OR TOOLS SENT TO JOBWORKER**

Received back with **THREE** years from the date of it being sent out

NO GST payable on supply by Principal to Job worker

Not Received back with **THREE** years from the date of it being sent out

GST Payable
Deemed that CG had been supplied by the principal to job worker on the day when said CG were sent out

Principal for the purpose of job work – Registered Person(RP) who sends inputs/ Capital Goods without payment of tax, to a job worker for job work – Sec 143(1) of CGST Act & Explanation to Sec 19(7) of CGST Act.

Principal can send inputs / Capital Goods to a job worker for job work and from there subsequently to another job worker without the payment of GST [Sec 143 (1)].

Intimation for the same needs to be given as per the conditions prescribed.

It is the responsibility of the principal to include the details of all the challans relating to goods sent by him to one or more job worker or from one job worker to another and its return therefrom.

The FORM GST ITC-04 will serve as the intimation as envisaged under section 143 of the CGST Act.

Responsibility for keeping proper accounts for Inputs / Capital Goods sent shall lie with the Principal [Sec 143(2)].

Inputs or capital goods shall be sent to the job worker under the cover of challan issued by the Principal.

The challan has to be issued even when the inputs or capital goods are sent directly to the job worker.

Delivery Challan for Job Work



Serially Numbered Delivery challan issued by the principal shall contain the below mentioned details (CGST Rule 55):-

1. Date and number of the delivery challan.
2. Name, address & GSTIN of the consignor, if registered
3. Name, address & GSTIN of the consignee, if registered
4. HSN code & Description of goods.
5. Quantity of goods
6. Taxable value.
7. Tax rate & Tax Amount .
8. Place of supply, in case of interstate movement.
9. Signature.



The delivery challan shall be prepared in triplicate, in case of supply of goods –

1. Original copy being marked as ORIGINAL FOR CONSIGNEE
2. Duplicate copy being marked as DUPLICATE FOR TRANSPORTER &
3. Triplicate copy being marked as TRIPLICATE FOR CONSIGNOR

FORMAT OF DELIVERY CHALLAN

Delivery Challan / Job work challan											
Logo		<input type="checkbox"/> Original for Consignee <input type="checkbox"/> Duplicate for Transporter <input type="checkbox"/> Triplicate for Consignor									
		Company Name Address 1 Mail ID Website									
GSTIN: Serial no. of Challan: _____ (1)						Mode of Transport : Veh.No : Date Place OF Supply: _____ (2)					
Details of Consignee (Delivered to) Name: Address : State Code : GSTIN/Unique ID:											
} (3)											
S.No	Description of Goods	HSN Code	QTY	UQC	Taxable value	CGST		SGST		IGST	
						Rate	Amount	Rate	Amount	Rate	Amount
				(4)	0.00		0.00		0.00		0.00
Total					0.00		0.00		0.00		0.00
Challan Total (In Words)						Challan Total (Figures)				0.00	
						For Company Name					
						Authorized Signatory					

Intimation for Job work



- ❑ As per *Section 143 (1) of the CGST Act, 2017* A registered person (hereafter in this section referred to as the "principal") **may under intimation** and subject to such conditions as may be prescribed, send any inputs or capital goods, without payment of tax, to a job worker for job work and from there subsequently send to another job worker
- ❑ As per Para 8.4(vi) of *Circular No. 38/12/2018 dated 26th March, 2018* **FORM GST ITC-04 will serve as the intimation** as envisaged under section 143 of the CGST Act
- ❑ As per *Rule 45 (3) of the CGST Rules, 2017* The details of challans in respect 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 that period **on or before the twenty-fifth day of the month succeeding the said quarter** [or within such further period as may be extended by the Commissioner by a notification in this behalf

ITC - 04



CENTRAL GOODS AND SERVICES TAX RULES, 2017

FORM GST ITC-04

[See rule 45(3)]

Details of goods/capital goods sent to job worker and received back

1. GSTIN -
2. (a) Legal name -
(b) Trade name, if any –
3. Period: Quarter - Year -



4. Details of inputs/capital goods sent for job work (includes inputs/capital goods directly sent to place of business /premises of job worker)

GSTIN / State in case of unregistered job worker	Challan No.	Challan date	Description of goods	UQC	Quantity	Taxable value	Type of goods (Inputs/capital goods)	Rate of tax (%)			
								Central tax	State/UT tax	Integrated tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12

Instructions:

1. Multiple entry of items for single challan may be filled

Do we need to make entry for Accessories supplied to Job worker

FORM GST ITC-04 (JOB WORK)

5. Details of inputs/capital goods received back from job worker or sent out from business place of job work

(A) Details of inputs/ capital goods received back from job worker to whom such goods were sent for job work; and losses and wastes:

GSTIN / State of job worker if unregistered	Challan No. issued by job worker under which goods have been received back	Date of challan issued by job worker under which goods have been received back	Description of goods	UQC	Quantity	Original challan No. under which goods have been sent for job work	Original challan date under which goods have been sent for job work	Nature of job work done by job worker	Losses & wastes	
									UQC	Quantity
1	2*	3*	4	5	6	7*	8*	9	10	11

Columns (2) & (3) in Table (A) and Table (B) are mandatory in cases where fresh challan are required to be issued by the job worker. Otherwise, columns (2) & (3) in Table (A) and Table (B) are optional.

Columns (7) & (8) in Table (A), Table (B) and Table (C) may not be filled *where one-to-one correspondence between goods sent for job work and goods received back after job work is not possible.*

CHANGE IN UNIT OF MEASUREMENT

24 K Pure Gold
100 Gms



22 K
Jewellery
2 Bangles



100 Mtrs
Denim Fabric



18 Denim
Trousers



100 Kgs
Plastic
Granules



300 Plastic
Jars



FORM GST ITC-04 (JOB WORK)

(B) 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 and wastes:

GSTIN / State of job worker if unregistered	Challan No. issued by job worker under which goods have been received back	Date of challan issued by job worker under which goods have been received back	Description of goods	UQC	Quantity	Original challan No. under which goods have been sent for job work	Original challan date under which goods have been sent for job work	Nature of job work done by job worker	Losses & wastes	
									UQC	Quantity
1	2*	3*	4	5	6	7*	8*	9	10	11

Columns (2) & (3) in Table (A) and Table (B) are mandatory in cases where fresh challan are required to be issued by the job worker. Otherwise, columns (2) & (3) in Table (A) and Table (B) are optional.

Columns (7) & (8) in Table (A), Table (B) and Table (C) may not be filled *where one-to-one correspondence between goods sent for job work and goods received back after job work is not possible.*

FORM GST ITC-04 (JOB WORK)

(C) Details of inputs/ Capital goods sent to job worker and subsequently supplied from premises of job worker; and losses and wastes:

GSTIN / State of job worker if unregistered	Invoice No. in case supplied from premises of job worker issued by the Principal	Invoice date in case supplied from premises of job worker issued by the Principal	Description of goods	UQC	Quantity	Original challan no. under which goods have been sent for job work	Original challan date under which goods have been sent for job work	Nature of job work done by job worker	Losses & wastes	
									UQC	Quantity
1	2	3	4	5	6	7*	8*	9	10	11



FORMAT OF FORM GST ITC-04 (JOB WORK)

Instructions:

1. Multiple entry of items for single challan may be filled.
2. Columns (2) & (3) in Table (A) and Table (B) are mandatory in cases where fresh challan are required to be issued by the job worker. Otherwise, columns (2) & (3) in Table (A) and Table (B) are optional.
3. Columns (7) & (8) in Table (A), Table (B) and Table (C) may not be filled where one-to-one correspondence between goods sent for job work and goods received back after job work is not possible.

6. Verification

I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Place
Authorised Signatory

Signature
Name of

Date
/Status.....

Designation

Waste & Scrap Under GST





Waste & Scrap Generated



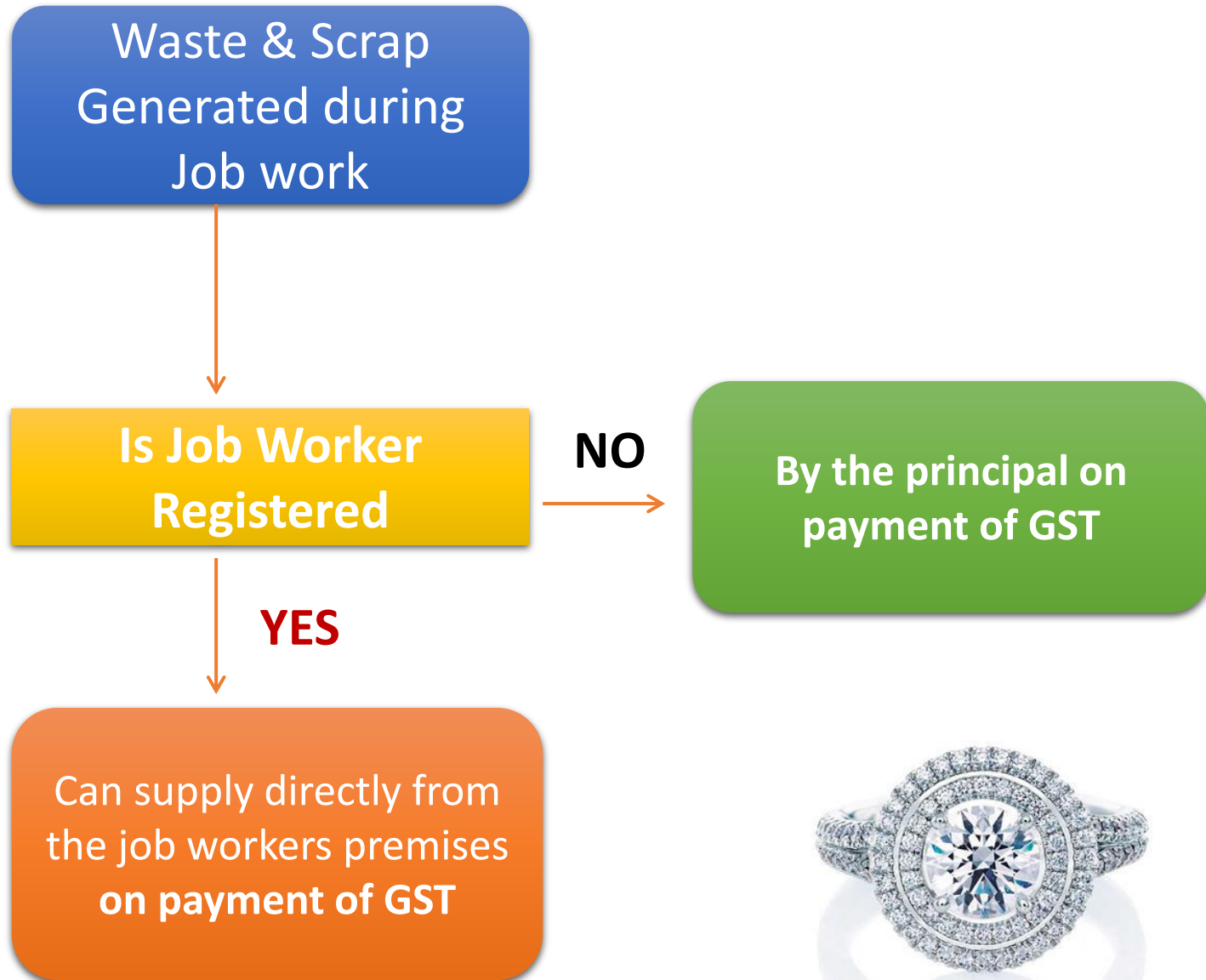
Recoverable

Non - Recoverable

Pay GST at applicable rate on Waste & Scrap if sold

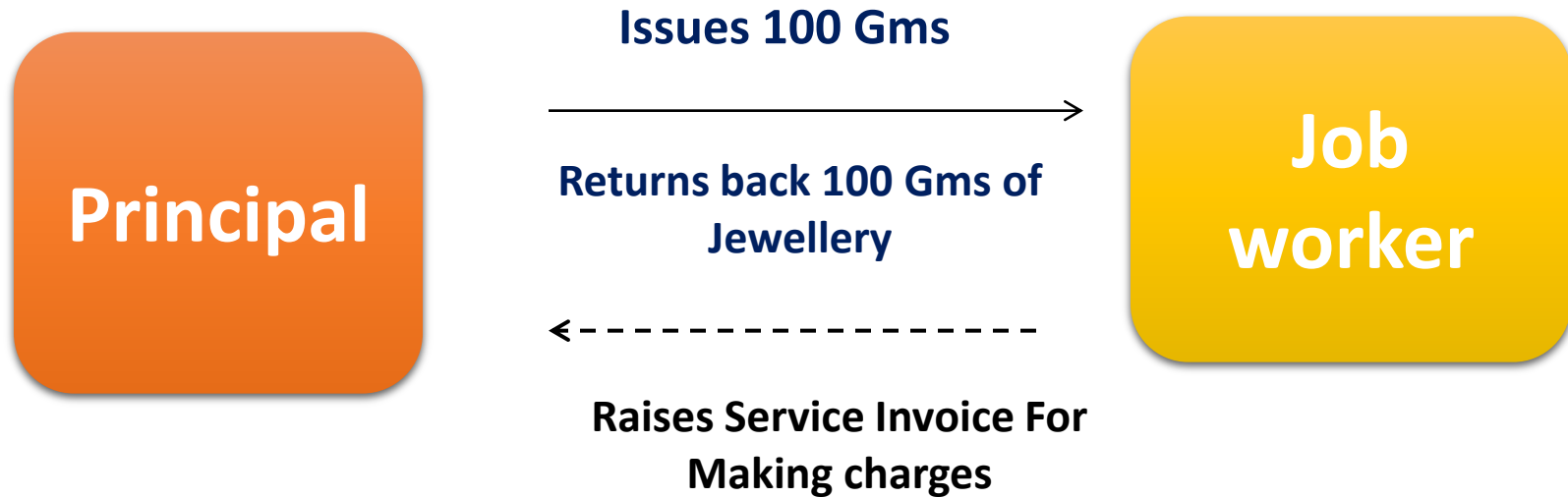
NO GST applicable

WASTE & SCRAP GENERATED DURING JOB WORK [SEC 143 (5)]



Process Loss



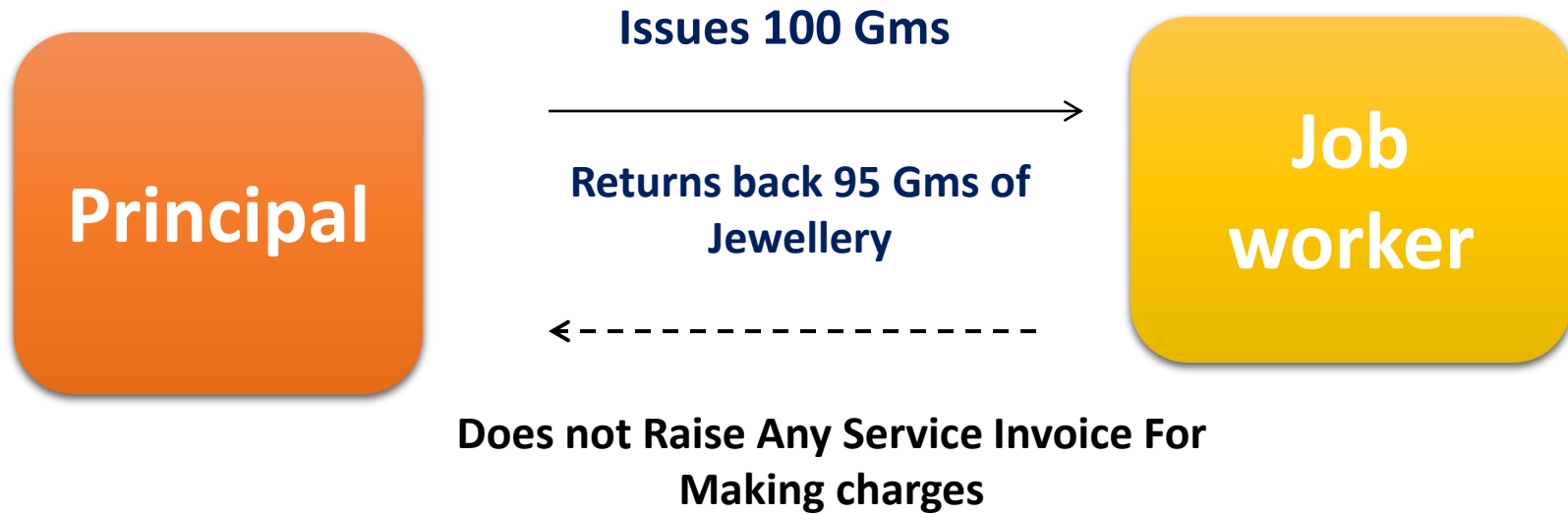


In the Process of making Jewellery there is a Process Loss of say 2%.

For the Process Loss, Job worker increases his Making charges to recover the Loss.

GST to be paid @ 5% on Making charges by the Job worker





The Job worker does not issue any Invoice for the Making Charges.

Process Loss of 5 Gms is Inclusive of Process Loss + Making charges

In this scenario, GST to be paid @ 5% on the value of 5 Gms of Process Loss as per the Valuation Rules.



Accounts & Records



As per Section 35 of the CGST ACT 2017

(1) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of—

- (a) production or manufacture of goods;
- (b) inward and outward supply of goods or services or both;
- (c) stock of goods;
- (d) input tax credit availed;
- (e) output tax payable and paid; and
- (f) such other particulars as may be prescribed



Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business

Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.

56. Maintenance of accounts by registered persons.-(1)Every registered person shall keep and maintain, in addition to the particulars mentioned in sub-section (1) of section 35, a true and correct account of the goods or services imported or exported or of supplies attracting payment of tax on reverse charge along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers. (2) Every registered person, other than a person paying tax under section 10, shall maintain the accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof. (3) Every registered person shall keep and maintain a separate account of advances received,

(12) Every registered person manufacturing goods shall ***maintain monthly production accounts*** showing quantitative details of ***raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof.***

(13) Every registered person supplying services shall maintain the accounts showing ***quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.***



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- Application / Implications of various provisions will vary on facts of the case and law prevailing on relevant time.
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