

be removed without the payment of tax. Therefore, both inputs and intermediate product can be cleared without payment of tax to job-worker.

Provision regarding clearance of waste:

Pursuant to Section 143 (5) of the CGST Act, 2017, waste generated at the premises of the job-worker may be supplied directly by the registered job-worker from his place of business on payment of tax or such waste may be cleared by the principal, in case the job-worker is not registered.

The Board vide Circular No. 38/12/2018 dated 26.03.2018 has elaborately clarified many issues related to Job-work. Circular No. 88/07/2019 dated 01.02.2019 has amended certain portions of earlier Circular No. 38/12/2018 dated 26.03.2018. Circular No. 126/45/2019-GST dated 22.11.2019 has clarified scope of certain notification entry, related to job work, of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.



GST Job Work



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GST

GOODS AND SERVICES TAX

Job Work

(Updated as on November 2023)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS
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Job Work under GST

Introduction:

Job-work sector constitutes a significant industry in Indian economy. It includes outsourced activities that may or may not culminate into manufacture. The term Job-work itself explains the meaning. It is processing of goods supplied by the principal. The concept of Job-work already exists in Central Excise, wherein a principal manufacturer can send inputs or semi-finished goods to a job worker for further processing. Many facilities, procedural concessions have been given to the job workers as well as the principal supplier who sends goods for job work. The whole idea is to make principal responsible for meeting compliances on behalf of the job-worker on the goods processed by him (job-worker), considering the fact that typically the job-workers are small persons who are unable to comply with the discrete provisions of the law.

The GST Act makes special provisions with regard to removal of goods for job-work and receiving back the goods after processing from the job-worker without payment of GST. The benefit of these provisions shall be available both to the principal and the job-worker.

What is Job-work?

Section 2(68) of the CGST Act, 2017 defines Job-work as 'any treatment or process undertaken by a person on goods belonging to another registered person'. The one who does the said job would be termed as 'job-worker'. The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job-worker is required to carry out the process specified by the principal, on the goods.

Job-work Procedural aspects:

Certain facilities with certain conditions are offered in relation to Job-work, some of which are as under:

- (a) A registered person (Principal) can send inputs/capital goods under intimation and subject to certain conditions without payment of tax to a job-worker and from there to another job-worker and after completion of Job-work, bring back such goods without payment of tax. The principal is not required to reverse the ITC availed on inputs or capital goods sent to job-worker.
- (b) Principal can send inputs or capital goods directly to the job-worker without bringing them to his premises, still the principal can avail the ITC of tax paid on such inputs or capital goods.
- (c) However, inputs and/or capital goods sent to a job worker are required to be returned to the principal within 1 year and 3 years, respectively, from the date of sending such goods to the job-worker [the period of one year and three years may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively].
- (d) After processing of goods, the job-worker may clear the goods to-
 - another job-worker for further processing;
 - send the goods to any of the place of business of the principal without payment of tax;
 - remove the goods on payment of tax within India or without payment of tax for export outside India on fulfilment of specified conditions.

The facility of supply of goods by principal to the third party directly from the premises of the job-worker on payment of tax in India likewise with or without payment of tax for export may be availed by the principal on declaring premises of the job-worker as his additional place of business in registration. In case the job-worker is a registered person under GST, even declaring the premises of the job-worker as additional place of business is not required.

Before supply of goods to job-worker, principal would be required to intimate the Jurisdictional Officer containing the details of description of inputs intended to be sent by the principal and the nature of processing to be carried out by the job-worker. The said intimation shall also contain the details of another job-worker, if any.

The inputs or capital goods shall be sent to the job-worker under the cover of a challan issued by the principal. The challan shall be issued even for the inputs or capital goods sent directly to the job-worker. The challan shall contain the details specified in Rule 55(1) of the CGST Rules, 2017.

The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.

Input Tax credit on goods supplied to job worker:

Section 19 of the CGST Act, 2017 provides that the principal (a person supplying taxable goods to the job-worker) shall be entitled to take the credit of input tax paid on inputs sent to the job-worker for the job work. Further, the proviso also provides that the principal can take the credit even when the goods have been directly supplied to the job-worker without bringing into the premises of the principal. The principal need not wait till the inputs are first brought to his place of business for availing ITC.

Time Limits for return of processed goods:

As per Section 19 of the CGST Act, 2017, inputs and capital goods after processing shall be returned back to principal within one year or three years respectively of their being sent out. Further, the provision of return of goods is not applicable in case of moulds and dies, jigs and fixtures or tools supplied by the principal to job-worker.

Extended meaning of input:

As per the explanation provided in Section 143 of the CGST Act, 2017, where certain process is carried out on the inputs before removal of the same to the job-worker, such product after carrying out the process to be referred as the intermediate product. Such intermediate product can also