

## Circular Update

### Circular No. 38/12/2018

The following Clarifications have been given with respect to issues related to Job-work:

❖ **Job worker can use his own goods in addition to goods sent by principal for providing Job work service:**

Section 2(68) defines job work as a Treatment or process undertaken by a person on “*Goods belonging to another registered person*”. Doubts were raised whether a job-worker can use his own goods for providing job work service. The circular clarifies that a Job worker in addition to goods received from principal, can use his own goods for providing the service of Job work.

❖ **Job worker is not required to get registered, if the job worker and principal is located in different state:**

Where the job worker and principal are located in different states, and if the turnover of Job worker is less than the threshold limit of Rs. 20 Lakhs or Rs. 10 Lakhs in case of special category states, Job worker need not get registered under GST even though it is Inter-state transaction.

❖ **Principal can supply goods directly from job worker premises:**

Supply made by the principal directly from the job worker premises will be regarded as supply made by principal and not by the job-worker.

S.NO	NATURE OF TRANSACTIONS	DOC TO BE ISSUED
1	Goods are sent by principal to only one Job-worker	Principal to issue -Triplicate Challan: 1. Original- For principal 2. Duplicate- For job-worker 3. Triplicate – For job-worker while returning goods back to principal
2	Goods are sent from one job-worker to Job- worker	Fresh Challan can be issued by the principal or Job-worker <b>(or)</b> The challan issued by the principal may be endorsed by Job-worker indicating Qty and description of goods.
3	Goods are sent directly to the Job-worker by the supplier	1. Supplier shall issue Invoice having Job-worker details in consignee column 2. Principal shall issue job-work challan to the Job-worker

S.NO	Nature of transaction	Documents to be issued
4.	Imported Goods moved directly from Custom station to Job-worker	1. Bill of Entry 2. Principal shall issue job-work challan to the Job-worker
5.	Goods returned in Piece meal basis by Job-worker	Fresh challan is to be issued by the job-worker every time goods are returned on piecemeal basis.

❖ **Principal is responsible to furnish details of Job-work in ITC-04**

The circular clarifies that where the goods are sent for job work by the principal to one job-worker or from on job worker to another job-worker, it is the responsibility of the principal to furnish the details of all challans relating to goods in ITC-04. ITC 04 is treated as intimation.

❖ **Value of Moulds, Dies, jigs and fixtures not to be included in Value of job worker:**

The value of moulds, dies, Jigs and fixtures shall not be included in value of job work if its value is already factored in the price of supply of such job work service.

❖ **Time value and Place of supply will be determined in the hands of Principal irrespective of location of Job-worker:**

1. Time of Supply, Place of Supply and Value of Supply is determined in hands of principal irrespective of the location where job-worker is located. Invoice shall also be issued by such principal.
2. When exports are made directly from Job-worker premises, the principal only should execute such Bond/LUT.
3. Even for the scrap generated during the job work, sold by the registered job-worker or principal, the above principle will apply.

❖ **Consequences of not receiving the goods from the job-worker within prescribed time limit:**

If the inputs and capital Goods are not received within One year & three years respectively, the following are the consequences:

1. The principal will issue the invoice and declare such supplies in return for the month in which such time limit has expired,
2. Date of supply = Date on which such input & CG were sent to Job-worker
3. Interest will be payable for such intervening period,
4. Goods returned by job-worker after expiry of time limit, will be treated as supply form job-worker to principal.

❖ **Eligibility of Input credit when goods are sent directly to job worker:**

It is clarified that even if inputs are sent directly to the job-worker, the principal will be eligible to claim input credit of the same.

Also the job worker is eligible to claim ITC of Inputs used in supplying the job work service.

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