Job Work

Introduction

This chapter provides for a special procedure to exempt supplies from principal to job worker and return from job worker to principal subject to certain conditions and procedures.

Meaning of job work and job worker

U/s 2(62), "job work" means a person undertaking any treatment or processing of goods belonging to another registered taxable person. Any person who does such job work will be considered as "Job Worker"

Analysis

(i) This provision enables a registered taxable person to send taxable goods to a job worker without payment of tax.

(ii) It requires that the Commissioner specifically permits this facility by special order with applicable conditions.

(iii) It also provides that the goods can be sent from one job worker to another job worker as well without payment of any tax on such goods being sent.

(iv) After the processing of goods, the goods may be dealt with in any of the following manner by the principal:

  (a) Brought back to any place of business without payment of tax and thereafter supplied,
    i. Within India on payment of tax;
    ii. For export with or without payment of tax;

  (b) Supplied form the place of business of job worker-
    i. Within India on payment of tax;
    ii. For export with or without payment of tax;

(v) The goods can be supplied directly from the place of business of job worker by the principal only when the principal declares the place of business of the job worker as his additional place of business. However, the exceptions are -

  (a) If job worker is registered u/s 19;
  (b) The principal is engaged in the supply of notified goods.

(vi) If the benefit under this section is availed, the principal is responsible and accountable for all the transactions between him and the job worker.

Comparative Review

The term "job work" has not been defined in the Central Excise Act or Customs Act but the same has been provided for in Notification No. 214/86 C.E. dated 25.03.1986 and Cenvat Credit Rules, 2004.

Related Provisions

In section 43A there is no specific reference to any other sections but there are other provisions where section 43A has been referred to:

Statute	Section/ Rule/ Form	Description	Remarks
GST	Section 2(62)	Job work definition	The job work has been defined to mean undertaking any treatment of process
GST	Section 16A	Taking ITC* in respect of inputs sent for job work	The condition and procedure has been prescribed
GST	Schedule I	Matters to be treated as supply without consideration	Supply of goods by a registered taxable person to a job worker shall not be treated as supply of goods
GST	Schedule III	Liability to be registered	The turnover of job work for principal should not be included in aggregate turnover of job worker.

* ITC- Input tax credit

Miscellaneous Provisions

- The principal would undertake the primary responsibility and accountability of the goods including payment of taxes if any.
- The provision allows supply of goods from job worker's premises but only on payment of taxes within India and without payment of taxes for export.
- Section 43A does not provide any specific time limit within which the goods have to be returned to the principal. However in Section 16A, 180 days has been mentioned within which the goods have to be returned to the principal.
- Section 43A does not provide any specific time limit for return of capital goods to the principal. However, in Section 16A, 2 years has been mentioned within which the capital goods have to be returned to the principal.