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ARTICLE NO.5

CONCERNS IN JOB-WORK AND E-WAY BILL

WHAT IS JOB WORK?
Job work is an integral part of several sectors since many businesses outsource a part of their manufacturing activities. Job work can include initial processing, further processing, assembling, packing or any other completion process. Section 2(68) of CGST Act describes job work as *a treatment or process undertaken by a person on goods belonging to another registered person.*

GST ON JOB WORK: SITUATIONS THAT MAY ARISE
There are certain scenarios that may happen related to job work –
1. Inputs are sent by principal to the job worker
2. Inputs are sent to the job worker directly from the vendor
3. Inputs are received back by the principal after job work completion
4. Finished goods are directly supplied to the customer from the job worker

The principal is eligible to claim ITC of (semi-finished goods/ raw materials) for job work. He can claim the ITC of the inputs even if they are sent to the job worker directly from the place of the vendor. In both the cases, inputs must be received back by the principal within 1 year,(In Case of Capital Good it is 3 years) else the ITC will be reversed.

DOCUMENT TO BE ISSUED BEFORE SENDING GOODS FOR JOB WORK
If goods are sent for job work, there is no need to issue any tax invoice. Instead, a delivery challan can be issued for the goods. Delivery challan will contain following details –
1. Date and number of the delivery challan,
2. Name, address, and GSTIN of the consignor (principal) and the consignee (Job Worker). GSTIN has to be mentioned if the consignor/ consignee is registered under GST.
3. HSN code and description of the goods,
4. Quantity
5. Taxable Value
6. Tax rate and tax amount
7. Place of supply, if there is inter-state movement of goods,
8. Signature

DOCUMENTS TO BE CARRIED BY THE TRANSPORTER DURING MOVEMENT
During the movement of goods, the transporter needs to carry following documents –
1. E-Way Bill copy
2. Delivery Challan
3. Invoice Copy (if the goods are directly sent to the job worker from the vendor's place

CASES WHERE E-WAY BILL HAS TO BE ISSUED
E-Way Bill has to be issued in case of –
1. Supply
2. Reasons other than supply (including job work)

   Thus, if goods are sent for job work or received back from the job worker, the E-Way Bill has to be issued. E-Way Bill will be required to be generated on the basis of Delivery Challan given by the principle to the job-worker and vice versa.

REQUIREMENT OF E-WAY BILL IF CONSIGNMENT VALUE IS LESS THAN 50000
There are two cases for goods sent on job work basis-
1. Inter **state**: If goods are sent from one state to another state E-Way Bill has to be generated by principal irrespective of value of consignment

   Example - A of Kolkata send goods for job work to B of Hyderabad and the value of consignment is Rupees 10,000 E-WayBill has to be generated by A compulsorily.
2. **Intra state**: If goods are sent on job work from one place to another place in the same state, E-WayBill has to be generated only if value of goods is above Rs 50000 irrespective of the distance travelled.

   Example – If goods are sent to Asansol from Kolkata of consignment value rupees 20,000 the E-Way Bill is not to be generated as the value of the consignment does not exceed Rs 50000.

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E-WAY BILL FOR GOODS RETURNED AFTER JOB WORK

Once the job work is completed on goods, the principal can either receive back the goods or can ask the job worker to supply the goods directly to the customers. If the job worker is registered on E-Way Bill portal, hE-Will generate E-Way Bill for the movement of goods, and if he isn't registered, the principal has to generate the E-Way Bill.

For supplying the goods directly from the place of job worker to the customers, it is necessary that –

1. Job worker should be registered u/s 25 or,

2. The principal should declare the place of job worker as his additional place of business.

For generating E-Way Bill the principal must login on the E-Way Bill portal with his username and password Click on generate new E-Way Bill Select transaction type as job work select document type as delivery challan, provide date of challan, mention GSTN of the job worker in the BILL TO section, if the job worker is unregistered then mention as URP (unregistered person) provide value of goods, description of product, HSN code, tax amount, rate based on delivery challan. After that Part-B must be filled.

WHAT VALUE SHOULD BE PROVIDED WHILE GENERATING E-WAY BILL IN CASE OF GOODS SENT ON JOB WORK?

E-Way Bill is generated on the basis of delivery challan; the value mentioned in delivery challan must be mentioned in Part A of E-Way Bill For example A (Principle) sends goods of value Rs 200000 to B(job worker), then A should prepare a delivery challan and generate E-Way Bill on the basis of delivery challan and The value entered will be Rs 2 lakh. Now, When B (Job worker) sends the goods back to a principal he issues Invoice of Rs 50000 as job work charges, in this case E-Way Bill must be generated of Value Rs 2,00,000 only. How to determine the value of Rs.200000 is a big question in itself for this one needs to refer Valuation Rules.

TRACKING OF THE GOODS SENT ON JOB-WORK AND RECEIVED BACK ?

A person sending goods on job-work basis has to file Return ITC-04 on quarterly basis. Here delivery challan wise details of goods sent on Job worker and received back needs to be given.

> **Example**- A (Principle) sends 100 Raincoats to B (Job Worker) and receives back only 80 Raincoats from Job worker B, 15 Raincoats were sent to another Job worker and 5 Raincoats were directly sold from job worker's premises. Then while filing ITC-04 –the details of goods sent to job worker (100 Raincoats) and Goods received from Job worker (80 Raincoats), goods sent to another job worker (15 Raincoats) as well as goods supplied by job worker (5 Raincoats) all such details would be required to be given. Hence Goods sent out and Received back would be matched.

CONCLUSION

Various taxpayers send their goods for job-work. Government will now be able to track movement of goods sent on job work through E-Way Bill. If goods are transported without E-Way Bill and if caught by the tax officer, goods may be confiscated/seized and penalty shall be levied. Everyone should check the generation of E-Way Bill and follow Law.