

## **GST rates for Job work – Mystery unravelled**

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Ever since, S.No. 26 of Notification 11/2017 Central Taxes (Rate) Dt. 28.06.2017 has been amended vide Notification 20/2019 Central Taxes (Rate) dt. 30.09.2019, there has been a confusion about the rate of GST applicable for certain job work activities. The confusion is due to the fact that there are two residual entries, viz., (id) and (iv) under S.No. 26, attracting 12 % and 18 % respectively.

In order to understand the issue, it is relevant to refer to the series of amendments made to this entry over a period of time.

It may be noted that while clause (i) and the entries thereunder, viz., (a), (b), (c), (d), (da), (e), (ea), (f), (g), (h), (i), (ia), (ib), (ic) and (id) starts with "Services by way of job work in relation to", S.No. (ii) starts with **"Services by way of any treatment or process on goods belong to another person in relation to"**. It may be noted that some entries under clause (i) and (ii) are common, for example "Printing of Newspaper" falls under both (i) and (ii).

It may be observed from the above that the coverage of S.No. 26 (i) and 26 (ii) are clearly demarcated. So, in order to understand the difference, we have to refer to the definition of the term "job work" as per Section 2 (68) of the CGST Act, 2017 which reads as,

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“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;

It may be noted from the above that any treatment or process undertaken by a person on goods belonging to another person would become “job work” only if the another person is a “**registered person**”. The same activity, if undertaken for an unregistered person, would not amount to “job work”.

The rate of GST prescribed under clause (i) of S.No. 26 of Notification 11/2017 would apply if the activity amounts to “job work”, i.e. when undertaken for a registered person. The rate of GST prescribed under Clause (ii) and (iv) would apply, when the activity is undertaken for any person other than a registered person. Clause (iii) would apply to both.

Hence, the residual entry under S.No. 26 (i) (id) would apply, if any treatment or process is undertaken by a person on goods belonging to another **registered** person and would attract 6 % CGST + 6 % SGST; if the same treatment or process is undertaken by a person on goods belonging to another **unregistered** person it shall attract 9 % CGST + 9 % SGST, under S.No. 26 (iv).

The above rates are tabulated below for ready reference.

Treatment or process undertaken by a person on goods belonging to "another registered person", i.e <b>Job work</b> .			Treatment or process undertaken by a person on goods belonging to "another person", i.e <b>where the principal is unregistered person</b>		
S.No.	Description	Rate of CGST	S.No.	Description	Rate of CGST
26 (i)(a)	Job work in relation to Printing of newspapers.	2.5 %	26 (ii) (a)	Printing of newspapers	2.5 %
26 (i) (b)	Job work in relation to Textile and textile products, falling under Chapters 50 to 63.	2.5 %	26 (ii) (b)	Printing of books, journals and periodicals	2.5 %
26 (i) (c)	Job work in relation to all products falling under Chapter 71	2.5 %	26 (ii) (c)	Printing of all goods falling under Chapter 48 or 49, attracting 2.5 % CGST	2.5 %
26 (i) (d)	Job work in relation to Printing of books, journals and periodicals.	2.5 %	26 (iia)	In relation to all goods falling under Chapter 48 or 49, attracting 6 % CGST	6%
26 (i)(da)	Job work in relation to Printing of all goods falling under Chapter 48 or 49, which attract CGST 2.5 % or NIL.	2.5 %			
26 (i) (e)	Job work in relation to processing of hides, skins and leather falling under Chapter 41	2.5 %			

26 (i) (ea)	Job work in relation to manufacture of leather goods or footwear falling under chapter 42 or 64.	2.5 %			
26 (i) (f)	Job work in relation to all food and food products falling under Chapters 1 to 22.	2.5 %			
26 (i) (g)	Job work in relation to all products falling under Chapter 23, except dog and cat food put up for retail sale, falling under chapter 2309 1000.	2.5 %			
26 (i) (h)	Job work in relation to manufacture of clay bricks falling under Chapter 6901 0010	2.5 %			
26 (i) (i)	Job work in relation to manufacture of handicrafts goods (as defined)	2.5 %			
26 (ia)	Job work in relation to manufacture of (a) umbrellas and (b) printing of all goods falling under chapter 48 or 49 attracting CGST @ 6 %				

26 (ib)	Job work in relation to diamonds falling under Chapter 71	0.75 %			
26 (ic)	Job work in relation to bus body building	9 %			
26 (id)	Job work which is not covered above, i.e. if undertaken for registered persons	6 %			
26 (iii)	Tailoring Services	2.5 %	26 (iii)	Tailoring Services	2.5 %
			26 (iv)	Not covered by (i), (ia), (ib), (ic), (id), (ii), (iia) and (iii)	9 %

To put it in nutshell,

Job work undertaken for Registered Persons –

- wherever specific rate (CGST 2.5 %) is prescribed, the same shall apply.
- If the activity is not covered under any of the specific entry, 6 % CGST would apply.

Job work undertaken for unregistered persons.

- wherever specific rate (CGST 2.5 %) is prescribed, the same shall apply.
- wherever specific rate (CGST 6 %) is prescribed, the same shall apply.
- If the activity is not covered under any of the specific entry, 9 % CGST would apply.

Tailoring, in all cases would attract only 2.5 % CGST.

Same rate of SGST also would apply.

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