



Lakshmikumaran
& Sridharan
attorneys

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Job-work, Stock transfer, Consignment sale

Mr. L. Badri Narayanan

Coverage

- Job work
- Job work procedure
- Input tax credit
- Stock transfer
- Consignment sale

Supply without a consideration

Schedule I:

“Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course of furtherance of business:

Supply of goods—

- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
- (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

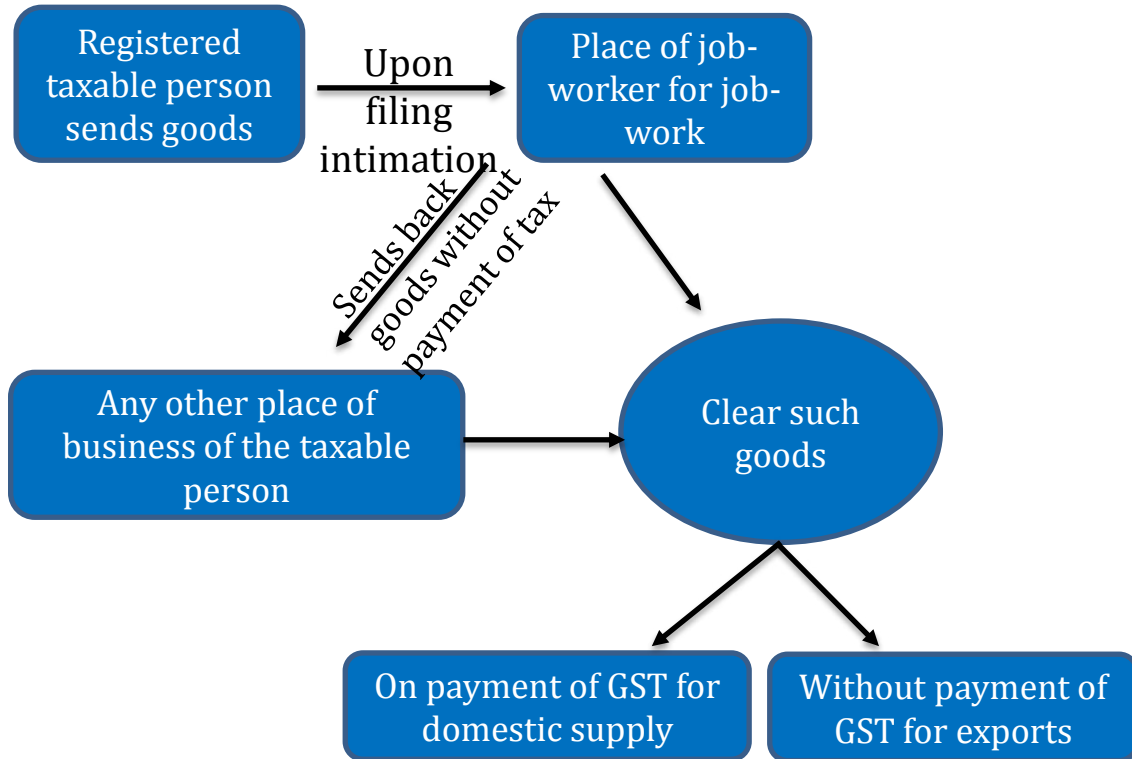
Job work transactions

- ▶ Supplies between related party job-worker or distinct persons
- ▶ Job work procedure requirement

“**Job work**” means undertaking any treatment or process by a person on goods belonging to another registered taxable person and the expression “job worker” shall be construed accordingly;



Job Work under GST – Section 19 and 143

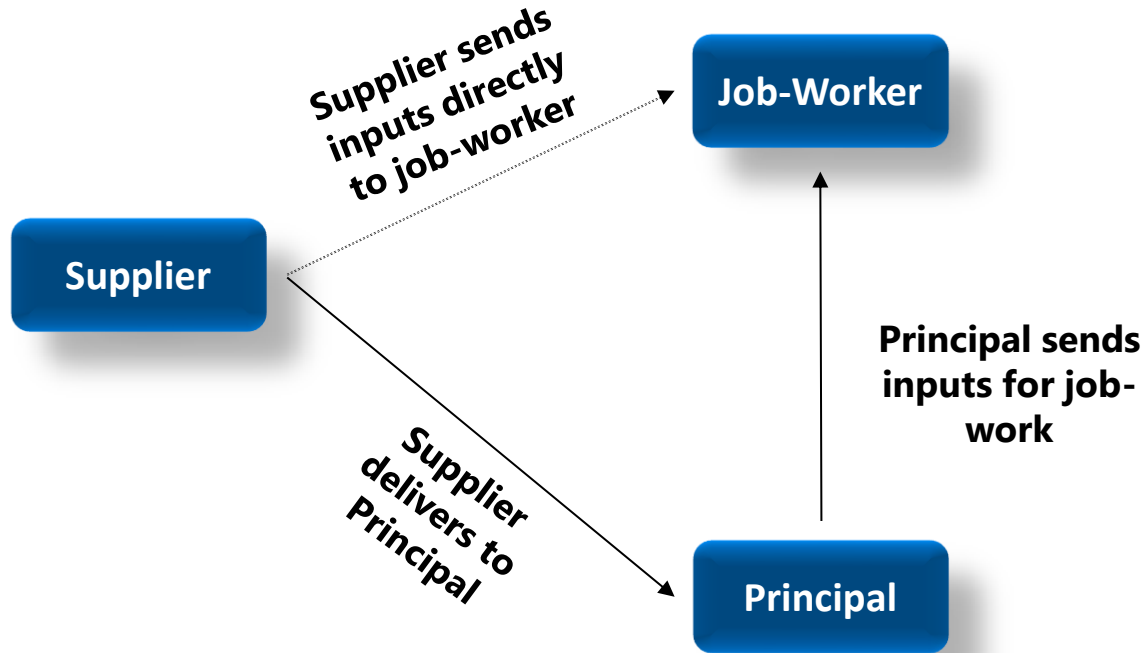


Points to be noted:

Such supply allowed on if:

- Principal declares the place of business of job-worker as his additional place of business, or
- The job worker is registered (i.e. a or b)
- The principal is engaged in supply of certain notified goods
- Goods shall include only inputs and capital goods;
- GST on job charges to be levied as service.

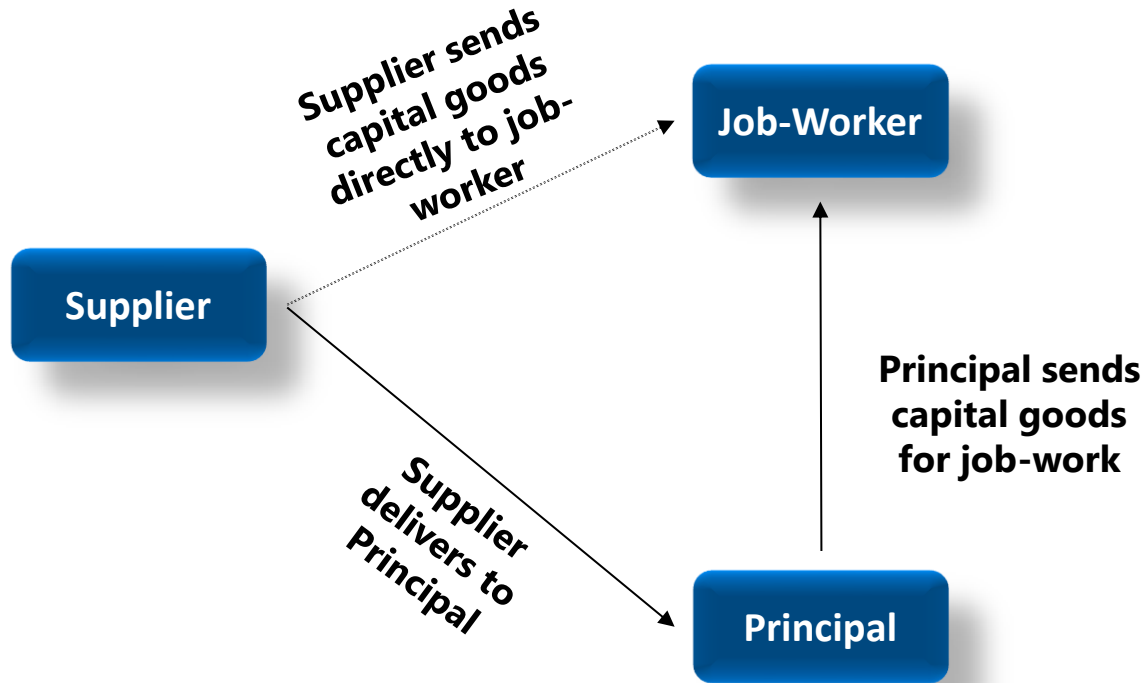
Input Tax Credit- inputs received by job-worker



Conditions:

1. Inputs should be received after job-work within 1 year from date of sending.
2. If not received, the original transfer will be deemed to be supply and will be chargeable to tax, with interest.

Input Tax Credit- capital goods received by job worker

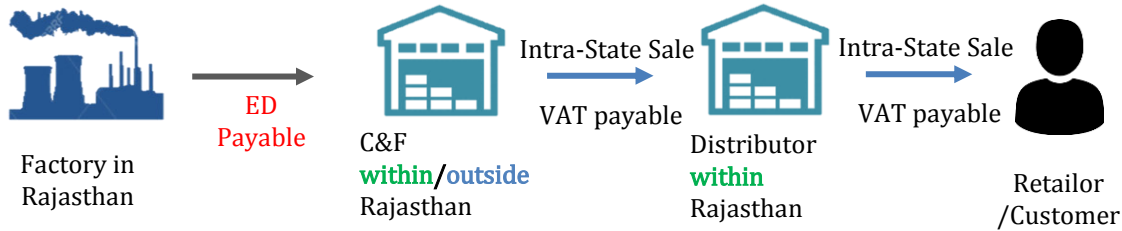


Conditions:

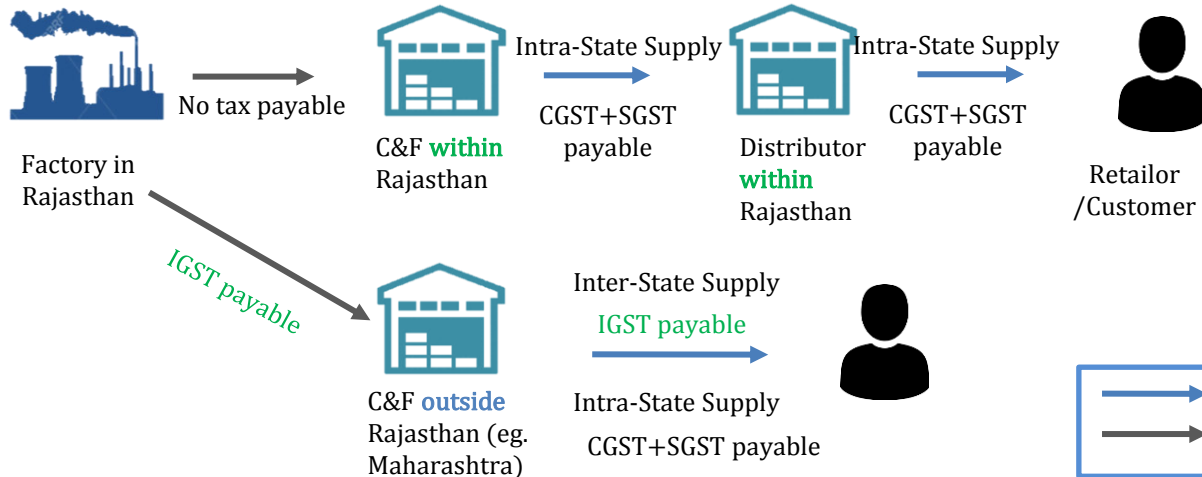
1. Capital goods should be received within 3 years from date of sending.
2. If not received, the original transfer will be deemed to be supply and will be chargeable to tax, with interest.
3. Limit does not apply to moulds and dies, jigs and fixtures, or tools.

Taxes – current regime vs GST regime

Current Regime



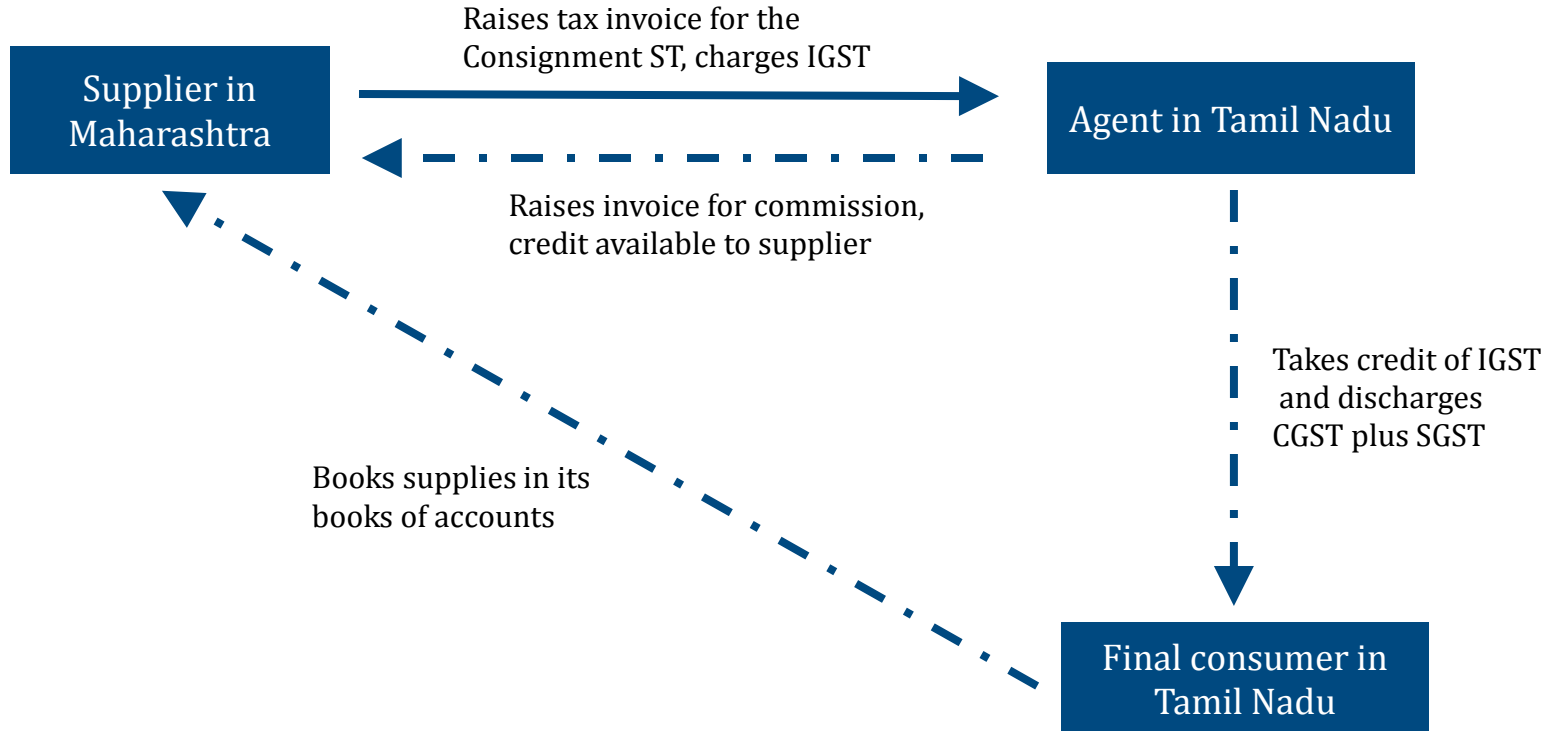
GST Regime



Consignment Sale

“An arrangement in which a seller sends goods to a buyer or reseller who pays the seller only as and when the goods are sold. The seller remains the owner (title holder) of the goods until they are paid for in full and, after a certain period, takes back the unsold goods.”

Consignment sales



Inter-state stock transfer: Each registration (GSTIN) – Distinct Person

- Inter-state stock transfer - Liable to IGST
- Inter-state consignment stock transfer to agent – Liable to IGST

Intra-state stock transfer: One registration (GSTIN) – Single Person (No business vertical wise registration)

- Intra-state stock transfer - Not liable to GST
- Intra-state consignment stock transfer to agent – Liable to CGST plus SGST

Thank You

About L&S attorneys

- ❑ Full service law firm founded by Shri V. Lakshmikumaran and V. Sridharan in 1985
- ❑ Specializing in taxation, international trade, intellectual property and corporate laws
- ❑ 48 partners and over 350+ professionals
- ❑ 11 Indian offices and 2 International offices
- ❑ ISO 9001 and ISO 27001 certified
- ❑ Guiding industry through lectures, workshops and seminars
- ❑ L&S is a part of the Infosys team working as a domain expert for **GSTN**

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