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Provision for Supply of Goods to Job Worker under GST Law

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First of all, one need to understand the definition of Job work under GST law . After that it will be easier to understand the provision relating to supply of goods to job worker . Goods either input or capital goods can be directly send to Job worker and supply of input can be directly make from job worker' place subject to the following provisions provided in Section 43A of the GST Law.

Definition as per Section - 2[62] of MGL.

""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"

it means the provision of job work shall be applicable if the goods are received from Registered Taxable person. Otherwise these provision of S. 43A is not applicable.

Provision for supply of goods to Job worker

1. Commissioner may allow the Registered Taxable Person [herein after referred as Principal] to supply goods to job worker for job work without the payment of tax, by special order as per the terms contained therein. The same goods can be sent to another job worker and so on. To effect the above , following condition need to be satisfied ;

   ✓ Bring back goods to any of his place of business without payment of tax
   ✓ Supply directly from there on payment of taxes within India or with or without payment of taxes for export as the case may be.
   ✓ Supply of goods from place of business of job worker within India with payment of taxes, with or without payment of taxes for export, as the may be. Provided the Principal declared the place of business of job worker his additional place of business. In the following cases the said provision shall not be applicable

      i] where the job worker is registered under Sec.19.
      ii] where the principal is supplying such goods as may be notified in this behalf.

2. The onus to prove for accountability of goods and payment shall be of Principal.

Schedule – I

Proviso 5 of the Schedule –I provides that supply of goods from RTP to job worker shall not be treated as supply of goods as per Sec. 43A.

FAQ on Job Work

1. Whether goods sent by registered taxable person to job worker treated as supply of goods and liable to tax?

   No. Proviso 5 of the Schedule –I provides that supply of goods from RTP to job worker shall not be treated as supply of goods as per Sec. 43A.

2. Whether the goods of principal directly supplied from Job worker's premises will be included in the turnover of Job worker?

   No. That will be added in the turnover of principal.

3. What are the provision of taking ITC in respect of input/ capital goods sent to job worker?

   As per Section 16A of MGL, Principal shall be entitled to take credit of input if the said input after completion of job work has been received back within 180 days of being sent out. If the input is directly sent to job worker the date shall be counted from date of receipt of material by job worker. In case of Capital goods 180 days shall be replace with 2 years . if the input or capital goods has not been received within stipulated time , ITC shall be paid along with interest. ITC can be claimed again as when the goods have been received.

4. Are the provision of job work applicable to all category of person?

   No. it is applicable only to registered taxable person who send goods for job work. In other word , these provision are not applicable to exempted or non taxable goods.

About the Author:

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