Summary of provisions relating to JOB WORK

What is the definition of Job Work?

As per section 2(68) - 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.

Is Job Worker required to get registered under GST?

As job work is **"Supply of Service"** thus he would be required to get registered if his aggregate turnover exceeds the prescribed limit of Rs 20Lakh/10 Lakh.

NOTE: On goods supplied by Principal to Job worker and goods sold directly from that place without returning to principal's place, it will be treated as **"supply of goods"** by the **Principal** and value of such goods will **not** be included in aggregate turnover of registered Job Worker. However, the value of goods or services **used** by the job worker for carrying out the job work will be included in the value of **services** supplied by the job worker.

Whether Principal be allowed to take credit of INPUTS/CAPITAL GOODS sent to Job worker?

The principal shall be allowed to take input tax credit on Inputs/Capital Goods sent to a job worker for job work if **inputs/Capital Goods** are received back within **ONE YEAR/THREE YEAR** respectively of being sent out.

NOTE: If the inputs/Capital Goods sent out are not received back within the time mentioned above it shall be **deemed** that such **inputs/Capital Goods** had been supplied by principal on the day inputs/Capital goods were **received** by Job worker.

Provisions under GST for Job work procedure.

1. The inputs, semi-finished goods or capital goods shall be sent to the job worker **without payment of tax** by giving **intimation** and issuing a **challan**.
2. Challan should be serially numbered and should contain date, name, address & GSTIN of consignor & consignee if registered, HSN code, taxable value, tax rate, etc.
3. The details of challans in respect of goods dispatched to a job worker or received from a job worker during a tax period shall be included in **FORM GSTR-1** furnished for that period.

Transitional Provisions for Job Work.

Where any **inputs, Semi-Finished goods, Excisable goods** had been removed from place of business to a job worker, **No Tax** shall be payable if they are returned back to said place within **6 months i.e.31-12-2017** and if they are not returned within above said period **credit availed** by principal is required to be **reversed**.

Provided that said period of 6months can be further extended **upto 2 months** on sufficient cause being shown.

NOTE: The tax shall not be payable in above cases **only if** manufacturer and job worker declare the details of inputs or goods held in stock held by job worker on behalf of manufacturer in **GST TRAN-1** within **90 days** from 1-07-2017.

Disclaimer: The above provisions are based on self understanding of law till date and there can be changes to above provisions.

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