UNDERSTAND JOB WORK UNDER GST

JOB WORKER

Sec 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.

In the age of outsourcing, it is common to get certain operations done from another person. This latter person may carry out either a part of the process allowing its completion by another person or by the person sending the goods or may himself complete the goods. Such operations are called job work operations. **The person sending the goods is known as principal and that carrying out the operation is known as job worker**.

Registration of place of business of Job worker as Additional place of business by Principal.

If the principal intends to supply job worked inputs and/or capital goods from the place of job worker itself, the principal will have to declare the place of business of the job-worker as his additional place of business in case the job worker is not registered.
If the job worker is registered under GST law, the principal can supply the inputs and capital goods, after job work, from the place of job worker without declaring the place of business of the job worker as his additional place of business.

Intimation to department for sending the goods for job work.

Principal sending goods for job work will have to intimate to the department about his intention to send inputs for job work.

Removal of goods to job worker without payment of duty by Principal.

The GST law suspends the levy of GST for goods sent for job work. The input goods are required to be returned within one year and the capital goods are required to be returned within three years of the date of sending it for job work. However, in the case of capital goods in the nature of moulds, dyes, jigs, fixtures or tools, it is not necessary to receive back these goods.

Conditions and restrictions for claiming Input Credit on Job work

A. Inputs, semi-finished goods or capital goods send on job work from principal’s place of business Directly from the place of supply of the supplier of such goods must be dispatched along with a **challan**. Challan must be issued by principal even for goods and capital goods directly sent to job worker.

B. The challan issued must include the following particulars:

- -Date and number of the delivery challan
- -Name, address and GSTIN of the consigner and consignee
- -HSN code, description and quantity of goods
- -Taxable value, tax rate, tax amount- CGST, SGST, IGST, UTT separately
- -Place of supply and signature

C. The details of challan must be shown in FORM GSTR-1 and Details of goods/capital goods sent to job worker and received back must be filed through Form GST ITC – 4

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