Important Points for Job Work under GST

Definition

Job work: Any treatment or process undertaken by a person on goods belonging to another registered person

Principal: The registered person on whose goods, inputs or capital goods, job work is performed

Job worker: The person who treats or processes the goods sent by the principal

Procedure

As per Section 143 of CGST Act, the principal can send the goods to a job worker for job work without payment of tax. The principal can also send the goods from the place of one job worker to another and so on.

The principal should, within one year in case of inputs and three years in case of capital goods, bring back the goods or supply the same directly from the place of job worker including supply for export purpose, except moulds, dies, jigs, fixtures or tools.

It is the responsibility of the principal to bring back all the goods from the job worker or supply from his place of business after completion of the job work, within the stipulated time. Also the principal needs to maintain all the records of the job work.

If the goods are not brought back or supplied from the place of job worker, within the stipulated time, it is considered as supply on the day when the goods are sent to job worker and the invoice should be issued by the principal for the same.

Important Points for Job Work

- The job worker can also use his own goods, in addition to the goods sent by the principal, for providing the services of job work.
- The job worker need not necessarily to get GST registration for sending the goods by the principal for job work
- The job worker is to get registration only when his turnover exceeds the threshold limit of Rs.20 lakhs in a financial year, irrespective of his place of business is in the same state where principal is located or outside state
- The principal can supply the goods, after the completion of job work, from the place of job worker provided that the place has been declared as his additional place of business except in case the job worker is registered
- Any waste and scrap generated during the job work process may be supplied by the job worker on payment of tax, if he is registered, or by the principal, if the job worker is unregistered
- The principal is allowed to take input credit on the inputs/capital goods that is sent to job worker for job work purpose even the inputs are sent to job worker directly from the supplier

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- The period of one year/three years is counted from the date of receipt of inputs/capital goods by the job worker
- The goods can be sent by the principal to the job worker, and vice versa and from the job worker to another job worker by delivery challan as prescribed
- The principal is required to file the GST ITC-04 every quarter by 25th day from the end of the quarter about the details of job work sent and received back
- The delivery challan should be prepared in triplicate. Two copies of the same may be sent to job worker along with goods. The job worker should send one copy of the challan while returning the goods to the principal
- Where the goods are sent from one job worker to another job worker, either principal or job worker can issue the challan or the challan issued by the principal can be endorsed by the job worker indicating the quantity and description of goods and so on
- Where the goods move from the place of supplier to the job worker directly, the principal should issue a delivery challan to the job worker directly. The goods should be moved along with invoice mentioning the job worker as consignee
- In case of imports, the goods can be moved from customs to job worker with a copy of bill of entry along with delivery challan issued by the principal
- Where the goods are sent by one job worker to another job worker in piecemeal, the challan issued by the principal cannot be endorsed. A fresh challan to be issued by the job worker
- The value of moulds and dies, jigs and fixtures or tools may not be included in the value of job work service provided its value has been factored in the price of job work service
- Place of supply shall be determined, where the goods are supplied from the place of job worker, based on the place of the principal

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