All you need to know about

Job Work under GST

Definition

As per Section 2 (68) of CGST Act : *"Job work"* means any treatment or process undertaken by a person on **goods belonging to another registered person** & the expression "Job worker" shall be construed according.

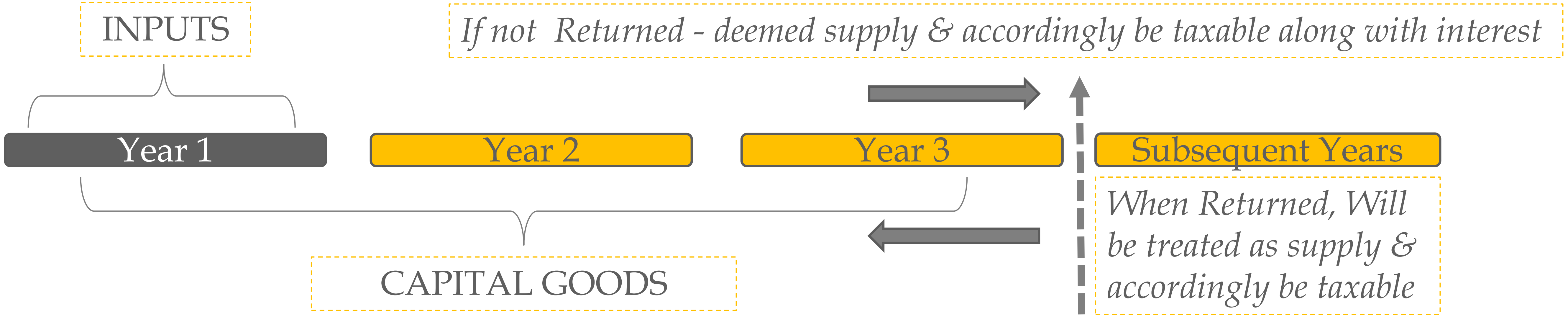
Example:

- Mr. Happy Singh (Registered person) gives fabric to Mr. Funny Singh for dyeing.
- Mrs. Tall (Registered person) gives special paper to Mrs. Short for printing magazine.
- M/s Sona Limited (Registered person) gives gold bar to Mr. Chandi for making jewellery.

Here one must note that, the process/treatment undertaken on the goods must belong to registered person.

If goods belongs to unregistered person then the said process/treatment would not be considered as Job work.

Mechanism



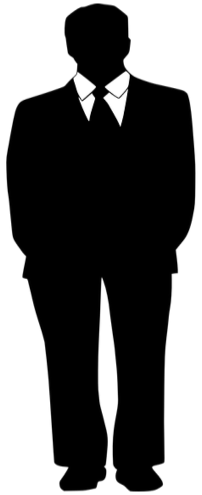
- **Time limit to return or supply the goods by Job worker;**

1. Inputs – within 1 Year
2. Capital Goods* – within 3 Years

   ** (Except Moulds and dies, jigs and fixtures or tools – no time limit)*

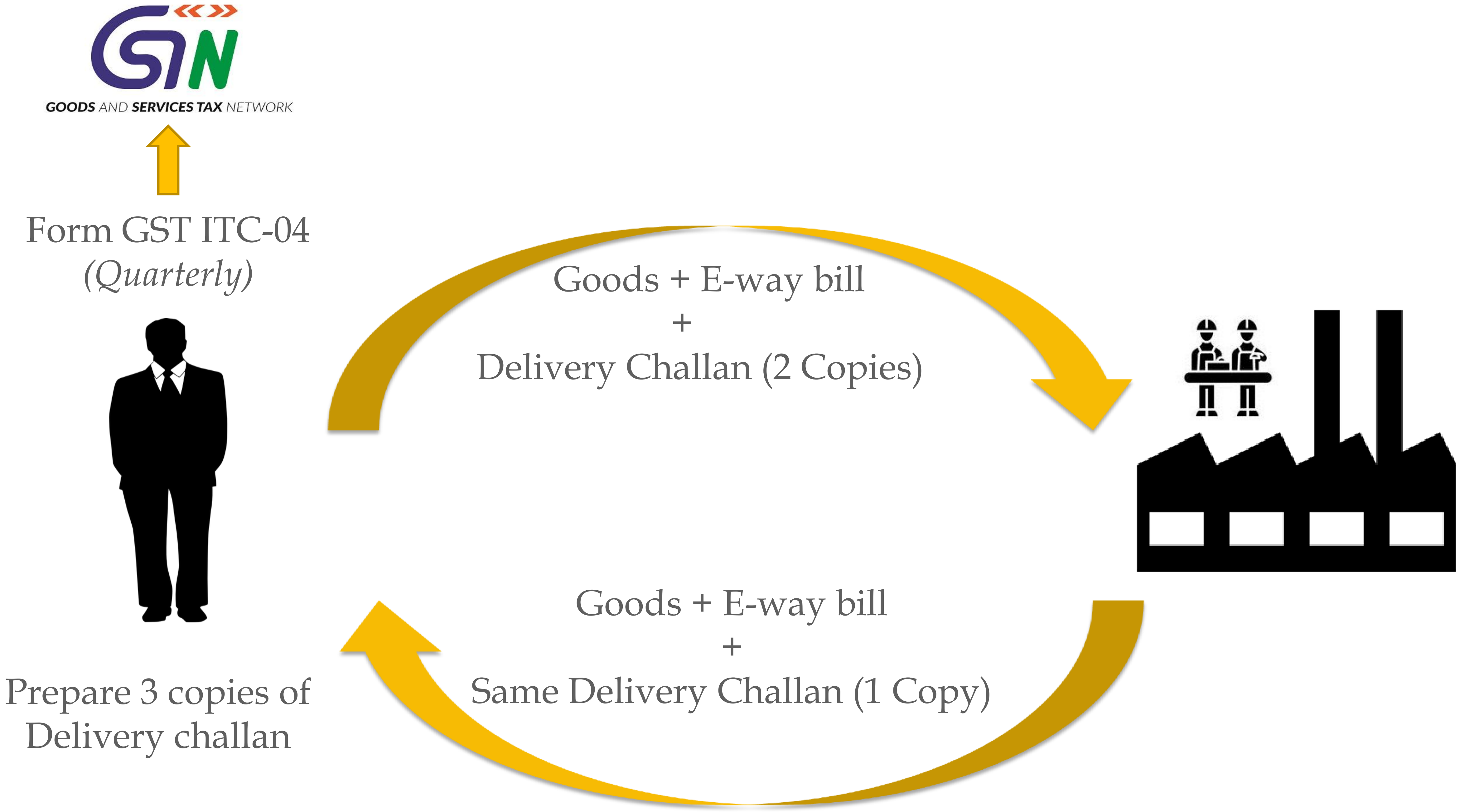
- **On completion of the job work, goods can be;**

1. Brought back to principal,
2. Supplied to another job worker,
3. Supplied directly to the customer.

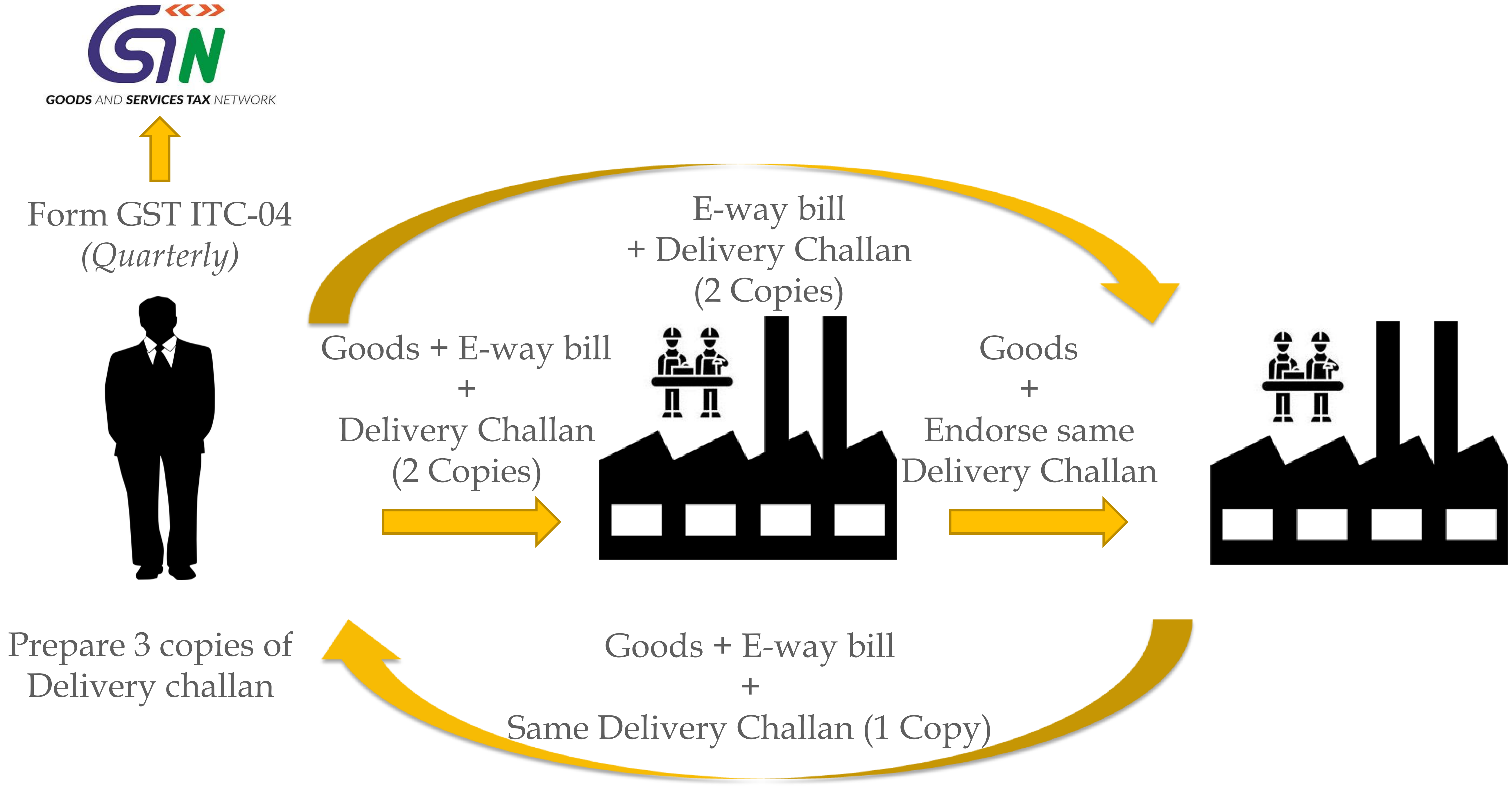


Transactions between Principal & Job Worker

Goods are sent by Principal to Job Worker and returned



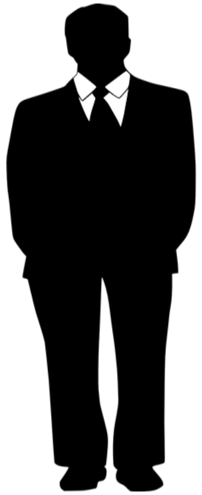
Goods sent from one Job Worker to another Job Worker



Goods supplied to customer directly by Job Worker

GOODS AND SERVICES TAX NETWORK

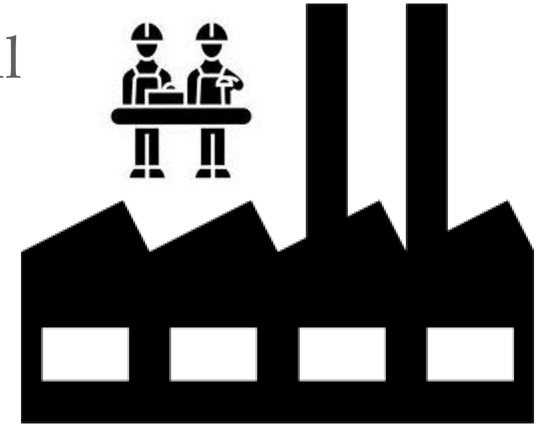
Form GST ITC-04
(Quarterly)



Prepare 3 copies of
Delivery challan

Goods + E-way bill
+
Delivery Challan
(2 Copies)

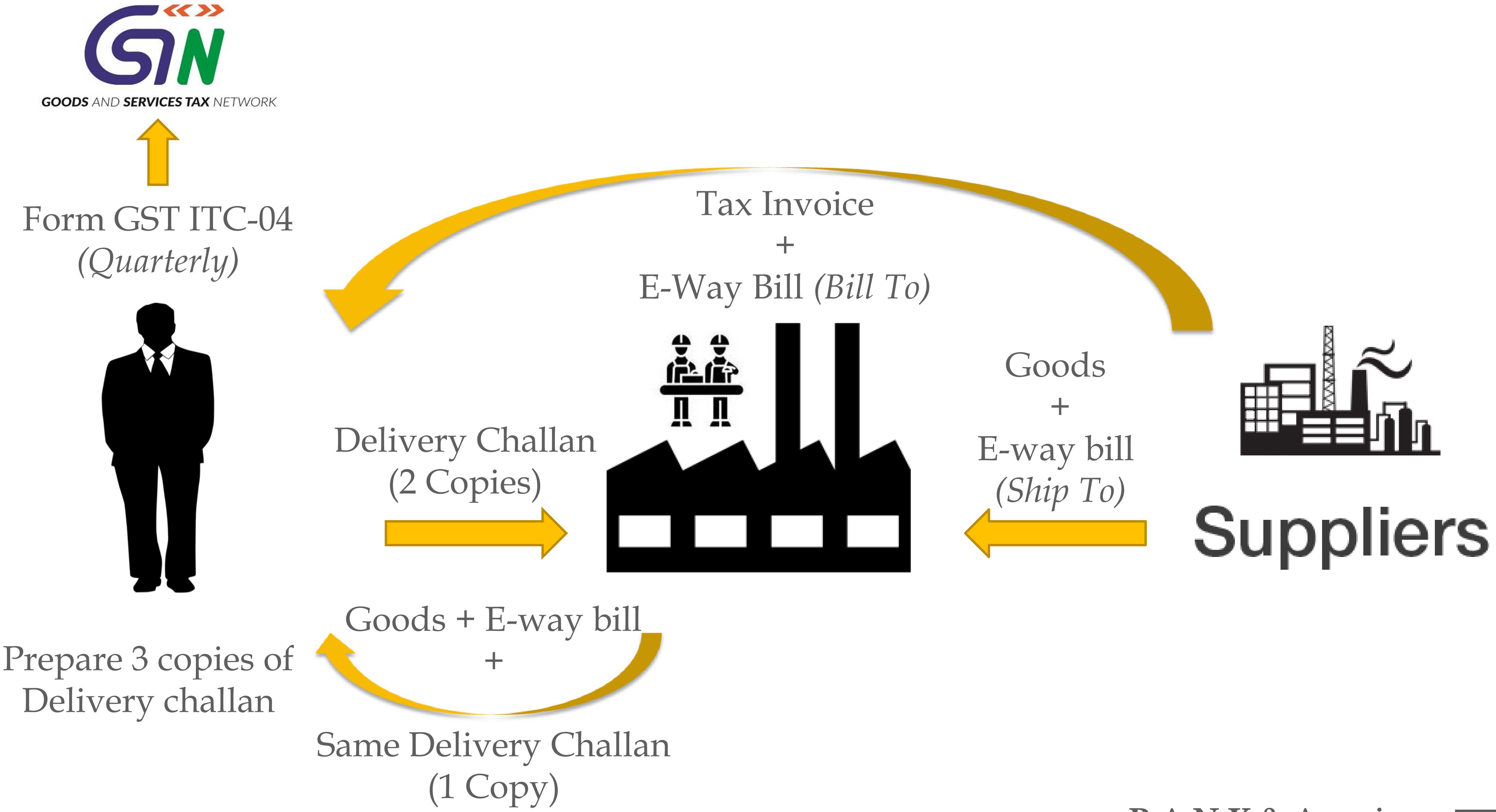
Tax Invoice
+
E-way Bill



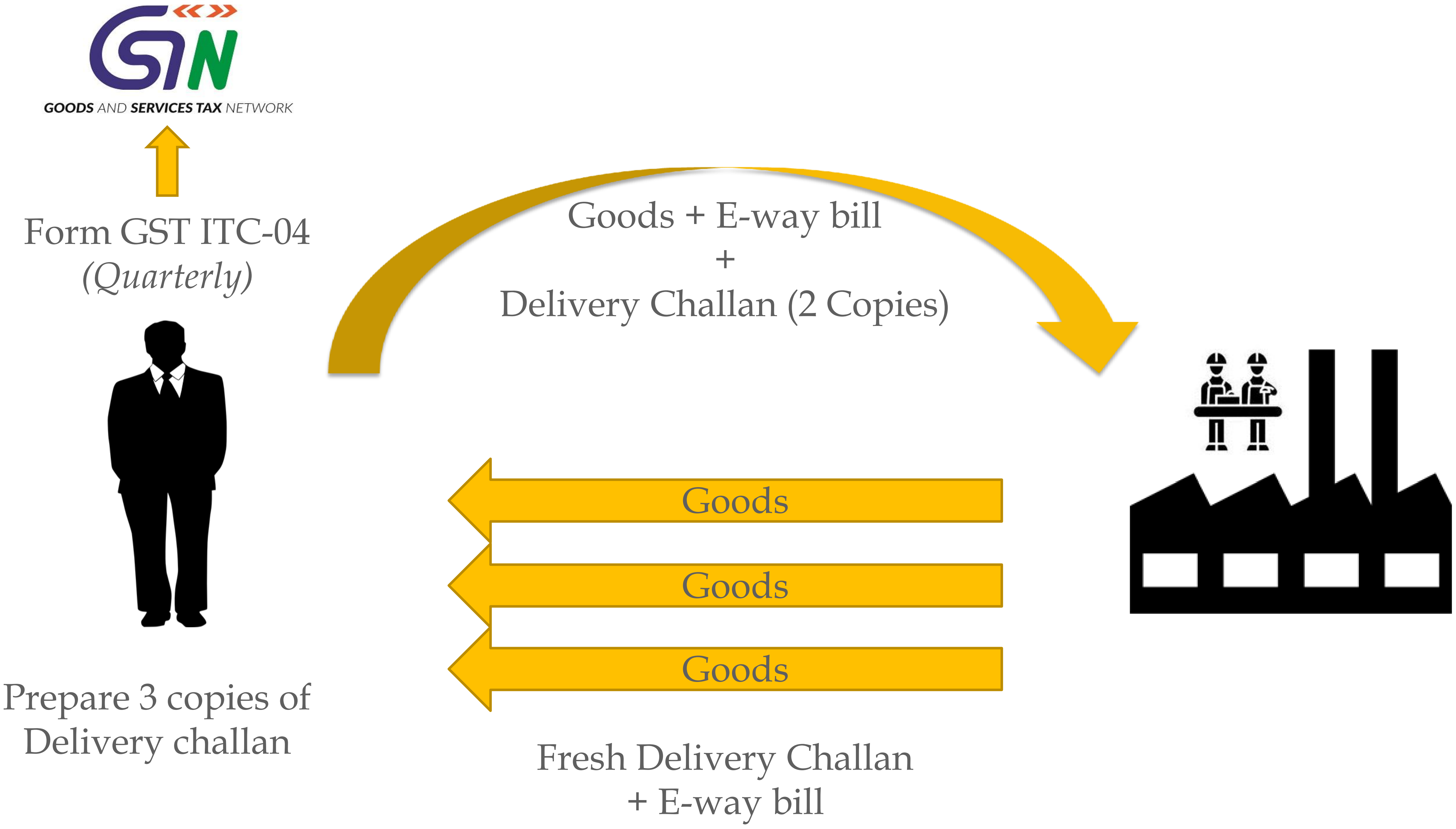
Goods

Job worker is registered
Or
Declared as Additional POB by Principal

Goods supplied directly by Supplier to Job Worker



Goods returned in piecemeal by the Job Worker



Points to be considered by the Principal

- To ensure all the required documents are prepared when goods are sent / returned back / directly supplied viz-a-viz Delivery challan, E-way bill, Tax Invoice.
- To ensure that the goods are returned back/supplied directly with the time limit of 1/3 years.
- If not returned within the time specified then it would be **deemed to have been supplied** by the principal to the job worker on the day when such inputs or capital goods were **sent out to the initial job worker**. *(GST shall be payable on the same along with Interest from the date goods sent for job work till the actual date of payment)*
- If Job worker not registered then Principal has to pay the GST on RCM basis [Section 9(4)] *{said provision has been kept in abeyance for the time being}*
- Principal shall be **eligible to take the ITC** on the goods supplied to the job worker by the principal or directly by the supplier.

Points to be considered by the Job Worker

- Job Worker shall be liable to register if his aggregate turnover exceeds threshold of Rs. 20/10 lakhs on all India basis.

- Registered Job Worker shall issue Tax Invoice to the principal at the time of supply of services.

- Value of such service include:
  - Service charge
  - Value of any goods or services used by him for supplying the job work services (ITC shall be available to the Job worker)
  - Value of moulds and dies, jigs and fixtures/tools which have been provided by the principal (If not included in above service charge)

- Return of goods after the stipulated time period shall be treated as supply by the Job worker to the principal.

Form GST ITC-04

- Principal shall furnish details of challans w.r.t. goods sent to or received from the job worker or another job worker
- Quarterly basis by 25th day of month succeeding the quarter
- Details to be provided in the Form GST ITC-04 :

4. Details of inputs/capital goods sent for job-work

GSTIN / State in case of unregistered job-worker	Challan no.	Challan date	Description of goods	UQC	Quantity	Taxable value	Type of goods (Inputs/capital goods)	Rate of tax (%)			
								Central tax	State/ UT tax	Integrated tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12

5. Details of inputs/capital goods received back from job worker or sent out from business place of job-work

GSTIN / State of job worker if unregistered	Received back/sent out to another job worker/ supplied from premises of job worker	Original challan No.	Original challan date	Challan details if sent to another job worker			Invoice details in case supplied from premises of job worker		Description	UQC	Quantity	Taxable value
				No.	Date	GSTIN/State if job worker unregistered	No.	Date				
1	2	3	4	5	6	7	8	9	10	11	12	13

E-way bill

- When goods are sent by the Principal to the Job Worker


https://ewaybillgst.gov.in/BillGeneration/BillGeneration.aspx#

E - WAY BILL SYSTEM

NATION TAX MARKET

GSTIN [redacted] - Legal Name : [redacted] User : Tax Payer

e- WayBill Entry Form

[indicates mandatory fields for E-Way Bill and indicates mandatory fields for GSTR-1]

Transaction Details

Transaction Type Outward Inward | Sub Type Supply Export Job Work SKD/CKD Recipient Not Known For Own Use Exhibition or Fairs Line Sales Others

Document Type Delivery Challan | Document No | Document Date 27/03/2018

Bill From | Despatch From

Name PRINCIPAL | Address

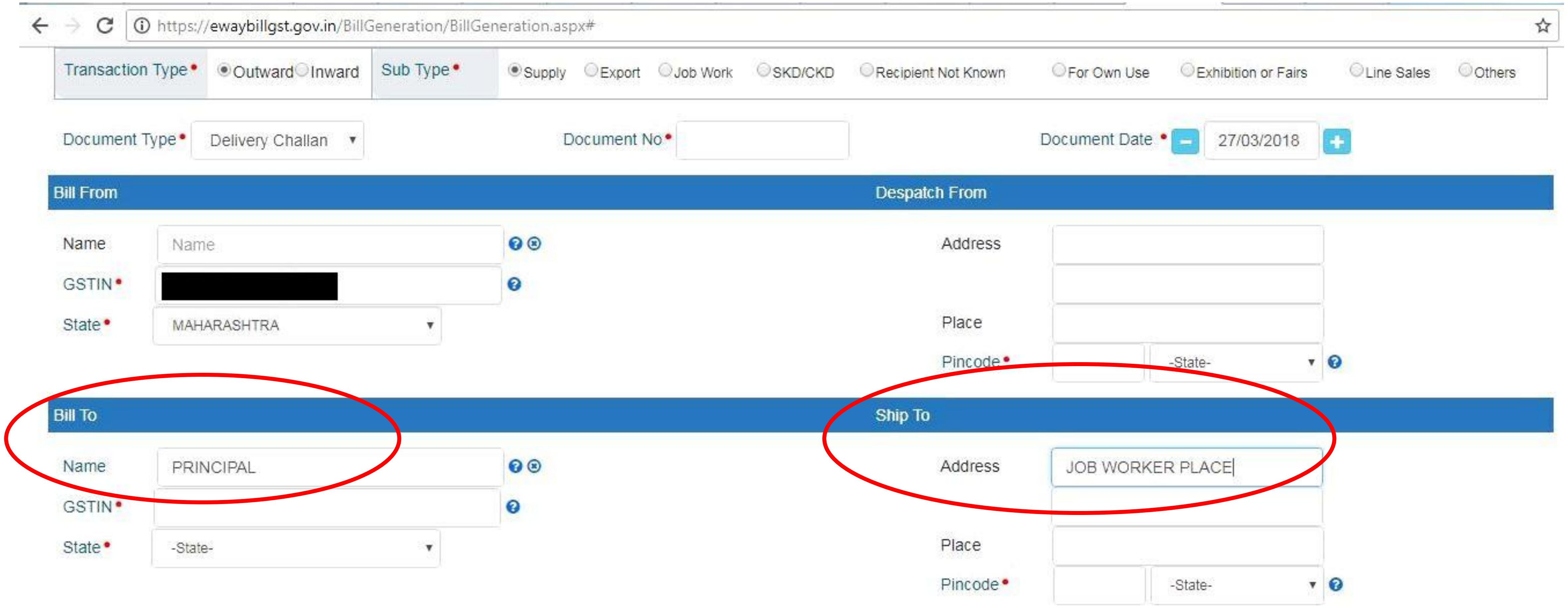
GSTIN [redacted]

State MAHARASHTRA | Place

Pincode -State-

E-way bill

- When goods are supplied by the Supplier directly to the Job Worker



Contact Details

We would love to hear from you about any suggestions you may have on our reports. Please feel free to contact us at gstdesk@rankgroup.in

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