



FAQ on Job work in GST

By CA Ankit
Agarwal

Q 1. What is job-work?

Ans. Section 2(62) of the MGL provides that "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.

This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986 as amended, wherein job-work has been defined in such a manner so as to ensure that the activity of job-work must amount to manufacture. Thus the definition of job work itself reflects the change in basic scheme of taxation relating to job-work in the proposed GST regime.

Q 2. Whether goods sent by a taxable person to a job-worker will be treated as supply and liable to GST? Why?

Ans. No. It will not be treated as a supply. In terms of proviso to Para 5 of Schedule I of the MGL the supply of goods by a registered taxable person (principal) to jobworker, in terms of Section 43A, shall not be regarded as supply of goods. Therefore, it can be inferred that no GST shall be applicable on the goods supplied by the registered principal to a job-worker.

Q 3. Can a registered taxable person send goods without payment of tax to his job-worker?

Ans. Yes. Section 43A of the MGL provides that the registered taxable person (principal) can send the taxable goods to a job-worker for job-work without payment of tax. He can further send the goods from one job-worker to another job-worker and so on subject to certain condition.

It may be noted that provisions of Section 43A are not applicable if non-taxable or exempted goods are proposed to be sent for job-work.

Q 4. Is a job-worker required to take registration?

Ans. Yes, as a Job-worker would be a supplier of services, he would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold.

Q 5. Whether the goods of principal directly supplied from the job-worker's premises will be included in the aggregate turnover of the job worker?

Ans. No. It will be included in the aggregate turnover of the principal.