

## Impact of GST on Job Workers

1) Unlike in Service tax today there is no more exemption available to Job worker from payment of GST even though his process amounts to manufacture or even if his principal has paid GST on the final product supplied.

2) Presently the Job workers are exempted from payment of service tax if the principal manufacturer has paid appropriate duty of excise on final product. Further today job workers are also not liable to excise duty if his process amounts to manufacture but principal has undertaken the payment of duty by filing declaration under famous Notification No.214/86-CE.

3) Definition of Job work in GST is also changed drastically from the one presently given in Not 214/86-CE wherein it is necessary that the activity of job work must amount to mf.

4) The registered principal under intimation and subject to some conditions as may be prescribed send inputs/Capital goods without payment of tax to a job worker and shall bring back such inputs/CG within 1year/3 years of their being send out or supply such inputs/CG after completion of JW or otherwise within 1/3 year of being send out, directly from the place of business of job worker on payment of tax within India or with or without payment of tax for exports.

5) If the registered principal wish to supply goods directly from the

premises of JW and if JW is unregistered, the principal has to declare the premises of an unregistered job worker as his additional place of business.

6) The principal shall be allowed to ITC on inputs/ CG sent for JW provided they are received back within 1/3 yrs. If the said inputs/CG are not received back within prescribed period it would be deemed that the inputs/CG were supplied to JWORKER on the original date of being sent earlier and the principal would be liable to pay tax with interest accordingly. But there is a loophole here as to on what value the Principal will paytax????

7) It is very harsh in GST that even if the principal brings back processed inputs /CG after 1/3 years he is not eligible for any rebate of tax paid by him.

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