<u>GST under reverse charge on Goods Transport Agency (GTA)</u>

<u>Coverage:</u>

- Who is responsible to pay GST under GTA
- Input Credit is available or not
- Registration Requirement
- Exemption to Service Provider and Recipient

Before understanding this we will have to understand the **sub section 3 of section 9 of CGST Act**. Which provide us that central government, on the recommendation of the council, by notification, may specify the category of Goods or Services or Both on which tax shall be paid on the basis of **Reverse Charge**.

Qus: Who is responsible to pay GST under Reverse charge?

Ans: Following person shall be responsible to pay GST under Reverse Charge Basis:

1. Any Factory registered under Factory Act.
2. Any Society registered under Society Act.
3. Any co-operative society registered under any law.
4. **Any person who is registered under SGST/CGST/UGST Act.**
5. Any Body Corporate.
6. Any partnership whether registered or not including AOP.
7. Casual Person under GST

Note: It should be noted that Individual/ Proprietorship Firm/HUF, who is not registered under SGST/CGST/UGST, are not covered in the above category. It means if such person avails the service of GTA then GST shall be paid by GTA itself.

Qus: Whether Input Credit will allow or not?

Ans: Yes, Input Credit will be allow to **Recipient** since GST shall be payable on RCM basis.

Qus: What are the registration criteria for GTA under GST?

Ans: Notification No-5/2017 of central tax, as per section 23(2) of CGST Act, 2017 Central government hereby specifies the persons who are only engage in the supply of goods or services or both **over which total tax is paid on reveres charge basis** by recipient of such goods of services or both under section 9(3) of said Act, such category of person **shall be exempt from obtaining registration**.

Analysis:

- In other words, if any person supplies goods or services or both on which RCM is applicable then such person shall be exempt from obtaining registration under GST.
  It should be noted that if such person also supplies any goods or services or both on which RCM is not applicable than such person shall be required to obtain registration on the basis of aggregate turnover limit i.e. 20 Lakhs.

- Let's suppose in case of GTA, if such person provides services to **only** specified persons referred above, other than unregistered Individual/ Proprietorship Firm/HUF, then such GTA shall be exempt from obtaining registration.
  But if he provides services to unregistered Individual/ Proprietorship Firm/HUF as well then registration will be required on the basis of aggregate turnover limit because in case of unregistered Individual/ Proprietorship Firm/HUF, GTA will be responsible to pay tax.

- Here we should keep in mind that the law says that "**aggregate turnover**" means the aggregate value of all taxable supplies, excluding the value of inward supplies on which tax is payable by a person on reverse charge basis, exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on an all-India basis but excludes Central tax, State tax, Union territory tax, Integrated tax and cess.

  It means here we will calculate turnover of GTA, Turnover on which RCM is applicable plus turnover on which he is liable to pay tax, to compute limit of 20 Lakh.

- There is one thing which we should keep in mind that as per section 24(iii) of GST Act, Registration is mandatory for the person who is liable to pay GST under reverse charge basis.

Qus: In what circumstances GST shall not be applicable on GTA services?

Ans: Exemption is provided to following service provided by GTA by way of transportation of goods carriage of:

- Agriculture produce milk, salt and food grain including flour.
- Pulse and rice.
- Organic Manure.
- Newspaper or magazine.
- Relief Material.
- Defence or military equipment.
- Where gross amount charged for one consignment transported in single carriage does not exceeding Rs. 1,500/-
- Where gross amount charged for all goods of single consignee does not exceeding Rs. 750/-