



# Legal Services under Reverse Charge Mechanism

| S.No. | Description of supply of service | Supplier of service | Recipient of service |
|---|---|---|---|
| 1 | Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly | An individual advocate Including a senior advocate or firm of advocates | Any business entity located in the taxable territory |

**Exemption: Notification No. 12/2017- Central Tax (Rate)**:

**GST on legal services can be summarized as under**

| Service Providers | Service Recipient | Taxability |
|---|---|---|
| **Firm or Individual advocates** | 1.Firm or individual advocates providing legal service | Exempted vide notification no. 12/2017 |
| | 2.Any person other than business entities | |
| | 3.Business entities having turnover up to INR 20,00,000 (or INR 10,00,000 in some case) | |
| | 4.Business entities having turnover above INR 20,00,000 (or INR 10,00,000 in some case) | **Tax payable under Reverse Charge Mechanism** |
| **Senior advocate** | 1.Any person other than business entities | Exempted vide notification no. 12/2017 |
| | 2.Business entities having turnover up to INR 20,00,000 (or INR 10,00,000 in some case) | |
| | 3.Business entities having turnover above INR 20,00,000 (or INR 10,00,000 in some case) | **Tax payable under Reverse Charge Mechanism** |

In case GST is applicable, the GST rate applicable on legal services would be 18%.

Definitions as per Notification No. 12/2017- Central Tax (Rate)

1. "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.

2. "advocate" has the same meaning as assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961)

3. "senior advocate" has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961)

4. "business entity" means any person carrying out business

**Further Issue is How to Determine Place of Supply in case of Legal Service**

For this purpose, we have to read definition of [location of the recipient of services- Section 2(14) & location of the supplier of services- Section 2(15) as well as of fixed establishment- Section 2(7)]

**Section 2(14)-"location of the recipient of services"**
(a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and

(d) in absence of such places, the location of the usual place of residence of the recipient;

**Section 2(15) "location of the supplier of services"**
(a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;

(b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

(c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and

(d) in absence of such places, the location of the usual place of residence of the supplier;

**Section 2(7) "fixed establishment" means**
a place (other than the registered place of business) which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs;

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