Effects of Reverse Charge on Services provided by way of "Renting of a Motor Vehicle" applicable from 01-Oct-2019.

(Notification No. 22/2019- Central Tax (Rate) Dt. 30-Sept-2019.

Legal Text

Type of Service	Service Provider	Service Recipient
Services provided by way of renting of a motor vehicle provided to a body corporate.	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business	Any Body corporate located in the taxable territory.

Summary

Position Before Applicability of RCM

Service Provider	Service Recipient	CGST Rate	Taxability
Any person	Any Person	2.5 %	**ITC allowed only on goods and service used in supplying the service of same line of business** (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle)
		6 %	**Full ITC**

Position After Applicability of RCM

Service Provider	Service Recipient	Applicability of RCM	CGST Rate	Taxability
Body Corporate	Any Person	No RCM	6 %	Have to discharge liability under forward charge
Any person other than Body Corporate intends to pay tax under forward	Any person other than Body Corporate	No RCM	6%	Have to discharge liability under forward charge
	Body Corporate	RCM	6%	Body corporate have to discharge liability under RCM
Any person other than Body Corporate (Charging 2.5% on Output supply as per N/N 11/2017 till Now)	Any person other than Body Corporate	No RCM	6%	No option of Charging 2.5 % Now onwards, have to discharge liability under forward charge @ 6% CGST Tax rate
	Body Corporate	RCM	6%	Body corporate have to discharge liability under RCM

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