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 (Either Body Corporate or Non-Body Corporate)	No RCM	2.5 % or 6 %	Have to discharge liability under forward charge (Tax rate will be as per choice whether assessee wants to avail Full ITC or ITC of same line as given above)
Any person other than Body Corporate paying tax under **forward charge@ 6% CGST**	Any person other than Body Corporate	No RCM	6%	Have to discharge liability under forward charge
	Body Corporate	No RCM	6%	Have to discharge liability under forward charge
Any person other than Body Corporate (paying CGST @ 2.5% on Output supply as per N/N 11/2017 till Now)	Any person other than Body Corporate	No RCM	2.5%	**Have to discharge liability under forward charge @ 2.5% CGST (Using ITC related to same line of business and restricted to so much of the input tax as is attributable to the said taxable supplies provided to Non-Body corporate)**
	Body Corporate	**RCM**	**2.5%**	Body corporate have to discharge liability under RCM @ 2.5%
Unregistered Person	Any Person (Either Body Corporate or Non-Body Corporate)	**No GST**	**-**	N/N 22/2019 doesn't cover Unregistered Persons

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