# GST RCM on Renting of Vehicles

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- Notification No. 21/2019 dated 30/09/2019 under IGST Act, 2019 applicable from 01/10/2019

- Notification No. 22/2019 dated 30/09/2019 under CGST Act, 2019 applicable from 01/10/2019

# Notification…..

| | | |
|---|---|---|
| Services provided by way of renting of a motor vehicle provided to a body corporate. | Any person other than a body corporate, paying integrated tax at the rate of 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. |

| | | |
|---|---|---|
| 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. |

# Renting of Vehicle Means

Rent / Car Hire charges / Cab charges

Receiver being body corporate (Company, LLP, etc.)

Provider should be other than body corporate (Individual, Partnership firm, etc.)

Provider had to charge / declared IGST @ 5% or CGST @ 2.5%

If IGST @ 5% (Outside Maharashtra Vehicle)

Or

If CGST @ 2.5% (Within Maharashtra Vehicle)

# Difference between Renting of vehicle / Transport of Passanger

| Key attribute | Renting of a Motor Vehicle | Contract for Transport of employees or Passenger |
|---|---|---|
| Intent | Hire of a motor vehicle with or without a Driver | To pick & drop the desired list of employees or passengers at the instruction of the employer |
| Periodicity | On need basis | On a continuity basis |
| Pricing | Basic fare + variable component on use basis | Fixed fare + variable component for kms or extra hours |
| Knowledge on place of use | Usually not a pre-condition to specify the location/ destination for such renting of a motor vehicle | Pre-defined specific route shall be confirmed. On need basis within a territorial jurisdiction the motor vehicle shall ply as per the contract |
| Risk & responsibility | Owner of the vehicle casts responsibility on the buyer for proper maintenance of such motor vehicle in the course of contract period to use such vehicle | Owner of the vehicle takes ultimate responsibility to upkeep and maintain the vehicle in proper working condition and little responsibility casted on the recipient for its usage |

# Renting of vehicles within Maharashtra

If companies employee has to go to Mumbai from Pune, taken vehicle on rent

Service Provider is Registered Individual / Partnership Firm

CGST & SGST is Applicable

If companies employee has to go to Gujarat from Pune, taken vehicle on rent

Service Provider is Registered Individual / Partnership Firm

CGST & SGST is Applicable, because, company is registered in Maharashtra & provider is from Maharashtra

# Renting of vehicles outside Maharashtra

If companies employee goes to Delhi and taken vehicle on rent for Maharashtra

Service Provider is Registered Individual / Partnership Firm

IGST is Applicable

If companies employee goes to Delhi and taken vehicle on rent for Utter Pradesh

Service Provider is Registered Individual / Partnership Firm

IGST is Applicable, because, company is registered in Maharashtra and provider is registered outside Maharashtra

# GST Implication

- RCM is applicable on even on employees reimbursement.
- RCM is not applicable on OLA / Uber / Meeru, etc. being body corporate.
- Input tax credit of payment made under RCM is not available. i.e. it is cost to the company.
- If vendor is charges GST more than 5% then GST RCM is not applicable.
- Solution is to avail services from corporate vendors.
- Another solution is to change employee traveling policy.

# Conclusion

- GST RCM is applicable on Renting of vehicle taken from non body corporate service provider charging / indicating IGST @ 5% or CGST @ 2.5%.
- RCM has to be paid in cash.
- No GST credit is available on the same.

# THANK YOU