

Goods and Service Tax

Reverse Charge Mechanism under GST

Presented by-

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Charging Section



CGST Act, 2017

▶ Section 9 of CGST Act, 2017

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

[(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an **unregistered supplier**, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.]

What is forward Charge?



What is Reverse Charge?



Why Reverse Charge?



Exemption from Registration

- ▶ **Notification No. 5/2017-Central Tax, dated 19-6-2017**
 - ▶ In exercise of the powers conferred by sub-section (2) of section 23 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government hereby specifies the persons who are **only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient** of such goods or services or both under sub-section (3) of section 9 of the said Act as the category of persons exempted from obtaining registration under the aforesaid Act.
 - ▶ This notification shall come into force on the 22nd day of June, 2017.

**Despite of exemption why
registrations are taken?**



Whether Reverse Charge Mechanism is only for services?



Reverse Charge Mechanism on certain specified goods under GST



List of goods where Reverse Charge is applicable

Sr. No.	Tariff item, sub-heading or chapter	Description of supply of goods	Supplier of goods	Recipient of supply
1.	0801	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2.	1404 90 10	Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
3.	2401	Tobacco leaves	Agriculturist	Any registered person
3A.	3301 24 00, 3301 25 10, 3301 25 20, 3301 25 30, 3301 25 40, 3301 25 90	Following essential oils other than those of citrus fruit namely: (a) Of peppermint (<i>Mentha piperita</i>); (b) Of other mints: Spearmint oil (ex- <i>men-tha spicata</i>), Water mint-oil (ex- <i>men-tha aquatic</i>), Horsemint oil (ex- <i>men-tha sylves-tries</i>), Bergament oil (ex- <i>men-tha citrate</i>), <i>Mentha arvensis</i>	Any unregistered person	Any registered person

List of goods where Reverse Charge is applicable

Sr. No.	Tariff item, sub-heading or chapter	Description of supply of goods	Supplier of goods	Recipient of supply
4.	5004 to 5006	Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
4A.	5201	Raw cotton	Agriculturist	Any registered person
6.	Any Chapter	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union territory or a local authority	Any registered person
7.	Any Chapter	Priority Sector Lending certificate	Any registered person	Any registered person

List of goods where Reverse Charge is applicable

Sr. No.	Tariff item, sub-heading or chapter	Description of supply of goods	Supplier of goods	Recipient of supply
5.	-	Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent Explanation. - For the purposes of this entry, lottery distributor or selling agent has the same meaning as assigned to it in clause (c) of Rule 2 of the Lotteries (Regulation) Rules, 2010, made under the provisions of sub-section () of section 11 of the Lotteries (Regulations) Ad 1998 (17 of 1998).

Reverse Charge Mechanism on certain specified Services under GST



RCM on Goods Transport Agency Service (GTA)

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
1.	Supply of Services by a GTA in respect of transportation of goods by road	Goods Transport Agency	Any Factory Any Society Any co-operative society Any partnership firm whether registered or not under any law including AOP Any casual taxable person Any Body Corporate Any person registered under the Act

➤ Goods transport agency definition

“any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called”

[NOTIFICATION NO. 11/2017-CENTRAL TAX (RATE)]

RCM on Goods Transport Agency Service (GTA)

➤ Exemptions

- Services provided by GTA to a department or establishment of CG or SG or UT or Local authority or government agencies who have taken registration only for the purpose of TDS deduction and not for making taxable supply of goods or services
- GTA has taken GST registration **and** exercised option to pay tax on forward charge. GTA should communicate to the jurisdictional officer every financial year in Annexure V. Moreover, the GTA has to issue a tax invoice at the applicable rates and has to make a declaration as prescribed in Annexure III on its invoice
- Local transport / transporter who does not issue any consignment note

RCM on Goods Transport Agency Service (GTA)

➤ Annexure III Format

Declaration

I/we have taken registration under the CGST Act, 2017 and have exercised the option to pay tax on services of GTA in relation to transport of goods supplied by us during the Financial Year under forward charge."

This declaration is to mentioned on the invoice issued by GTA who has opted to pay tax on reverse charge basis.

**"Annexure V
FORM**

Form for exercising the option by a Goods Transport Agency (GTA) for payment of GST on the GTA services supplied by him under forward charge before the commencement of any financial year to be submitted before the jurisdictional GST Authority.

Reference No. —

Date: —

1. I/We. (name of Person), authorised representative of M/s. have taken registration/have applied for registration and do hereby undertake to pay GST on the GTA services in relation to transportation of goods supplied by us during the financial year. under forward charge in accordance with section 9(1) of the CGST Act, 2017 and to comply with all the provisions of the CGST Act, 2017 as they apply to a person liable for paying the tax in relation to supply of any goods or services or both;

2. I understand that this option once exercised shall not be allowed to be changed within a period of one year from the date of exercising the option and will remain valid till the end of the financial year for which it is exercised.

Legal Name: -

GSTIN: -

PAN No.

Signature of Authorised representative:

***The option to file a declaration in Annexure V to opt for payment under Forward Charge by GTA has been enabled on the GST Portal for F.Y. 2023-24.**

***15th March 2023 is the last date for submission of the declaration for F.Y. 2023-24.**

RCM on Goods Transport Agency Service (GTA)

The image shows a screenshot of the GST portal's navigation menu. The 'User Services' dropdown menu is open, displaying a list of services. The item 'Opting Forward Charge Payment by GTA (Annexure V)' is highlighted in blue. The menu items are organized into two columns.

Navigation Item	Dropdown Item
Dashboard	My Saved Applications
Services	View/Download Certificates
GST Law	View My Submissions
Downloads	Holiday List
Search Taxpayer	Furnish Letter of Undertaking (LUT)
Registration	Locate GST Practitioner (GSTP)
Ledgers	ITC02-Pending for action
Returns	Cause List
Payments	My Masters
User Services	Search Advance Ruling
Refunds	Opting Forward Charge Payment by GTA (Annexure V)
e-Way Bill System	My Applications
	View Notices and Orders
	Search HSN Code
	Feedback
	View My Submitted LUTs
	Engage / Disengage GST Practitioner (GSTP)
	View Additional Notices/Orders
	Communication Between Taxpayers
	Search BoE
	View PMT-03A

**Whether all services provided by a
GTA are under reverse charge
mechanism?**



Applicable GST rates on GTA services

SAC	Description of services	GST Rate
9965 (Goods Transport Service)	Services of Goods Transport Agency (GTA) in relation to transportation of goods (including used household goods for personal use) supplied by a GTA	5%
9965 (Goods Transport Service)	Services by way of transportation of goods— (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways	NIL
9965 (Goods Transport Service)	In case GTA opts for forward charge and wishes to avail Input tax credit	12%

Confusion???



Transportation of Goods

By Road

Other than by Road

Whether GTA has opted for forward charge?

RCM not applicable

Yes

No

GTA to submit declaration in Annexure V annually and affix declaration as per Annexure III on invoice

GST applicable on RCM basis

Whether GTA wishes to avail input tax credit?

GST Rate - 5% to be paid by recipient and avail ITC

Yes

No

GST Rate - 12%

GST Rate 5%

Illustrations - GTA

- ▶ XYZ provides GTA services to PQR (Registered Person under GST). XYZ has not opted for forward charge for F.Y. 2022-23.
- ▶ Is PQR liable to pay GST on RCM basis on above services?
- ▶ At What rate GST will be applicable?
- ▶ Can PQR avail credit on above services?

Answer:

Yes, RCM Applicable

GST Rate - 5%

PQR can avail ITC

Illustration - GTA

- XYZ provides GTA services to PQR (Registered Person under GST). XYZ charges Rs. 700/- for the entire transaction.
- XYZ has not opted for forward charge.
- Is PQR liable to pay GST on RCM basis on above services?

Answer:

RCM Applicable at 5%

Notification No. 4/2022 Central Tax (Rate) dated 13-07-2022, the limit of Rs. 750/- / 1500/- is omitted.

Illustration - GTA

- ▶ XYZ owns a goods transport vehicle in Pune, Maharashtra. XYZ provides services of transporting goods within the city to PQR Limited (Registered under GST). XYZ does not issue any consignment note.
- ▶ Is PQR liable to pay GST on RCM basis on above services?

Answer:

Local Transport is exempt from GST. Thus, GST not applicable.

Illustration - GTA

- XYZ owns a goods transport vehicle in Pune, Maharashtra. XYZ provides services of transporting goods within the city and outside the state to PQR Limited (Registered under GST). XYZ does not issue any consignment note.
- Is PQR liable to pay GST on RCM basis on above services?
- XYZ is transporting goods out of the state, whether it can be said as local transport?

Answer:

It is very difficult to prove local transport.

Merely, consignment note is not issued that does not mean that XYZ is not a GTA.

It is always better to charge GST on RCM basis in such cases and avail input tax credit.

Debatable issue

Illustration - GTA

- XYZ provides GTA services to PQR (Registered Person under GST). XYZ charges Rs. 1000/- for the entire transaction. XYZ also charges Rs. 50 GST on its invoice and collects Rs. 50/- from PQR.
- XYZ has not opted for forward charge.
- Is PQR liable to pay GST on RCM basis on above services?

Answer:

RCM Applicable at 5%

As per Section 9 of CGST Act, 2017, liability to pay tax is on PQR. This liability cannot be shifted merely because GTA collected tax.

PQR should not pay Rs. 50/- to XYZ and instead pay GST on RCM basis.

GST to be calculated on Rs. 1050/- if Rs. 50 paid

Illustration - GTA

- ▶ XYZ provides GTA services to PQR (Registered Person under GST). XYZ charges Rs. 1000/- for the entire transaction. XYZ also charges Rs. 50 GST on its invoice and collects Rs. 50/- from PQR.
- ▶ XYZ has opted for forward charge.
- ▶ Is PQR liable to pay GST on RCM basis on above services?

Answer:

RCM not applicable

Additional Question) Can PQR avail credit of Rs. 50/- ?

Time of Supply – Section 13(3) of CGST Act, 2017

- In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the **earlier of the following** dates, namely:—
 - **the date of payment** as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
 - the date immediately following **sixty days from the date of issue** of invoice or any other document, by whatever name called, in lieu thereof by the supplier:
- Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the **date of entry in the books of account of the recipient of supply**:

Illustration – GTA – Time of Supply

- XYZ provides GTA services to PQR (Registered Person under GST). XYZ charges Rs. 1000/- for the entire transaction. XYZ issues invoice to PQR on 25th February 2023.
- XYZ has not opted for forward charge.
- PQR booked the invoice issued by XYZ on 1st March 2023
- The payment of above invoice was made on 28th February 2023
- What is the time of Supply for PQR?
- In which month GSTR-3B, PQR should pay GST on above transaction?
- What is the due date of that GSTR-3B?

Answer:

Time of Supply – Payment date or Entry Date whichever is earlier, thus, 28th February 2023.

RCM to be paid in February 2023. Due date – 20th March 2023 for Monthly filers & payment date will be 25th March 2023 for QRMP

Place of Supply – Section 12(8) of IGST Act, 2017

- ▶ The place of supply of services by way of transportation of goods, including by mail or courier to,—
 - ▶ (a) a **registered person**, shall be the **location of such person**;
 - ▶ (b) a person **other than a registered person**, shall be the **location at which such goods are handed over for their transportation**:

Illustration – GTA – Place of Supply

- XYZ provides GTA services to PQR
- XYZ & PQR are registered under GST
- XYZ is located in Gujarat and PQR is located in Maharashtra
- XYZ has not opted for forward charge.
- PQR wishes to know with the help of expert students ----- whether to charge CGST SGST or IGST?

Answer:

As XYZ is registered person and located in Gujarat, place of supply is MH, thus, it is a inter state supply and IGST should be charged by PQR

Issuance of Invoice by Recipient

- Section 31(3)(f)
 - a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;
- Based on this self invoice, recipient can avail input tax credit

Sample Self Invoice

Buyer's Name:			
ADDRESS:			
Self Generated Reverse Charge Invoice			
Invoice No:		Details Of Supplier	
Corresponding Payment Voucher No:		Name:	
Invoice Date:		Address:	
GSTIN:		PAN No:	
State:	Code	27	State:
Description of Product/Service		HSN Codes	Taxable Value
			Total Amount Paid
Total			
Round off			
Paid			
Total Amount paid (In words)		FOR ACCOUNTING PURPOSE ONLY	
Seller Signature		Net Amount :	
		CGST :	
		SGST :	
		Total Amount :	
Certified that the particular given above are true and correct		AUTHORISED SIGNATORY	
Payment Voucher			
Voucher Number:		Details Of Supplier	
Voucher Date:		Name:	
Corresponding Invoice No:		Address:	
		PAN NO:	
State:	Code	27	State:
Total Amount:			
Total Amount paid (In words)			
The above Amount is been paid by us to _____ on __/__/__, in reference to URD Purchases made by us.		The above amount is received by us on __/__/__.	
AUTHORISED SIGNATORY		Seller Name and Signature	

Reporting in GSTR-3B

- Illustration
- RCM payable by PQR for the month of January 2023 is as under:

Taxable Value	IGST	CGST	SGST
2,52,491	0	6281.29	6281.29

- How to report above values in GSTR-3B?

Reporting in GSTR-3B

3.1 Details of Outward Supplies and inward supplies liable to reverse charge (other than those covered by Table 3.1.1)

Help ?

Table 3.1(a), (b), (c) and (e) are auto-drafted based on values provided in GSTR-1. Whereas Table 3.1(d) is auto-drafted based on GSTR-2B.

Nature of Supplies	Total Taxable value (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)	1,22,01,600.31	3,15,563.53	10,40,682.36	10,40,682.36	0.00
(b) Outward taxable supplies (zero rated)	0.00	0.00			0.00
(c) Other outward supplies (Nil rated, exempted)	0.00				
(d) Inward supplies (liable to reverse charge)	2,52,491.00	0.00	6,281.29	6,281.29	0.00
(e) Non-GST outward supplies	0.00				

CANCEL

CONFIRM

Reporting in GSTR-3B

Tables 4(A)(1), (3), (4), (5) and 4(D)(2) are auto-drafted based on the values in GSTR-2B.

Details	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
(A) ITC Available (whether in full or part)				
(1) Import of goods	0.00			0.00
(2) Import of services	0.00			0.00
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)	0.00	6,281.29	6,281.29	0.00
(4) Inward supplies from ISD	0.00	0.00	0.00	0.00
(5) All other ITC	38,215.39	8,49,974.37	8,49,974.37	0.00
(B) ITC Reversed				
(1) As per rules 38,42 & 43 of CGST Rules and section 17(5)	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00
(C) Net ITC Available (A) - (B)	38,215.39	8,56,255.66	8,56,255.66	0.00

Payment of Reverse Charge amount from Cash Ledger

- ▶ Rule 85(4) of CGST Rules, 2017
 - ▶ The amount deducted under section 51, or the amount collected under section 52, or **the amount payable on reverse charge basis**, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act **shall be paid by debiting the electronic cash ledger** maintained as per rule 87 and the electronic liability register shall be credited accordingly.

RCM on Advocate Services

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
2.	Services provided by an individual advocate including senior advocate or firm of advocates by way of legal services,	Individual Advocate Senior Advocate Firm of Advocates	Any business entity located in the taxable territory

➤ **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.]

➤ **GST Rate – 18%**

Illustration - Advocate

- Mr. A an Advocate provides legal services to PQR (A registered person) through its company ABC Private Limited.
- ABC private limited is not registered under GST.
- Is PQR liable to pay RCM on above services?

Answer:

ABC Private Limited is a body corporate and thus, has to pay GST on forward charge basis. RCM applicable only if services are provided by individual lawyers or a firm of lawyers.

RCM on services provided by Arbitral Tribunal

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
3.	Services provided by an arbitral tribunal to a business entity	An arbitral tribunal	Any business entity located in the taxable territory

RCM on Sponsorship

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
4.	Services provided by way of sponsorship to any body corporate or partnership firm.	Any person	Any body corporate or partnership firm located in the taxable territory.

RCM on services Supplied by Government

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
5.	<p>Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding,—</p> <p>(1) renting of immovable property, and</p> <p>(2) services specified below—</p> <p>(i) services by the Department of Posts;</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers.</p>	<p>Central Government, State Government, Union territory or local authority</p>	<p>Any business entity located in the taxable territory.</p>

RCM on services Supplied by Government

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
5A.	Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017)	Central Government, State Government, Union territory or local authority	Any person registered under the Central Goods and Services Tax Act, 2017.]

RCM on renting of residential dwelling

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
5AA.	Service by way of renting of residential dwelling to a registered person.	Any person	Any registered person.

RCM on renting of residential dwelling

- Residential dwelling is not defined under the GST Act, 2017. So we will have to consider this in common parlance.

“In normal trade parlance, 'residential dwelling' means, any residential accommodation, but does not include hotel, motel, inn, guest house, campsite, lodge, house boat, or like places meant for temporary stay.”

Residence Accommodation means a place of human habitation, such as a transient dwelling establishment, apartment, condominium, house, manufactured home, or townhome.

Transient dwelling establishment means and includes any place such as a hotel, motel, motor hotel, resort, tourist court, tourist camp, rooming house, boarding house, inn, hostel, and similar facilities by whatever name called, consisting of two or more dwelling units where sleeping accommodations, linens, and cleaning services are provided for transients or tourists provided, however, that the term shall not be construed to include apartments, and similar facilities if occupancy of all dwelling units is on a permanent basis.

Illustration – Residential Dwelling

- Captain America is a Chartered Accountant and is registered under the MGST Act, 2017. He lives in a rented house and pays monthly rent of Rs. 20,000/-
- Whether GST is payable by him on RCM basis on the above transaction?

Answer:

RCM not applicable based on case law

Seema Gupta Vs Union of India (In the High Court of New Delhi dated 27th September 2022)

Illustration – Residential Dwelling

- Captain America is not registered under the MGST Act, 2017. He lives in a rented house and pays monthly rent of Rs. 20,000/-
- The House is rented from Iron Man who is also not registered under the MGST Act, 2017
- Whether GST is payable by him on RCM basis on the above transaction?

Answer:

Both the parties are unregistered, thus, RCM not applicable.

Illustration – Residential Dwelling

- Ant Man is a Chartered Accountant who is registered under the MGST Act, 2017. He rented commercial premises from Mr. Thor who is also registered under the MGST Act, 2017.
- Whether GST is payable by him on RCM basis on the above transaction?

Answer:

Commercial Property is under forward charge, thus, GST shall be collected and paid by Mr. Thor on forward charge basis.

Illustration – Residential Dwelling

- Ant Man is a Chartered Accountant who is registered under the MGST Act, 2017. He rented commercial premises from Mr. Thor who is not registered under the MGST Act, 2017.
- Whether GST is payable by him on RCM basis on the above transaction?

Answer:

Commercial Property is under forward charge, however, there are multiple views on applicability of RCM on above transaction

Debatable issue

RCM on TDR & FSI

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
5B.	Services supplied by any person by way of transfer of development rights or Floor Space Index (FSI) (including additional FSI) for construction of a project by a promoter.	Any person	Promotor

RCM on Long term Lease of Land

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
5C.	Long term lease of land (30 years or more) by any person against consideration in the form of upfront amount (called as premium, salami, cost, price, development charges or by any other name) and/or periodic rent for construction of a project by a promoter.	Any person	Promoter

RCM on Services provided by director of a company

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
6.	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate.	The company or a body corporate located in the taxable territory.

- RCM is not applicable to the services provided by Whole Time Director which are in the nature of employment

Illustration – Director Services

- Avengers Private Limited hired a whole time director Ms. Black Widow for running their company
- Ms. Black Widow is paid remuneration for providing services as a whole time director. The remuneration is paid as a part of employment.
- Is RCM applicable on above transaction?

Answer:
RCM not applicable

Illustration – Director Services

- Avengers Private Limited hired an Independent director Ms. Captain Marvel for their company
- Ms. Captain Marvel is paid remuneration of Rs. 1,00,000/- per meeting as seating fees
- Is RCM applicable on above transaction?

Answer:
RCM applicable

RCM on services provided by an insurance agent

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
7.	Services supplied by an insurance agent to any person carrying on insurance business.	An insurance Agent.	Any person carrying on insurance business, located in the taxable territory

RCM on recovery agent

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
8.	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a nonbanking financial company, located in the taxable territory

RCM on services provided by an artist

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
9.	Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original dramatic, musical or artistic works to a music company, producer or the like.	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory.

Illustration – Services provided by artists

- Mr. Allu Arjun is an theatre actor by profession.
- He signed a contract for theatre drama “**Pushpa – The Rule**” on 28th February 2023 with Muttamsetty Media (Production company)
- He will be paid Rs. 10,000/- per show for providing his services as an theatre actor
- Is RCM applicable on above transaction?



Answer:
RCM applicable

RCM on transfer or use of copyright

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
9A.	Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.	Author	Publisher located in the taxable territory

RCM on service provided by overseeing committee to RBI

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
10.	Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Over-seeing Committee constituted by the Reserve Bank of India	Reserve Bank of India

RCM on service provided by Direct Selling Agents to NBFCs

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
11.	Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs).	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm.	A banking company or a nonbanking financial company, located in the taxable territory

RCM on service provided by Business facilitator

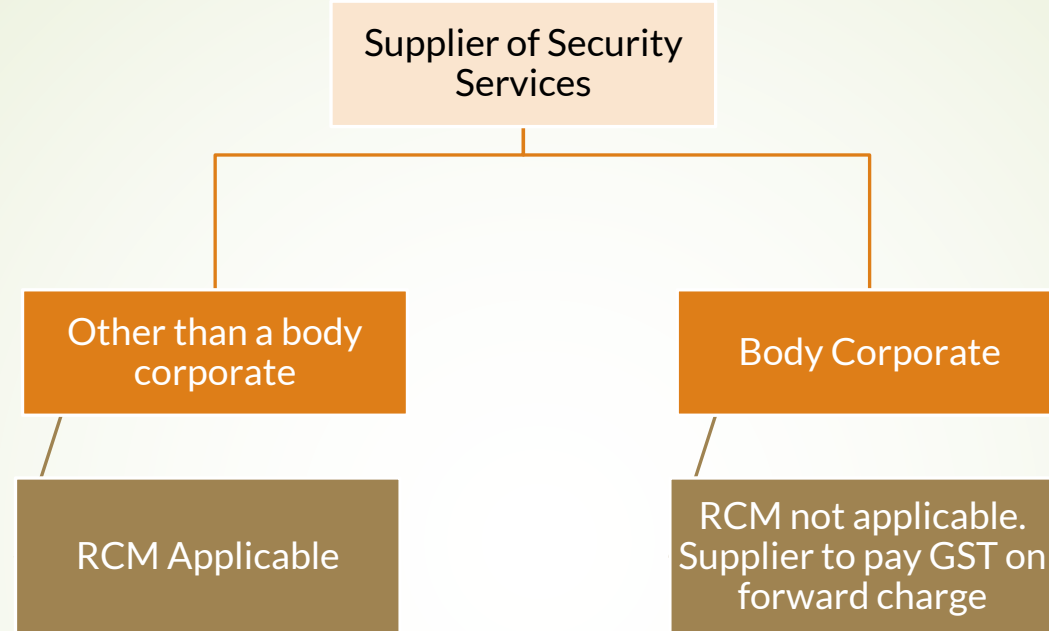
Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
12.	Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory.

RCM on service provided by Business Correspondent

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
13.	Services provided by an agent of business correspondent (BC) to business correspondent (BC)	An agent of Business Correspondent (BC)	A business correspondent, located in the taxable territory

RCM on security services

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
14.	<p>Security services (services provided by way of supply of security personnel) provided to a registered person: Provided that nothing contained in this entry shall apply to,—</p> <p>(i) (a) A Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services;</p> <p>(ii) a registered person paying tax under section 10 of the said Act</p>	Any person other than a body corporate.	A registered person, located in the taxable territory



➤ **Body Corporate means**

For simple understanding – Any company incorporated under Companies Act, 2013 is a body corporate.

Thus, Proprietorship firm, Partnership Firm, HUF are considered to be other than body corporate

LLP is a debatable issue

Illustration – Security Services

- Hulk is into business of providing security services. Hulk has incorporated a partnership firm and is providing security services to Spider Man.
- Spider Man is registered under the MGST Act, 2017
- Is RCM applicable on above transaction?

Answer:

Yes RCM applicable

Illustration – Security Services

- Hulk is into business of providing security services. Hulk has incorporated a Private Limited Company and is providing security services to Spider Man.
- Spider Man is registered under the MGST Act, 2017
- Is RCM applicable on above transaction?

Answer:

No, RCM not applicable as supplier of service is now a body corporate and thus, forward charge applicable

RCM on renting of motor vehicle

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
15.	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 per cent to the Service Recipient	Any body corporate located in the taxable territory

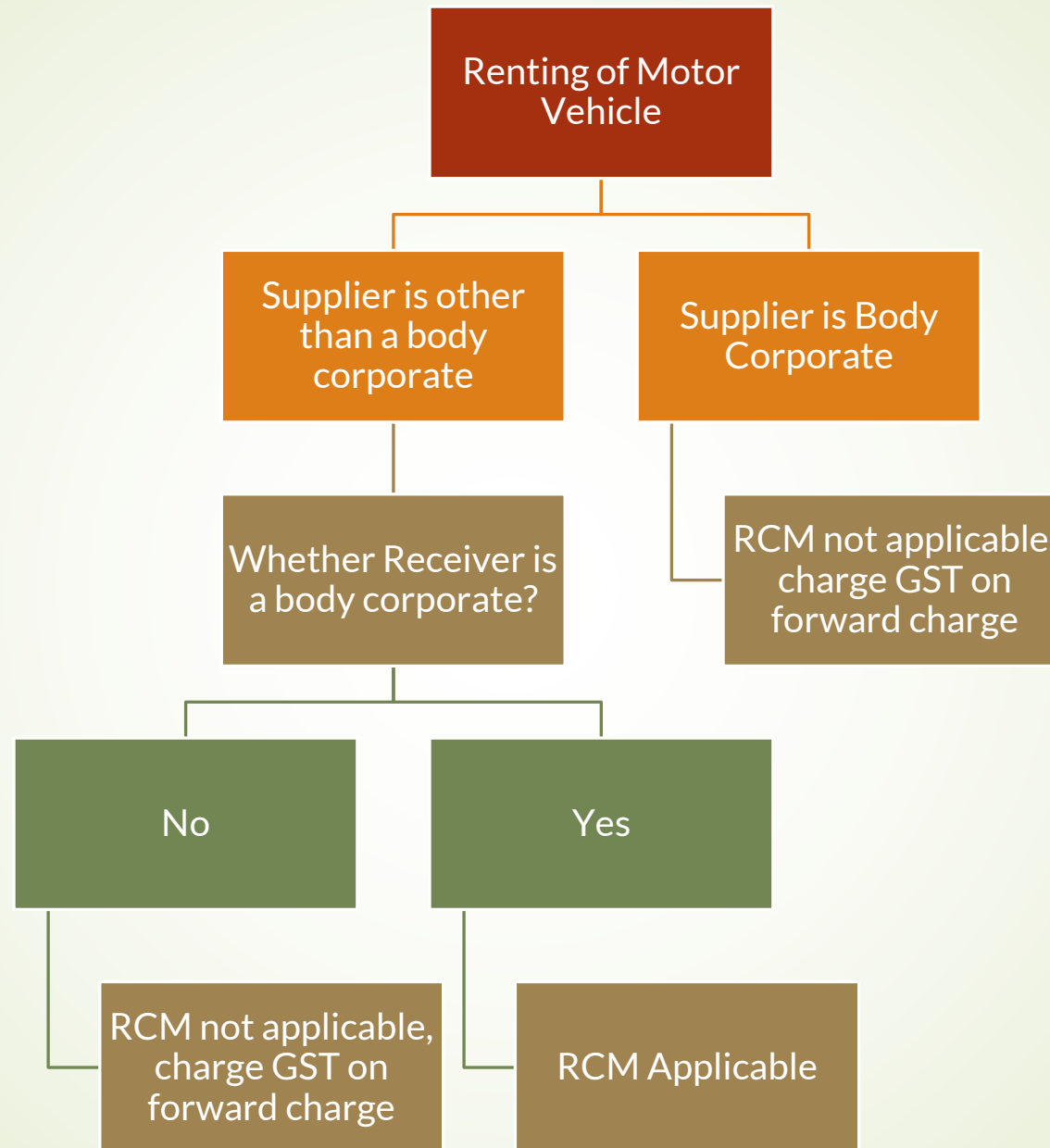


Illustration – Renting of motor vehicles

- Mr. Black Panther is in the business of renting of motor vehicles. The motor vehicles are specially designed from a unique metal called vibranium.
- Mr. Black Panther is registered as a partnership firm wide name “Wakanda Forever”
- On 28th February 2023, Black Panther rented motor vehicle to Bucky Barnes. Bucky has registered his company under the companies Act, 2013 wide name Winter Soldier Private Limited.
- Is RCM applicable on above transaction?

Answer:

RCM applicable

Illustration – Renting of motor vehicles

- Mr. Black Panther is in the business of renting of motor vehicles. The motor vehicles are specially designed from a unique metal called vibranium.
- Mr. Black Panther is registered as a partnership firm wide name “Wakanda Forever”
- On 28th February 2023, Black Panther rented motor vehicle to Doctor Strange. Doctor Strange has a partnership firm wide name “The Multiverse of Madness”.
- Is RCM applicable on above transaction?

Answer:

RCM not applicable

RCM on lending of securities

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
16.	Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of Securities and Exchange Board of India ("SEBI"), as amended.	Lender i.e. a person who deposits the Securities registered in his name or in the name of any other person duly authorised on his behalf with an Approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI

RCM on Import of Services – IGST Act

Sr. No.	Category of supply of services	Supplier of Service	Recipient of Service
1.	Any Service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient

Illustration – Import of services

- Shaktiman is engaged in manufacturing of mobiles in India. He is registered under the MGST Act, 2017 with name “Andhera Kayam Rahe”.
- He wanted to design a logo for his company and thus, he took consultancy of Mr. Loki Odinson.
- Mr. Loki Odinson is situated in U.S.A and registered in U.S.A with name “God of Mischief”
- Mr. Loki Odinson charged \$10000 for designing the logo.
- Is RCM applicable on above transaction?

Answer:

As it is import of service in India, RCM is applicable

Share Knowledge but not food





THANK YOU

For further queries,

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