

## **Impact of Gst provision on GTA services w.e.f. 18th July, 2022. The changes are categorised into following three categories:**

**1. GTA can pay tax at 5% or 12% under forward charge.**

**2. RCM by the recipient at the rate of 5%**

**3. Withdrawal of certain exemptions**

### **1. GTA can pay tax at 5% or 12% under forward charge:**

Board vide Notification No 03/2022 CT (Rate) dt. 13th July, 2022 and Notification No 08/2022 IT (Rate) dt 13th July, 2022 has given an option to goods transportation agency to pay tax at the rate of 5% /12% under reverse charge mechanism. Such option is subjective and GTA can exercise such option only after fulfilment of certain requirements. Following are the requirements which GTA has to fulfil in order to pay tax at the rate of 5% or 12%

(i) The option to pay tax by GTA itself shall be exercised by making a declaration in Annexure V to the jurisdictional GST authority on or before 15th March of the preceding financial year. For FY 2022-23, option can be exercised on or before 16th August 2022. The option will remain valid till the end of financial year for which it is exercised, and a registered person is not allowed to change the same within a year.

(ii) GTA has an option to pay GST at the rate of 5% without availing ITC on goods and services used in supplying the service or at the rate of 12% with ITC. It seems from the wordings that GTA can exercised to pay tax at both 5% & 12% at the same time for two different services.

However, according to the explanation (iv) to the Notification No 11/2017 CT (Rate) and Notification No 08/2017 IT (Rate) dt. 28th June, 2017 credit of input tax charged on goods or services used partly for supplying such service and partly for effecting other supplies eligible for input tax credits, is reversed as if supply of such service is an exempt supply and attracts provisions of sub-section (2) of section 17 of the Central Goods and Services Tax Act, 2017 and the rules made thereunder.

(iii) GTA must provide following declaration on every invoice issued by him that he has exercised the option to pay tax under forward charge mechanism:

I/we have taken registration under the CGST & SGST/IGST 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

## **2. RCM by the recipient at the rate of 5%**

In case where GTA does not exercise to pay GST under forward charge mechanism, recipient would be liable to pay tax at the rate of 5%. Input tax credit would be available to the recipient. Recipient would be liable to pay tax under RCM on all such cases where a declaration regarding payment of tax under forward charge mechanism is not given by the supplier.

## **3. Withdrawal of certain exemptions:**

Following value-based exemptions w.r.t. GTA has been withdrawn w.e.f. 18th July, 2022 -

- (a) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 1,500
- (b) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees 750 other specific exemptions w.r.t. GTA services will be continued.

In view of the above, every registered person who is receiving GTA services should verify each of the invoice of the GTA. There is no need to pay tax under RCM where supplier has charged GST in its bill along with the appropriate declaration in the invoice. Cases where tax is not paid by the GTA and declaration in the invoice is not given in the invoice, GST is payable under reverse charge mechanism. One must also remember that exemption of Rs. 750/- or 1500/- for part consignment or full consignment is no longer available.