

Points to be taken care of while making RCM payments under Gst

1. Self Invoice

There is a difference in the bill date and self invoice date in some cases. Also, in some cases, the self invoice is not even generated.

Attention is invited here that the ITC is allowed on the basis of Self Invoice and not on the basis of payment of GST. So, as per Gst ITC rules, ITC needs to be disallowed where Self Invoice is required to be generated but not generated.

Generating a self-invoice on the date of the bill is mandatory in the case of RCM payments.

Utmost Important: The date of the self invoice and the vendor invoice must be the same.

2. Payment Voucher

Payment Voucher need to be made while making payments to the transporter, which is mandatory.

Critical Point: Payment voucher has to be made while making the payment in RCM cases. In such cases, it does not matter if the transporter is registered with the GST framework or not.

3. EWB, Multimodal and RCM

While reviewing/ analyzing the Eway bills, if the transporter renders services of multimodal transportation, it is mandatory for the transporter to pay the GST amount.

Critical Issue: RCM is not applicable in cases of multimodal transportation whereas, the transporter has to pay Gst amount.

4. Disallowance of ITC Credit in case of RCM payment for multimodal transportation.

RCM is not applicable in cases of multimodal transportation services. But if the businesses make payments of GST on their own and also avail Input Tax Credit, the same is liable to be disallowed along with a penalty.

The thing that one should know about multimodal transportation is that one can get to know the transportation type just by checking the E-way bills.

There is no need to ask the transporter to ascertain if the delivery comes under multimodal transportation or not.

Utmost Important: ITC credit, if wrongly availed, is liable to be disallowed along with applicable penal provisions.