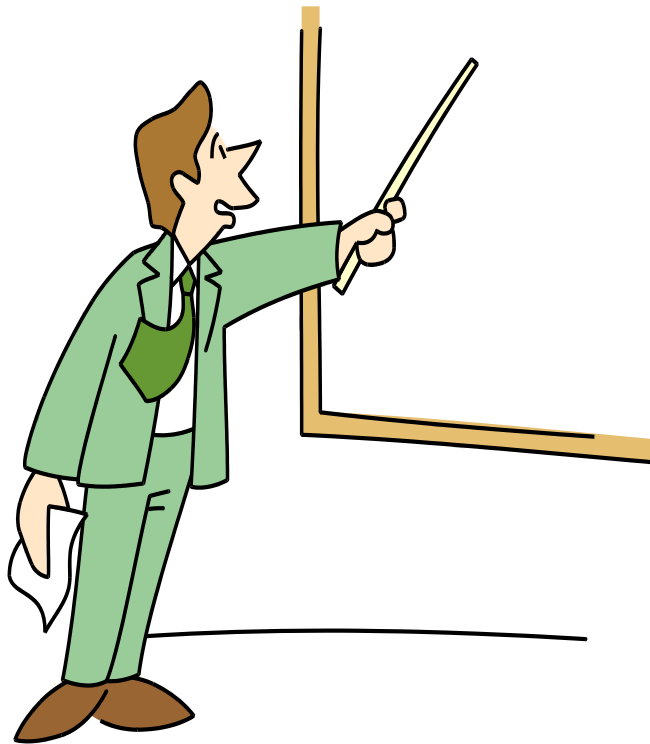


# Two Day's Conference



Hosted By  
**GHANDHIDHAM**  
Branch of ICAI

**PRESENTED BY**



**AN INVESTMENT IN KNOWLEDGE PAYS THE BEST RETURN**

# COVERAGE

- **ISSUES IN**
  - ***GOODS TRANSPORT AGENCY***
  - ***SHIPPING INDUSTRY***



# Relevant Definition

- **“Goods transport agency”** means any person who provides service in relation to transport of goods by road **and issues consignment note**, by whatever name called.



# RATE OF TAX

- Entry 9 of Notification 11/2017- CGST (rate) dated 28<sup>th</sup> June, 2017 notifies the rate of tax to be paid on **goods transport service** under heading 9965
- Notification 20/2017- CGST (Rate) dated 22<sup>nd</sup> August, 2017 provides **option** to GTA to as follows

Particulars	Input credit available to GTA	Rate of Tax	RCM/FORWARD CHARGE
GTA to Notified Person	NO	5%	RCM
GTA to Non – Notified Person	NO	5%	Forward charge
<b>GTA to any person</b>	<b>YES</b>	<b>12%</b>	<b>Forward Charge thenforth on all supply</b>

# RATE OF TAX

- Notification 22/2017- CGST (Rate) dated 22<sup>nd</sup> August, 2017 provides that reverse charge under GTA should not be paid if GTA has opted for payment of tax @ 12% on forward charge.

# Rate of Tax : Not 8/2017- IG (Rate)

Chapter Heading	Particulars	Rate	Remarks
Heading 9965 (Goods Transport Service)	(ii) Transport of goods in a vessel including services provided or agreed to be provided by a person <u>located in non-taxable territory to a person located in non-taxable territory</u> by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	5%	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken <i>Explanation: This condition will not apply where the supplier of service is located in non-taxable territory.</i>

# Rate of Tax : Not 8/2017- IG (Rate)

Chapter Heading	Particulars	Rate	Remarks
Heading 9965 (Goods Transport Service)	<p>iii) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use).</p> <p><i>Explanation.-</i> “Goods transport agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.</p>	<p>5%</p> <p>or</p> <p>12%</p>	<p>Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</p> <p>NIL (w.e.f 22<sup>nd</sup> August, 2017)</p>

# Rate of Tax

Chapter Heading	Particulars	Rate	Remarks
<b>Heading 9966</b> (Rental services of transport vehicles)	(i) Renting of motorcab where the cost of fuel is included in the consideration charged from the service recipient.	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
		OR	
		12%	NIL (W.e.f 22 <sup>nd</sup> August, 2017)
	(ii) Rental services of transport vehicles with or without operators, other than (i) above.	18%	



# Exemption

- Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India. (Entry 20 of Notification 9/2017-IGST)
- Services by way of transportation by rail or a vessel from one place in India to another of the following goods –
  - (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
  - (b) defence or military equipment's;
  - (c) newspaper or magazines registered with the Registrar of Newspapers;
  - (d) railway equipment's or materials;
  - (e) agricultural produce;
  - (f) milk, salt and food grain including flours, pulses and rice; and
  - (g) organic manure.(Entry 21 of Notification 9/2017-IGST)

# Exemption

- Services provided by a goods transport agency, by way of transport in a goods carriage of,
  - agricultural produce;
  - goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
  - goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;
  - milk, salt and food grain including flour, pulses and rice;
  - organic manure;
  - newspaper or magazines registered with the Registrar of Newspapers;
  - relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
  - defence or military equipment's;

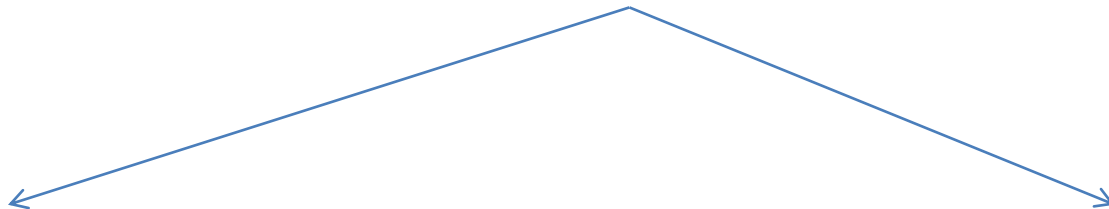
# Exemption

- Services by way of giving on hire –
  - to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
  - to a goods transport agency, a means of transportation of goods. (Entry 23 of Notification 9/2017-IGST)

# PLACE OF SUPPLY

# Place of supply of goods transport service...Section 12(8)

Services by way of Transportation of goods including mail or courier



Supplied to a **registered person**

Supplied to a **unregistered person**



**Location of such person**

**Location at which such goods are handed over for their transportation**



# Issue - 1

- Whether “Cotton ” can be considered as “Agriculture Produce” ? Will transportation of Cotton exempt ?
- *“**Agricultural produce**” means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market.*
- *Cotton Bales & Cotton Lint are not agriculture produce.*

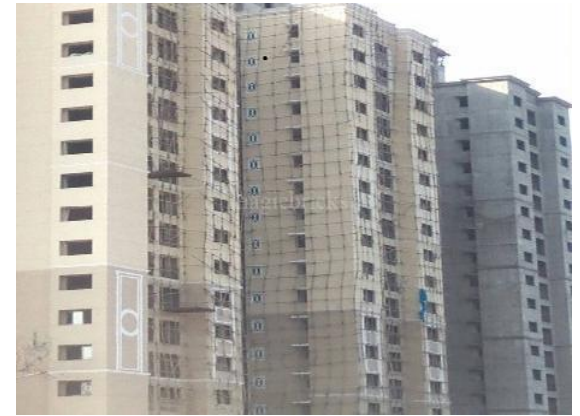
# Issue – 2

- XYZ builder paid Rs. 10,000/- to Kangaroo Transporter for dumping the debris of Site into the Creek.
- Whether GST on transportation is payable?
- Section 2(52) defines Goods ..... means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;
- Whether Debris are goods?
- SC in case of Delhi Cloth Mills – Goods must have marketability.

# Issue-3



Supplies Water



- A.V.M Water supplier enters into a contract with Marathon Builder Pvt Ltd to supply water for their site at Bhuj, Gujarat.
- Whether A.V.M need to pay GST on the above transaction?
- What if A.V.M water supply provides only transportation service of water from Site A to Site B ?



## Issue - 4

- XYZ Ltd located in Mumbai. They avails GTA Service of PQR Transporter of Ahmedabad to deliver goods from Job worker located at Ahmedabad to another job worker located at Baroda at a freight of Rs 10,000/-
- Whether GST is applicable on freight of Rs. 10,000/-. If Yes, Who is liable to pay ? Whether CGST & SGST or IGST?

# Issue - 4

- POS Is Maharashtra in view of Section 12(8)
- Location of supplier is Gujarat.
- Hence, above GTA Transaction will be inter state supply in view of section 7(3)
- Tax is payable under RCM as per notification 10/2017- IG

# Issue 5

- ABC Transporter was providing GTA Service to various client. As per Notification 10/2017-IG, clients of ABC were paying GST under RCM.
- Vide Notification 20/2017-CT(Rate), Transporter was allowed to Pay tax under forward charge @ 6% w.e.f. 22<sup>nd</sup> August, 2017.
- ABC Transporter wants to avail option to pay tax for few client on forward charge & for few client under RCM.
- Can ABC Transporter allowed to opt both option simultaneously ?

# Issue 5

- Whether ABC transporter can opt for only forward charge transaction from 1<sup>st</sup> October, 2017?
- Can ABC transporter opt out of forward charge from 1<sup>st</sup> April, 2018?

# ISSUE - 6



Transporter – Raj Logistics  
(Unregistered)



Transport industrial goods –  
Turnover Rs. 40,00,000/-



Transport Household goods of Mr. A  
(unregistered) – Turnover Rs. 5,000/-

# Issue -6

- Clients of Raj Logistics were paying GST under RCM on transport service under notification 10/2017-IGST except Mr. A who availed one time service for shifting his residence.
- Do Raj Logistics need to get itself registered?

## Issue -6

- *“Aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess*
- Thus if Raj Logistics perform one time service of shifting of household goods of Mr. A, he will require to register.

# Issue - 7

- Kamal Logistics Pvt. Ltd. got ordered to transport cargo from Mumbai to Nashik & would required 10 trucks to carry out the work.
- All the Trucks of Kamal Logistics were pre-occupied in other job, so it hired the trucks from MRL Logistics for a hire charges of 10,000/- per truck.
- Whether GST is payable on above transaction, if Yes, by whom?
- What if Kamal Logistics instead of getting truck on hire, outsourced the work to MRL Logistics, who will bill directly to customer & pay commission of Rs. 25,000/- for this transaction to Kamal logistics?



# Issue 8

- ABC Transport Agency, providing service of GTA
- It provide services to all Body corporate who pays tax under RCM for GTA service provided by ABC Transport Agency.
- A business dispute arise between ABC Transport Agency & its client, hence ABC Transport agency availed the service of Advocate
- Whether ABC Transport Agency needs to pay Tax under RCM for Advocate service availed by it?

# Issue 8

- Section 24(iii) require compulsory registration for person who is required to pay tax under reverse charge mechanism
- Notification 5/2017-CT, amends section 23 & provides exemption to person from obtaining registration, if entire GST tax on supplies made by him is required to be paid under RCM by recipient.
- Section 22 provides registration to be obtained by person whose aggregate turnover exceeds Rs. 20 lakh

# Issue 8

- However, section 24 provides that compulsory registration to be obtained “*Notwithstanding anything contained in section 22(1).....*”
- Thus, section 24 will override section 22.
- Section 23 will be applicable independently.
- GTA not require to pay GST under RCM on fees paid to lawyer due to section 23.
- Section 9 (4)...RCM only for supply from URD to RD

# Issue - 9

A Ltd – Indian Exporter

Avails service of Transportation of goods by Vessel

Jaideep Shipping Lines – Indian Shipping Company

Jaideep Shipping lines will charge GST @ 5%

Maersk Shipping lines – USA located in non taxable territory.

Maersk Shipping lines will not charge GST since POS as per section 13(9) of IGST is outside India

# Issue - 10



Maersk Shipping Lines - Singapore



KICM LLC - USA

Pays Freight



Delivers goods



Imports raw material on  
**CIF Basis**

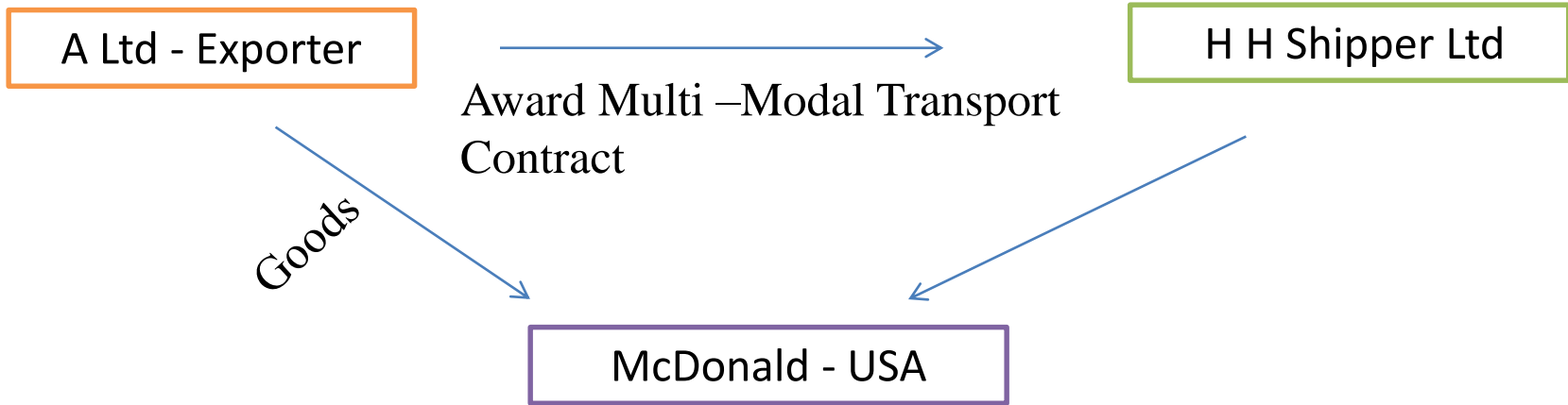


Whether freight paid is liable to GST ?

# Issue 10

- Entry 10 of Notification 9/2017- IGST, provides exemption for service received from Service provider located in non taxable territory by a person located in a non taxable territory **except** service by way of transport of goods by vessel from a place outside India upto customs station of clearance in India
- Entry 10 of notification 10/2017- IGST makes importer liable to pay Tax under reverse charge mechanism (RCM) for above transaction
- **Section 7(5) of IGST – It is Inter state Transaction**
- Thus, Reliance Ltd would require to pay IGST @ 5% on Reverse charge basis
- If value not know, 10% of CIF value will be deemed value of taxable service as per Notification 8/2017-IGST

# Issue - 11



- As per Contract, H.H Shipper has to pick the Goods from warehouse of A Ltd located at Bhiwandi & the Deliver goods to USA
- Multi-Modal Contract is for Lumpsum price of Rs. 20,00,000/-
- Whether it is Composite supply or Mixed Supply?
- What if H H Shipper enters into 2 separate contract for Road transport & vessel transport

# Issue 11

- **“composite supply”** means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply - **Section 2(30)**
- **“mixed supply”** means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply – **Section 2(72)**



# Issue 11

- Multi – Modal Transportation involve
  - Transportation of goods by Road,
  - Transportation of goods by vessel
  - Loading & unloading of goods
  - Warehousing services etc.
- Multi- Modal Transportation involve more than one supply for a single price.
- But It is naturally bundled & supplied in conjunction with each other in ordinary course of business.
- Thus, Multi – Modal Transport of goods can be considered as composite supply.
- Principal supply will be Transportation of Goods by vessel.

# Issue 12

- Jaideep Shipping Lines, provides service of Transportation of Goods through Vessel.
- It raise Invoice as follow
  - Freight Charges – Rs. 25,000/-
  - THC – Rs. 5,000/-
  - Documentation Charges – Rs. 2,500/-
  - Other Sundry Expense – Rs. 2,000/-
- What will be the rate of GST on above Transaction. Whether it is a composite supply of service or Mixed supply?
- \*\*\* Rate of GST on Transportation of goods trough vessel – 5%
- Rate of GST on other service – 18%

# Issue 13

- R K Kayani Shipping books 100 Sq feet space on vessel of MMK Shipping lines for Rs. 1,000 per sq feet
- MMK Levies GST @ 5% under category Transportation of goods by vessel.
- R K Kayani sells the booking space as follows
  - Client A – Rs. 1,400 per sq feet
  - Client B – Rs. 1,100 per sq Feet
  - Client C – Rs. 900 per sq feet
- Whether R K kayani needs to discharge Tax under category “Support Service in transport” which attracts Tax @ 18% or under “Transportation of goods by Vessel” which attracts Tax @ 5%?

WITH KNOWLEDGE..... WE KNOW THE WORDS,  
BUT WITH EXPERIENCE..... WE KNOW THE MEANING



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