



REVERSE CHARGE MECHANISM(RCM) UNDER GST

Seminar on Direct & Indirect Tax at Gandhidham
Branch of WIRC of ICAI, Gandhidham
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Para 1: Source:-

- Section 9(3) of the CGST Act
- Section 9(4) of CGST Act
- Section 9(5) of CGST Act
- Section 9(3) of the SGST Act
- Section 9(4) of SGST Act
- Section 9(5) of SGST Act
- Section 5(3) of the IGST Act
- Section 5(4) of IGST Act
- Section 5(5) of IGST Act

Para 1: Source:-

- Notification No. 13.2017- Central Tax (Rate)
- Notification No.4.2017-Central Tax (Rate)
- Notification No.8.2017-Central Tax (Rate)
- Notification No.14.2017-Central Tax (Rate)

Para 2: Reverse charge Mechanism:-

Reverse charge mechanism is applicable in following cases:-

- (a) Such category of supply as it may be notified [Sec.9(3) of CGST Act]
- (b) Supply by unregistered person to registered person [Sec.9(4)of CGST Act]
- (c) Such category of services supplied through electronic commerce operator as it may be notified [Sec.9(5) of CGST Act]

Para 3: Such category of supply as it may be notified [Sec.9(3) of CGST Act]:-

❖ Para 3.1: Section:-

- 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.

❖ Para 3.2: Application:-

- Reverse charge shall be applicable on supply of such goods and services as notified.

Para 3: Such category of supply as it may be notified [Sec.9(3) of CGST Act]:-

❖ Para 3.3: Notifications:-

- (a) Notification for Services - Notification No. 13/2017- Central Tax (Rate)
- (b) Notification for goods - Notification No.4.2017-Central Tax (Rate)

Para 4: Supply by unregistered person to registered person [Sec.9(4)of CGST Act]:-

❖ Para 4.1: Section:-

- The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient 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.

❖ Para 4.2: Application:-

- Reverse charge shall be applicable on supply by unregistered person to registered person.

Para 4: Supply by unregistered person to registered person [Sec.9(4)of CGST Act]:-

❖ Para 4.3: Exemptions:-

Notification No.8.2017-Central Tax (Rate)

Where aggregate Supply received by registered person does not exceed Rs.5000/-

➤ Note-1- This exemption is not available in case of Inter-state supply.

Para 5: Such category of services supplied through electronic commerce operator as it may be notified [Sec.9(5) of CGST Act]:-

❖ Para 5.1: Section:-

- The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services

❖ Para 5.2: Application:-

- Services if supplied through electronic commerce operator are notified then reverse charge shall be applicable.

Para 5: Such category of services supplied through electronic commerce operator as it may be notified [Sec.9(5) of CGST Act]:-

❖ Para 5.3: Notified services:-

- Services are notified through Notification No. 17/2017-Central Tax (Rate)

THANK YOU

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