

TAX INFO

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Latest update on GST Law: Information regarding **Exemptions under GST to GTA** based on the GST Law and Notifications issued on the Subject Matter.

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Transportation of Goods by Road in terms of **Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017** (Sr.no.18), the following services are exempt from GST Services by way of transportation of goods (Heading 9965):

- (a) by road except the services of:
 - (i) a goods transportation agency;
 - (ii) a courier agency;
- (b) by inland waterways.

Thus, it is to be seen that mere transportation of goods by road, unless it is a service rendered by a goods transportation agency, is exempt from GST. To qualify as services of GTA, the GTA should be necessarily issuing a consignment note.

“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;

Charge of GST on services provided by GTA

In terms of **Notification no. 11/2017-Central Tax (Rate) dated 28.06.2017** as amended by notification no. 20/2017- Central tax (Rate) dated 22.08.2017, sr.no. 9 and sr. no. 11, Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use) (Heading 9965 & 9967 respectively) attracts CGST @2.5% or 6% CGST. Identical rate would be applicable for SGST also, taking the effective rate to 5% or 12%. However, the rate of 5% is subject to the condition that credit of input tax charged on goods or services used in supplying the service has not been taken.

The Explanation to the notification further clarifies that it shall mean that:

- (a) credit of input tax charged on goods or services used exclusively in supplying such service has not been taken; and
- (b) 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 subsection (2) of section 17 of the Central Goods and Services Tax Act, 2017 and the rules made there under.

Reverse Charge

In terms of **Sr. No. 1 of paragraph 1 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017**, Central Government has notified the applicability of reverse charge on GTA as follows: “Supply of Services by a goods transport agency (GTA) who has not paid central tax at the rate of 6% in respect of transportation of goods by road to-

- (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or

- (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or
- (c) any co-operative society established by or under any law; or
- (d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or
- (e) any-body corporate established, by or under any law; or
- (f) any partnership firm whether registered or not under any law including association of persons; or
- (g) any casual taxable person.”

Thus, in cases where services of GTA are availed by the above categories of persons in the taxable territory the GTA supplier has the option to pay tax (with Full ITC) @12% (6% CGST + 6% SGST); and if the GTA does not avail this option, the liability to pay GST will fall on the recipients under reverse charge basis. In all other cases, where the recipients do not fall in the categories mentioned above, the liability will be on the supplier of GTA services

Exemption to Specific Services provided by GTA

Notification No. 12/2017- Central Tax dated 28th June 2017 Paragraph 1 Serial No. 21: Services provided by a goods transport agency, by way of transport in a goods carriage of –

- (c) agricultural produce;
- (d) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- (e) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty
- (f) milk, salt and food grain including flour, pulses and rice;
- (g) organic manure;
- (h) newspaper or magazines registered with the Registrar of Newspapers;
- (i) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- (j) defence or military equipment

Exemption to GTA receiving means of Transport on Hire:

Notification No. 12/2017- Central Tax dated 28th June 2017 Paragraph 1 Serial No. 22(b): Services by way of giving on hire – to a goods transport agency, a means of transportation of goods.

Services provided to unregistered person:

In terms of **Clause (c) of Para (i) of Notification No. 32/2017-Central Tax (Rate) dated 13.10.2017**, a new clause 21A has been inserted in Notification No. 12/2017-Central Tax (Rate) Exempting the Services Provided by a Goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the recipients falling under specified categories.

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