

Analysis and Implication of Changes made in GTA Services

Date of Issue: 16th July 2022

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In the abundance of changes took place to comply with the recommendations of the recently held 47th GST Council Meeting, one of the important decision is to remove the ambiguity regarding the option with the Goods Transport Agency Service Provider to opt the rate of tax applicable on its services.

Earlier, as per Notification No. 11/2017-CT(R) dated 28.06.2017, the rate of tax on GTA Services was as provided below:

Description of Services	Rate	Condition
Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use).	2.5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken.
	Or	
Explanation.- "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.	6%	Provided that the goods transport agency opting to pay central tax @ 6% under this entry shall, thenceforth, be liable to pay central tax @ 6% on all the services of GTA supplied by it."

Further, as per Entry No. 1 of Notification No. 13/2017-CT(R) dated 28.06.2017, reverse charge shall be applicable on the following services:

Category of Supply of Services	Supplier of Service	Recipient of Service
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-	Goods Transport Agency (GTA)	(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,

(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.

Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, -

(a) a Department or Establishment of the Central Government or State Government or Union territory; or

(b) local authority; or

(c) Governmental agencies,

which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

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;

located in the taxable territory.

Now, w.e.f. 18.07.2022, the rate of tax on GTA services has been rationalized vide Notification 03/2022-CT dated 13.07.2022 provided as under:

Description of Services	Rate	Condition
Services of Goods Transport Agency (GTA) in relation to transportation of goods (including used house hold goods for personal use) supplied by a GTA where,-		
(a) GTA does not exercise the option to itself pay GST on the services supplied by it;	2.5%	The credit of input tax charged on goods and services used in supplying the service has not been taken.
(b) GTA exercises the option to itself pay GST on services supplied by it.	2.5%	(1) In respect of supplies on which GTA pays tax at the rate of 2.5%, GTA shall not take credit of input tax charged on goods and services used in supplying the service.
	Or	(2) The option by GTA to itself pay GST on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V on or before the 15th March of the preceding Financial Year: Provided that the option for the Financial Year 2022-2023 shall be exercised on or before the 16th August, 2022:
	6%	Provided further that invoice for supply of the service charging Central tax at the rates as applicable to clause (b) may be issued during the period from the 18th July, 2022 to 16th August, 2022 before exercising the option for the financial year 2022-2023 but in such a case the supplier shall exercise the option to pay GST on its supplies on or before the 16th August, 2022.

With effect from the above change, the Goods Transport Agency Service Provider has been given an option to either pay the tax itself @ 5% or 12% on the services provided or choose an option not to pay the tax itself and in that case the service recipient shall discharge the tax @ 5% under reverse charge.

The option by GTA to itself pay GST on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V (annexed with Notification 03/2022-CT(R) dated 13-07-2022) on or before the 15th March of the preceding Financial Year.