



॥ अक्षयं ते भविष्यति ॥

J .V .VASANI & Co
CHARTERED ACCOUNTANTS

GOODS TRANSPORT AGENCY UNDER GST

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INTRODUCTION

What is GTA and How GST Applicable on GTA?

- Goods Transport Agency (GTA) always has been controversial under GST, in certain cases GTA itself is liable to pay GST under forward charge while in other cases recipient of service is liable to pay GST under Reverse charge under we can section 9(4). Further, when we are looking at exemption notification no. 12/2017-CT(Rate) see certain exemption available on GST payable under GTA Service





As per Para 2(ze) of Notification No. 12/2017-CT(Rate]

“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”

Based on above definition we can say that GTA means ANY PERSON who

- ❖ *Provides service **in relation to transport** of goods by road and*
- ❖ *Issues **consignment note**, by whatever name called.*



Your Company Name

(2018 year street name, town, city, state and pincode)

The Government of India
Consignment Note

(Form GSTMT-1)

Section 1: Consignor and Consignee Details

1. Consignor Name: (GSTIN:)
 2. Consignee Name: (GSTIN:)

Section 2: Vehicle and Transporter Details

3. Vehicle Registration Number:
 4. Transporter Name: (GSTIN:)

Sl. No.	Particulars	Quantity	Weight	Value	HSN Code

Section 3: Declaration and Signatures

5. Consignor Signature:
 6. Consignee Signature:
 7. Transporter Signature:

Section 4: Additional Information

8. Remarks:

9. Date:

10. Place:

11. Pincode:

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The significance of the term "In relation to" in the definition of GTA

The use of the phrase 'in relation to' has extended the scope of the definition of GTA. This actually means that GTA includes not only the actual transportation of goods but any intermediate/ancillary service provided in relation to such transportation too like:

❖ Loading / unloading

❖ Packing / unpacking

❖ Trans-shipment

❖ Temporary warehousing, etc

- we can say that issuance of consignment note is compulsory for supplier of services to become a GTA and if consignment note is not issued by such transporter, then such transporter will not be considered as GTA.
- Therefore, individual tempo operator / Truck operator, who do not issue consignment note are not covered within the meaning of GTA and since they are not covered within definition of GTA, such services will be exempted as per Entry 18 of Notification No. 12/2017-CT(Rate):



Exemption by Entry 18 of Notification No. 12/2017-CT(Rate):

❖ *Services by way of transportation of goods-*

- a) by road except the services of—**
- b) A Goods Transportation Agency**
- c) A Courier Agency**

❖ *by inland waterways*

- *Example : Mr. X, who is an individual tempo operator provides transportation of goods services without issue of consignment note to M/s. ABC Ltd, such transporter would be covered by the entry at Entry 18 of Notification No. 12/2017-CT (Rate), which is exempt from GST.*
- *In above example, if Mr. X would have issued consignment note then, he would have amount to GTA and GST would have been paid by either by Mr. X or ABC Ltd under Reverse charge mechanism (in case if Mr. A decide not to pay CGST @ 6% & SGST @ 6% or IGST @ 12%)*



Reverse Charge Mechanism (RCM) in GTA

We all know services of GTA is covered under Reverse Charge Mechanism under Notification No. 13/2017-CT (Rate), where service recipient (consigner or consignee) would be required to pay GST but here there are certain points we should keep in mind, which are as follows

- Reverse Charge Mechanism(RCM) would be not applicable if GTA itself decide to pay GST (CGST @ 6% & SGST @ 6% or IGST @ 12% with full ITC) under forward charge. So we can say that GTA has been given option to pay GST @12% and avail full ITC admissible under law.
- If GTA Charges GST @12% in his tax invoice, the recipient is not liable to pay GST under reverse charge. The option once exercised cannot be withdrawn during the remaining part of the financial year.



RCM would be applicable only if recipient is one of the "specified recipients". Therefore, here it is up most important to understand who is such specified recipient

Specified Recipient

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

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

any co-operative society established by or under any law

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

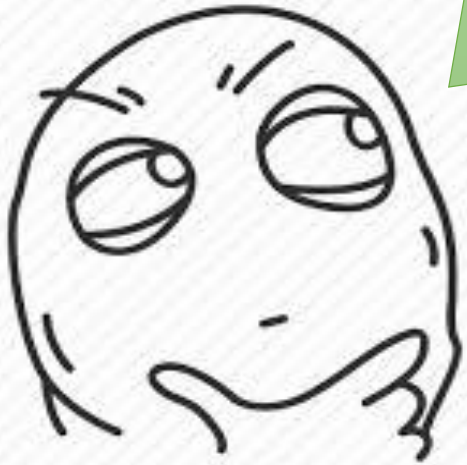
any body corporate established, by or under any law

any partnership firm whether registered or not under any law including association of persons

Any casual taxable person; located in the taxable territory



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;" if any other person as mention above is receiving GTA services and GTA is not paying GST @ 12% then in such cases recipient is liable to pay GST under Reverse Charge Mechanism whether registered or not



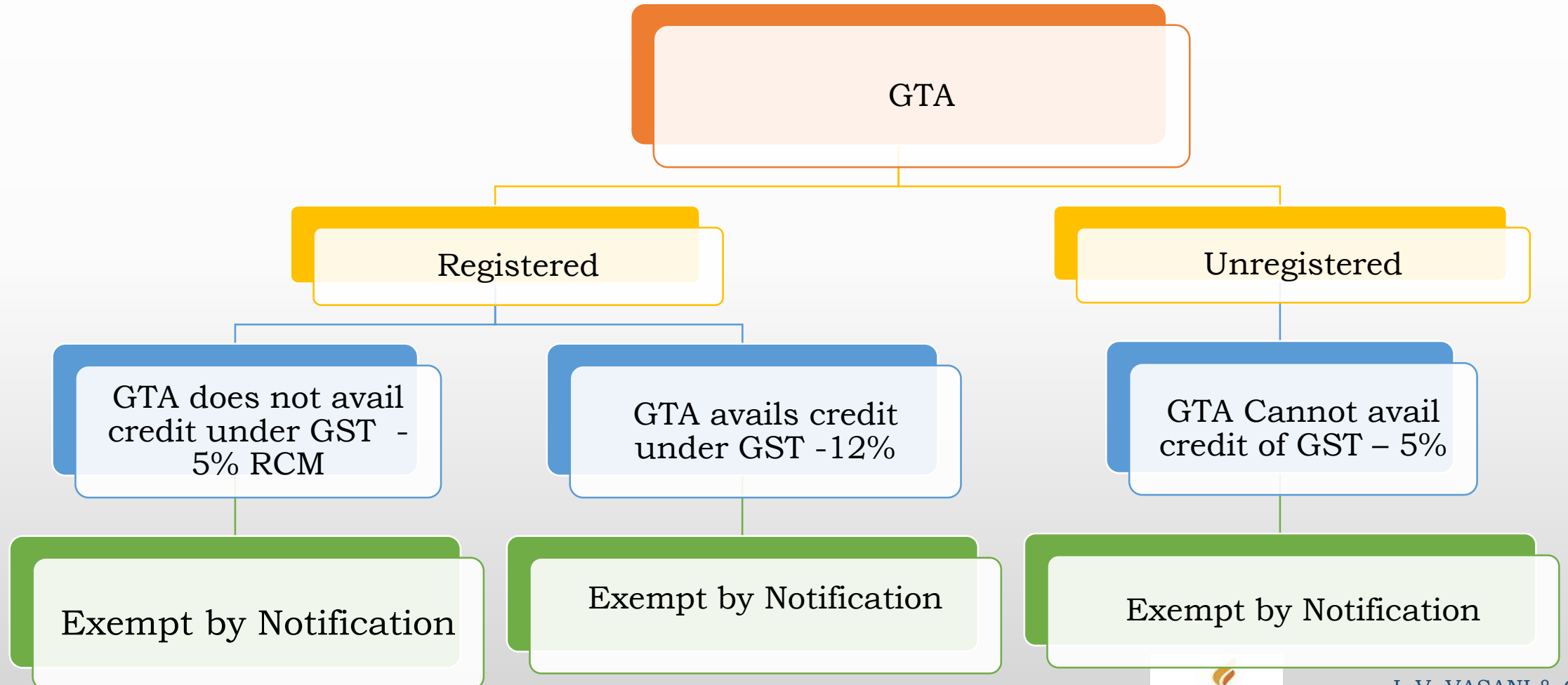
- Example : M/s. AB Transporter Company engaged in the business of transport of goods by road charges Rs. 9,000/- to Rama & Company, a partnership firm (not registered under GST since having turnover less than Rs. 20,00,000). Now, if AB Transport Company decide not pay GST @12% then in such circumstances Rama & Company, a partnership firm would be required to pay GST under RCM and for that, Rama & Company would be require to take registration just to discharge GST liability under RCM.

Exemption by way of Entry 21 of Notification No. 12/2017-CT(Rate) available to both Supplier as well as Recipient

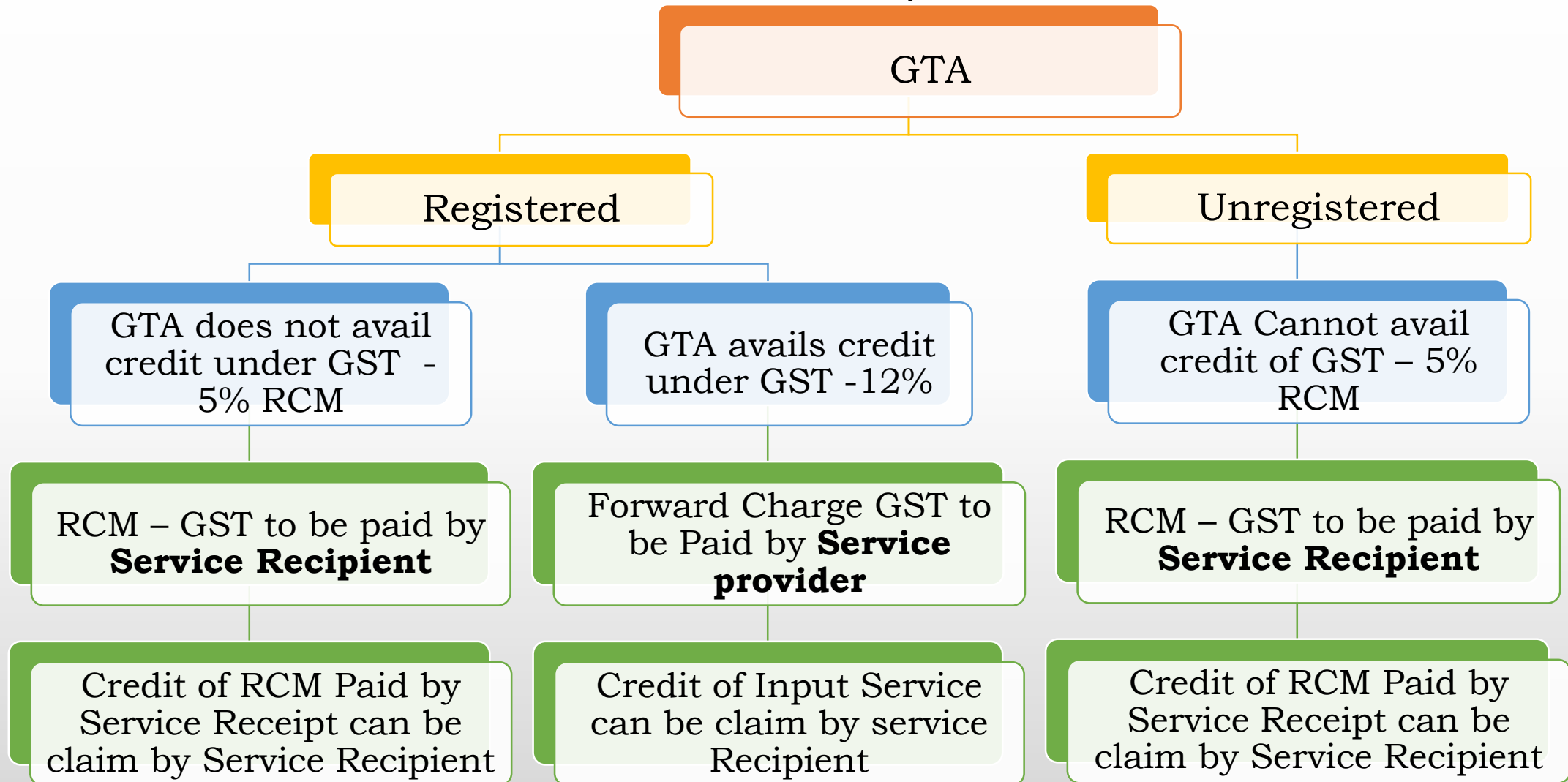
- a) Agricultural produce
- b) Goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 1,500/-
- c) Goods, where consideration charged for transportation of all such goods for a single consignee does not exceed Rs. 750/-
- d) Milk, salt and food grain including flour, pulses and rice
- e) Organic manure
- f) Newspaper or magazines registered with the Registrar of Newspapers
- g) Relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap
- h) Defense or military Equipment



Brief of Entry 21 of applicability of GST on GTA



Brief of Applicability of GST on GTA other than follow in Entry 21



DISCIAMLER

- This presentation is made strictly to the clients of J V VASANI & Co.
- The views and opinions expressed in this presentation are our personal views. The application and impact of tax laws can vary widely based on the specific facts involved.
- It is advisable to take any decision after consulting us professionally.