

## GST – GTA by Road

<b>Mr. A</b>	<b>Good Day Sir, how are you?</b>
<b>CA</b>	Hi Mr. A, I am doing fine, how about you?

<b>Mr. A</b>	<b>I am doing fine sir. So the GST era has started and you know that I own a Goods Transport Agency. There are lot of confusions about registration and taxability criteria. Can you please help me out?</b>
<b>CA</b>	<p>Ha Ha. That's the effect of GST Mr. A. Let me clear all your doubts.</p> <p>Please note that, <b>service of GTA by road has been kept under the list of service on which tax is payable on the reverse charge basis.</b> This means that the liability of tax payment of the GTA service will be of Service recipient. <b>The tax rate is 5%.</b></p> <p><b>For example:</b> ABC Ltd has hired Atlanta Transports to move goods from their godown to warehouse for Rs 10,000 . Here, Atlanta Transports is providing GTA service to ABC Ltd and will issue the bill of Rs 10,000 to ABC Ltd. In this case ABC Ltd will pay the GST @5% (i.e. 500) on this service under reverse charge.</p>

<b>Mr. A</b>	<b>Ohkey, so if the liability to pay tax is on Service Recipient then no registration is required for GTA, right?</b>
<b>CA</b>	<p>Wait Mr. A. I was coming to registration aspect next.</p> <p>Please note that If a GTA provide the service (means issue a bill for service) to below persons then the mandatorily liability to pay tax will be Service Recipient under reverse charge:</p> <ul style="list-style-type: none"><li>i) Any Factory registered under Factories Act, 1948</li><li>ii) Any society registered under Societies Registration Act, 1860 or under any other law</li><li>iii) Any co-operative Society</li><li>iv) Any private or public Limited company,</li><li>v) Partnership firm or LLP</li><li>vi) Casual taxable Person</li><li><b>vii) Any person registered under GST (i.e. having GSTIN number)</b></li></ul> <p><b>Further, if the persons listed under i) to vi) are not registered under GST, then they need to first take registration and discharge the tax liability on GTA service under reverse charge.</b></p> <p><b>*If a person is liable to pay on reverse charge, then they need to take registration irrespective of turnover ceiling of 20 Lacs.</b></p> <p><b>For example:</b> XYZ &amp; Co (a partnership firm) not registered in GST (as their turnover is below 20 Lacs) has hired Imperial Transports (GTA) for transporting their goods from Godown to customer's stores across state for Rs 50,000.</p> <p>In this case XYZ &amp; Co first needs to be registered under GST and then needs to pay the GST on reverse charge on Rs 50,000 (i.e. 2500, 5% of 50,000) for the use of service of GTA.</p> <p><b>Hence, If any GTA is involved wholly in a service provided to above mentioned persons then there is NO requirement of registration for GTA.</b></p>

<b>Mr A</b>	<b>Ohkey then in what case a GTA is required to be registered?</b>
<b>CA</b>	If any GTA is providing services to any <b>unregistered individual or unregistered proprietorship</b> firm then the liability of tax payment is of GTA. <b>(*Unregistered in GST Act)</b>

<b>Mr A</b>	<b>Ok, so if I am not providing service of more than 20 lacs to unregistered individual or unregistered proprietorship, then I do not need to register, right?</b>
<b>CA</b>	<p>Mr. A. The turnover ceiling limit of 20 lacs will include your both turnovers i.e. to person mentioned in point i) to vii) as above and to unregistered individual or unregistered proprietorship. Hence, if your combined turnover is above 20 lacs then you needs to take registration in GST, however your tax liability will only arise on service provided to <b>unregistered individual or unregistered proprietorship</b>.</p> <p><b>For example:</b> Thomas Transports (GTA by road) has provided services of <b>Rs 10 Lacs to Yes Ltd</b>, services of <b>Rs 5 Lac to Vandana Co-operative society</b>, services of <b>Rs 2 Lac to Pragati Enterprises having GSTIN : 08AAAAA1234B1ZE</b> and services of <b>Rs 5 Lac to Mr Mukesh and Mr Hasmukh (unregistered individuals)</b>.</p> <p>Now in this case the total turnover of Thomas Transports is 22 Lacs( 10+5+2+5). Out of this the service of Rs 5 Lacs has been provided to <b>unregistered individuals</b> on which GTA has to pay tax. As the total turnover is more than 20 Lacs, Thomas Transports needs to take registration under GST and discharge the tax liability on Rs 5 Lacs.</p> <p>The tax liability on service provided of other 17 Lacs will still be of service recipients and they will discharge their respective tax liabilities on the service received form Thomas Transports.</p> <p><b>Another example:</b> Vivek Transports ((GTA by road) has provided services of <b>Rs 30 Lacs to JKG Ltd</b>, services of <b>Rs 55 Lac to Videsh Co-operative society</b>, services of <b>Rs 25 Lac to Kesar Enterprises having GSTIN : 08AAAAA1234B1ZE</b>.</p> <p>In this case the total turnover is 1.10 CR (30+55+25). But as Vivek Transports has provided service of transportation of goods by road to only those person who are liable to pay tax on reverse charge, there is no requirement of Vivek Transports to get registered in GST.</p>

<b>Mr A</b>	<b>Ok, so If GTA is paying tax on the service provided to unregistered individual or unregistered proprietorship firm, then GTA can use the input tax paid by it on various services?</b>
<b>CA</b>	<p>So, here is a catch Mr. A. For paying its output tax liability, GTA cannot use use input tax credit. In other words, GTA cannot avail input tax credit for payment of its output tax liability under GST.</p> <p><b>So there is no input tax credit available for GTA.</b></p>

<b>Mr A</b>	<b>Ok, and what about those who are paying tax on reverse charge on GTA service, can they take credit?</b>
<b>CA</b>	<p><b>Absolutely YES.</b> The persons paying tax under reverse charge on GTA service can take the same as input tax credit.</p> <p><b>For example:</b> Dawn &amp; Co (a partnership firm) has hired Rajat Transports (GTA) for transporting their goods from Godown to customer's stores across state for Rs 50,000. In this case Dawn &amp; Co, needs to pay the GST on reverse charge on Rs 50,000 (i.e. 2500, 5% of 50,000) for the use of service of GTA. This Rs 2,500 can be availed as input tax credit by Dawn &amp; Co in the upcoming month.</p>

<b>Mr A</b>	<b>Ok, Many thanks for clarifying all these doubts &amp; confusions related to GTA by road. I can now freely concentrate on business?</b>
<b>CA</b>	Always welcome Mr. A.