L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

L&S GST Update
No. 36 of 2017

GST – Reverse Charge Notifications

GST Implementation from 1 July 2017 (Saturday) –

Notifications relating to Reverse Charge Mechanism

- Central Government has commenced the process of issuing notifications to implement various provisions of CGST/IGST/UTGST Act.
- This update contains the notifications issued in respect of reverse charge provisions.
- Following notifications have been issued in this regard:
  - **Notification No. 8/2017-Central Tax (Rate), dated 28-6-2017:** CGST exemption relating to reverse charge on supplies received from unregistered persons upto Rs. 5000 per day

- **Rule 46 of CGST Rules 2017 (Notification No. 10/2017-Central Tax, dated 28-6-2017):** Invoicing requirements in case of supplies received from unregistered person

- **Notification No. 4/2017-Central Tax (Rate) & Notification No. 4/2017-Integrated Tax (Rate):** Specified goods to attract liability under Reverse Charge

- **Notification Nos. 13/2017 and 17/2017-Central Tax (Rate):** Services specified for liability under Reverse Charge

<u>Notification No. 8/2017-Central Tax (Rate): CGST exemption relating to reverse charge on supplies received from unregistered persons upto Rs. 5000 per day</u>

- This notification will come into force from July 1st, 2017.
- This notification provides exemption from CGST to intra-State supplies of goods/services received by a registered person from any unregistered supplier.
- However, this <u>exemption shall not be applicable where the aggregate value of such supplies received by the registered person from any or all the unregistered suppliers exceeds Rs. 5000/- in a day.</u>
- From the language of the notification, it appears that if the value of such supplies exceeds Rs. 5000/- in a day, no exemption will be available.

Proviso under Rule 46 of CGST Rules 2017 (Notification No. 10/2017-Central Tax)

- The procedural requirements regarding issuance of invoices for goods/services received from unregistered persons have also been simplified.

- In relation to the supplies received from the unregistered persons, the registered person may issue a consolidated invoice at the end of a month where the aggregate value of such supplies exceeds Rs. 5000 in a day from any or all the suppliers.

Notification No. 4/2017-Central Tax (Rate) & Notification No.4/2017-Integrated Tax (Rate)

- Government has notified certain goods, supplied by a specified category of persons, in respect of which tax shall be paid by the registered recipient.
- Some of the goods specified are cashew nuts (not shelled or peeled), tobacco leaves and silk yarn.

Notification No. 13/2017 & 17/2017-Central Tax (Rate)

- Government has notified certain services, supplied by specified category of persons, in respect of which tax shall be paid by the recipient of service, as specified in the notification.
- Some of the services specified are – Services provided by GTA by way of transportation of goods by road, services by individual advocate/senior advocate, services supplied by a director and services supplied by a recovery agent.
- Further, in case of services of renting of hotel accommodation, tax shall be paid by the e-commerce operator except where supplier of such service is liable to be registered. This is a new entry in addition to the list of services under RCM as approved by the GST Council.

Note: Corresponding notifications are to be issued under respective State GST Acts also.

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