

Applicability of GST on GTA Services

- Document prepared for ICCMA.

The word “Goods Transport Agency” has been defined in clause (ze) of notification no. 12/2017-CT (Rate) dated 28.06.2017:

“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. A service provider shall qualify to be called as a Goods Transport Agency only if he issues a consignment note to the service recipient.

An individual truck, tempo operators who provide transportation services but does not issue any consignment note shall not fall within the ambit of Goods Transport Agency. Services provided by such individual truck, tempo operators without a consignment note shall fall under tariff head 9965 and is exempt under GST regime.

Applicability of GST on GTA Services:

Services provided by a GTA shall fall under tariff head 9965 & 9967 respectively and the rates as notified by CBIC vide notification no. 11/2017-CT (Rate) dated 28.06.2017 amended vide notification no. 20/2017-CT (Rate) dated 22.08.2017 is as follows:

Sl. No.	Service Category	Tariff Head	Rate of Tax	Conditions
1	Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use)	9965	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken by the GTA service provider
2	Supporting services in relation to the transport (GTA)	9967	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken by the GTA service provider
OR				

Sl. No.	Service Category	Tariff Head	Rate of Tax	Conditions
3	Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use)	9965	12%	<p>Provided that the goods transport agency opting to pay central tax @ 12% under this entry shall, thenceforth, be liable to pay central tax @ 12% on all the services of GTA supplied by it.</p> <p>GTA service provider is eligible to claim ITC availed on the inward supplies used for making outward supply of GTA services</p>
4	Supporting services in relation to the transport (GTA)	9967	12%	<p>Provided that the goods transport agency opting to pay central tax @ 12% under this entry shall, thenceforth, be liable to pay central tax @ 12% on all the services of GTA supplied by it.</p> <p>GTA service provider is eligible to claim ITC availed on the inward supplies used for making outward supply of GTA services</p>

It is important to note that the rate of 5% is subject to the condition that credit of input tax charged on goods or services used in supplying the GTA services has not been taken. Whereas, the rate of 12% is subject to the condition that the GTA has opted to pay central tax @12% on the GTA services supplied by it with no restriction on availment of ITC by the GTA service provider.

Person liable to pay GST on GTA Services:

The liability to pay tax on account of GTA services has been entrusted on the recipient of such services under reverse charge mechanism (RCM) where the GTA services provider does not opt to pay tax @ 12%. This entry under RCM has been notified vide notification no. 13/2017-CT (Rate) dated 28.06.2017 amended vide notification no. 22/2017-CT (Rate) dated 22.08.2017. The recipient of such services located in a taxable territory liable to pay tax under RCM should be:

1. Any factory registered under or governed by the Factories Act, 1948(63 of 1948); or
2. 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
3. any co-operative society established by or under any law; or
4. 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
5. any body corporate established, by or under any law; or

6. any partnership firm whether registered or not under any law including association of persons;
or
7. any casual taxable person.

It is important to note that where the GTA service provider has opted to pay tax @12% towards GTA Services provided falling under tariff head 9965 & 9967, the service recipient need not pay tax under RCM. However, if the GTA does not avail such option, the liability to pay tax will fall on the recipient.

In all other cases where the recipients do not fall in the categories mentioned above, the liability to pay tax towards GTA Services will be on the supplier of GTA services at an applicable rate mentioned in the above table.

Conclusion:

- For the GTA services availed by a registered person since implementation of GST where the registered GTA service provider has not levied, collected and paid tax @12% with the Govt., the liability to pay tax shall be on the registered person at the rate of 5% falling under tariff head 9965 with full ITC available in the hands of the registered person subject to the same is used in course or furtherance of business.
- The registered person need not pay any tax component to the GTA service provider as an arrear for the previous tax periods where tax liability under RCM has been discharged by the registered person on the ground that GTA did not avail the option of paying tax @12%.
- For the future transactions, where the GTA service provider agrees to pay tax @12%, the registered person will not be required to discharge tax liability under RCM with the Govt. ITC in full will be available in the hands of the registered person on receipt of such GTA Services used in course or furtherance of business.
- An individual truck, tempo operators who provide transportation services but does not issue any consignment note shall not fall within the ambit of Goods Transport Agency and is exempt under GST regime.

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