

GST on GTA Services – A Synopsis

GTA sector has seen the biggest challenges in terms of levy of Indirect Taxes on them, entire countries logistic Industry was out on roads when the tax was first mooted on them. Finally, the industry settled for the levy only after they were promised that they won't be asked to pay the tax and their customers would be the ones who would bear the burden. We have come a long way from those days, everything's forgotten, it started by levying a 12% tax (with ITC) on the sector under forward charge, this legacy is now being taken forward. Following is the gist of the changes introduced

These changes are effective from 18th July 2022

Change for Goods Transport (by road) Sector – [Noti 3/2022 – CTR]

Supplier providing Goods transport by road services had 2 options for paying GST as under:

- a. GST @ 5% - where the recipient was liable to pay the tax under RCM
- b. GST @ 12% (with ITC) where the GTA itself was liable to pay tax under FCM

From 18.07.2022 one more option is being given to them, the tax regime for GTA would be as under:

Description of Goods/Services	Chapter/ Heading	Rate UPTO 17.07.2022	Rate FROM 18.07.2022	Remarks
Services of GTA in relation to transportation of goods including used household goods for personal use supplied by a GTA where, -	9965			
a. GST is paid by the recipient under RCM		5%	5%	No change in this
b. GST is paid by the GTA himself under FCM		Entry did not exist	5%	No ITC available to GTA



c. GST is paid by the GTA himself under FCM		12%	12%	<p>ITC is available and this option can be chosen once every financial year</p> <p>Earlier, if the GTA opted this scheme he could never go back to the 5% (RCM option)</p>
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Important notes:

1. GTA now has a choice where he can now decide either to stay under RCM where his customer pays the tax OR he can himself choose to pay GST under FCM like all other regular businesses.
2. He shall have the right to opt for this new mechanism once every financial year, the option once chosen cannot be changed within that financial year.
3. Option must be chosen by filing a declaration in form Annexure V.
4. For FY 2022-23 (18th July 22 to March 23), Option shall have to be exercised on or before the 16.08.2022
5. For FY 2023-24 and onwards, GTA who decides to itself pay GST shall have to file Annexure V on or before the 15th March of the preceding Financial Year
6. Invoice for supply of GTA service where GST is opted to be paid by the GTA himself may be issued during the period from the 18.07.2022 to 16.08.2022 before exercising the option for the FY 2022-2023 but in such a case the GTA shall exercise the option to pay GST on its supplies on or before the 16.08.2022.
7. GTA who opts to pay the tax by himself, will write the following declaration the invoice raised by him

Annexure III Declaration

I/we have taken registration under the CGST Act, 2017 and have exercised the option to pay tax on services of GTA in relation to transport of goods supplied by us during the Financial Year _____ under forward charge."



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