

**CA RANA PRATAP
PARTNER
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Normally, the supplier pays the tax on supply. In certain cases, the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed, that's why it is called reverse charge and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Under Existing Law the concept of reverse charge mechanism is applicable only in case of services. In GST regime, reverse charge shall be applicable for both services as well as goods. New Concept has been introduced under GST, the purpose of which is to increase the tax revenues and compliances.

All persons who are required to pay tax under reverse charge have to get registration under GST irrespective of the threshold limit.

Reverse charge is applicable on the followings:

- Unregistered dealer supply taxable goods or services or both to a registered dealer: the registered dealer has to pay GST on the supply of taxable goods or services or both.
- Services through an e-commerce operator: The Government may specify categories of services the tax on intra-State supplies of which shall be paid by the e-commerce operator if such services are supplied through it. For example, Amazon supply goods or services or both then he is liable to pay GST and collect it from the customers instead of the registered service providers.
- Others: Other categories of supplies applicable for reverse charge will be notified by the Centre or State Government.

It is pertinent to note that if the e-commerce operator does not have a physical presence in the taxable territory, then a person representing such e-commerce operator for any purpose will be liable to pay tax. If there is no representative, the operator will appoint a representative who will be held liable to pay GST.

Time of Supply under reverse charge

♣ For Supply of Goods

The time of supply shall be the earliest of the following dates:-

(a) the date of receipt of goods or

(b) the date of payment* or

(c) the date immediately after 30 days from the date of issue of invoice by the supplier.

If it is not possible to determine the time of supply under (a), (b) or (c), the time of supply shall be the date of entry in the books of account of the recipient.

♣ For Supply of Services

The time of supply shall be the earliest of the following dates:-

(a) The date of payment* or

(b) The date immediately after 60 days from the date of issue of invoice by the supplier.

If it is not possible to determine the time of supply under (a) or (b), the time of supply shall be the date of entry in the books of account of the receiver of service.

It is pertinent to note that new GST Compensation Cess will be levied and collected at a rate which will be notified later. This will apply on all supplies of goods and services, including imports and reverse charge supplies. The purpose is to compensate States for loss of revenue on implementation of GST. This will be applicable for 5 years from the date GST gets implemented.

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