

SKKA IDT ALERT

20/23-24

The Central Board of Indirect Taxes & Customs has issued various Notifications dated 26th July 2023 implementing the decisions taken in the 50th GST Council meeting held on 11th July 2023. In this alert, we try to decipher the changes brought in for Goods Transport Agency services (GTA):

Notification No-06/2023-Central Tax (R) dated 26th July 2017

Option for opting to pay tax under FCM/RCM by filing Annexure

CBIC has inserted various entries to Notification No 11/2017-CT (R) dated 28.06.2017 as amended from time to time, where it has been notified that –

- GTA desirous to pay tax under the forward charge mechanism (FCM) shall exercise their option to pay tax under FCM by filling a declaration in Annexure V within 1st January of the preceding financial year to 31st March of the preceding financial year.
- GTA will not be required to file declaration every year for paying GST under forward charge basis, if they exercised the option for a particular financial year, **they shall be deemed to have exercised it for the subsequent financial years unless they file a declaration in Annexure VI that they want to revert to the Reverse charge mechanism("RCM")**.
- The option once exercised will remain **valid till the end of the F.Y. for which it is exercised** and shall not be allowed to be changed within a period of one year from the date of exercising the option.

Notification No-08/2023-Central Tax(R) dated 26th July 2023 amending N/No. 13/2017-Central Tax (Rate) dated 28.06.2017

Declaration to be made in Tax Invoice

GTA opting for FCM shall issue a tax invoice to the recipient and shall make a following declaration as prescribed in **Annexure III** on such invoice issued by him.

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 from the Financial Year _____ under forward charge and have not reverted to reverse charge mechanism.”

Comments

The above changes in the GTA service sector is a welcome one as every time filing annexure for opting for payment of tax under FCM was a tedious exercise for this sector, being still not fully regulated sector. Hence the one time filing for FCM until change in made to RCM by filing yet another form is a GTA sector friendly step.



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