



TaxGuru.in - Complete Tax Solution
BOMBAY GOODS TRANSPORT ASSOCIATION

18, Mehta Chambers, 2nd Floor, Kalyan Street, Masjid Bunder (E), Mumbai - 400 009.
Phone : 022-2371 9882, 2377 5415 • Fax : 2372 8681 • Website : www.bgta.in
Email : bgta@mtnl.net.in / bgta09@gmail.com / info@bgta.in • CIN No. U63011MH1964GAP012857

IN SERVICE TO THE NATION AND INDUSTRY SINCE 1949

BGTA/GST/2016-2017/124

04 July 2017

TO : ALL MEMBER TRANSPORT COMPANIES

GOODS AND SERVICE TAX

We have received calls from members informing that few customers are pressurizing them to register under GST or else they will not be able to continue business with them.

This circular is being issued by BGTA to all its members so that they can inform their customers the same.

1. As per list of services under reverse charge mechanism (RCM) issued on 19.05.2017, transportation of goods by road was categorized under RCM. Why?

The main reason for this is that goods transport agencies (GTAs) are unable to claim the input credit on major of their costs. Keeping this in mind, the GST Council has decided that the GST payable at 5% on GTA service will be payable by the service receiver under RCM and the input credit will also be taken only by the service receiver.

2. Many customers are not clear that GST paid at 5% under RCM for services received from GTA is fully creditable by the service receiver as Input Tax Credit (ITC).

Kindly note customers paying 5% GST will be able to claim the same in full.

3. As per Notification No 5 / 2017 - Central Tax, if the service provider is providing service to a registered GST entity and the category of service falls under RCM, the service provider does not need to register.

Based on point no 1, since the GTA service falls under RCM, thus the GTA does not have to register. Customers of GTA must note here that transporters are not registered under GST purely because of the nature of business & its classification under GST.

4. Apart from this if a GTA is registered under GST, his overall cost will increase due to various additional GST applicable for which they can't take any ITC. Such costs will eventually increase freight. The GST Council has thus exempted GTA to keep the effect of GST neutral on service users.

We do hope this circular will give clarity to members & also their valuable customers in a smooth transition into GST. Should you still have any queries please email them to BGTA on info@bgta.in or call BGTA office.

JITENDRA R. PARIKH
HONORARY GENERAL SECRETARY

JITENDRA R. PARIKH
Honorary General Secretary
Tel.: 022-25645677
Mobile : 09821133544
superchemcarriers@gmail.com

B. R. POONIA
President
Tel.: 022-27424767
Mobile : 09322215119
brp@mohitranslifters.com

VIMAL RAI KALRA
Honorary Treasurer
Mobile : 08080808033
supercargoindia@gmail.com