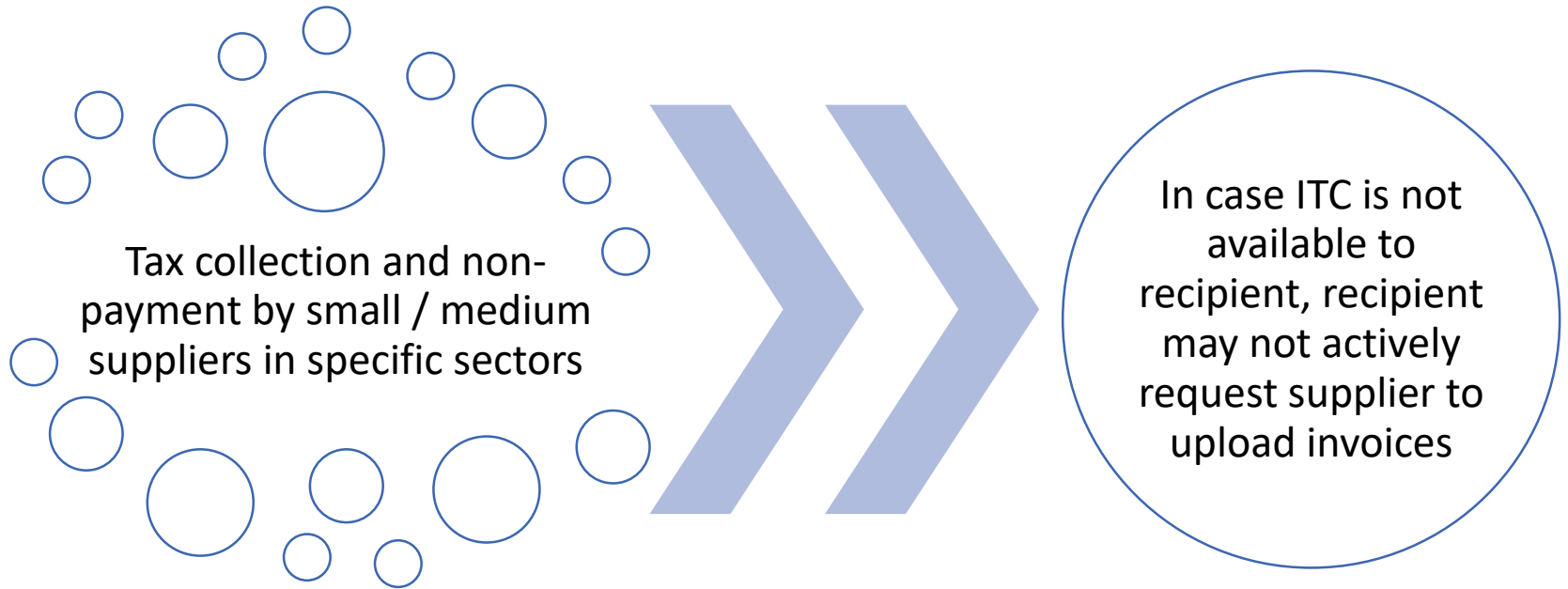


RCM on renting of Motor Vehicles

Concept and Challenges!

CA Pritam Mahure and
Associates

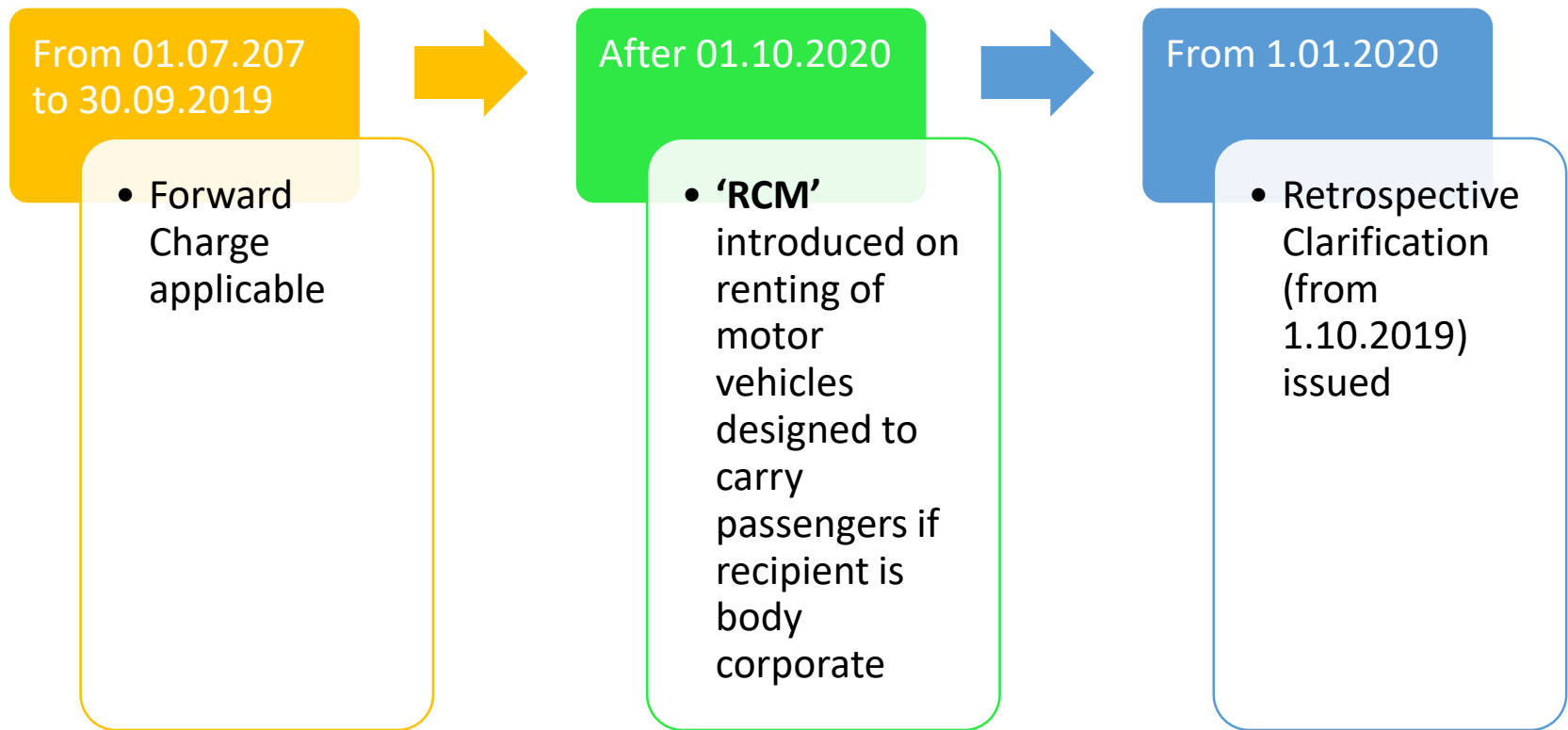
RCM – Why preferred?



Renting of motor vehicles – RCM - Then and Now!



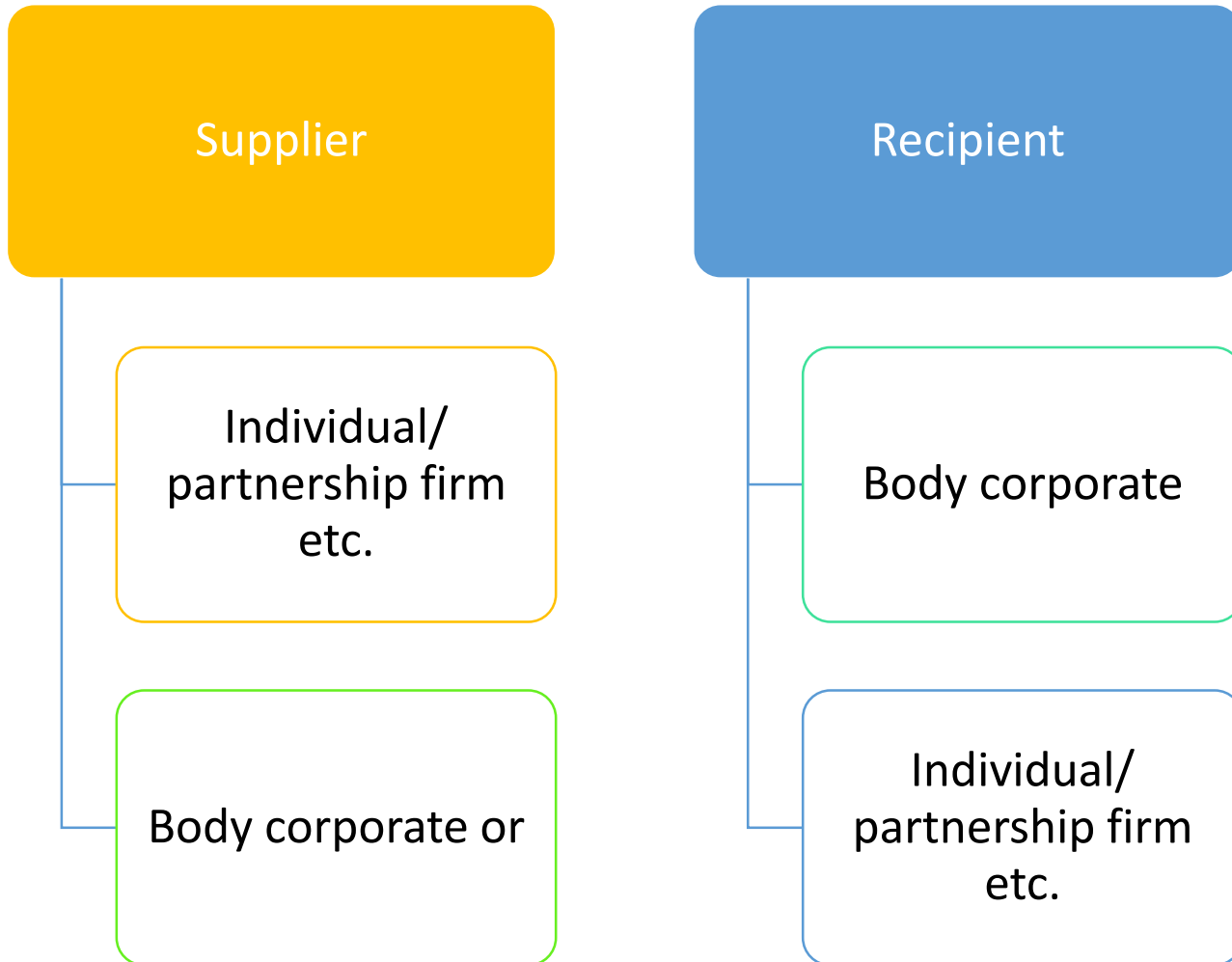
Chronology - Renting of motor vehicles designed to carry passengers



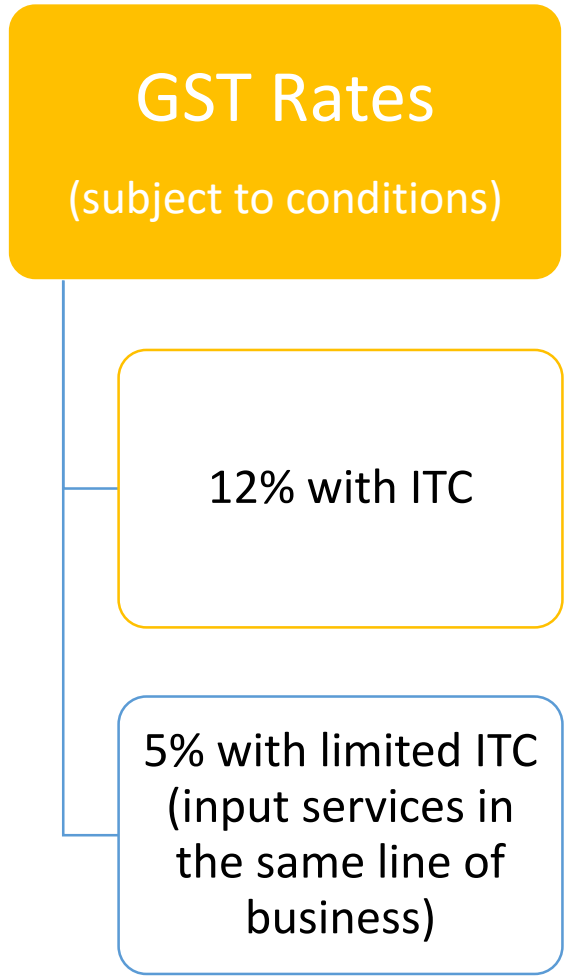
Renting of motor vehicle service

Brief Background

Renting of motor vehicle – Types of Transactions



Renting of motor vehicle – Types of GST rates



GST Rates

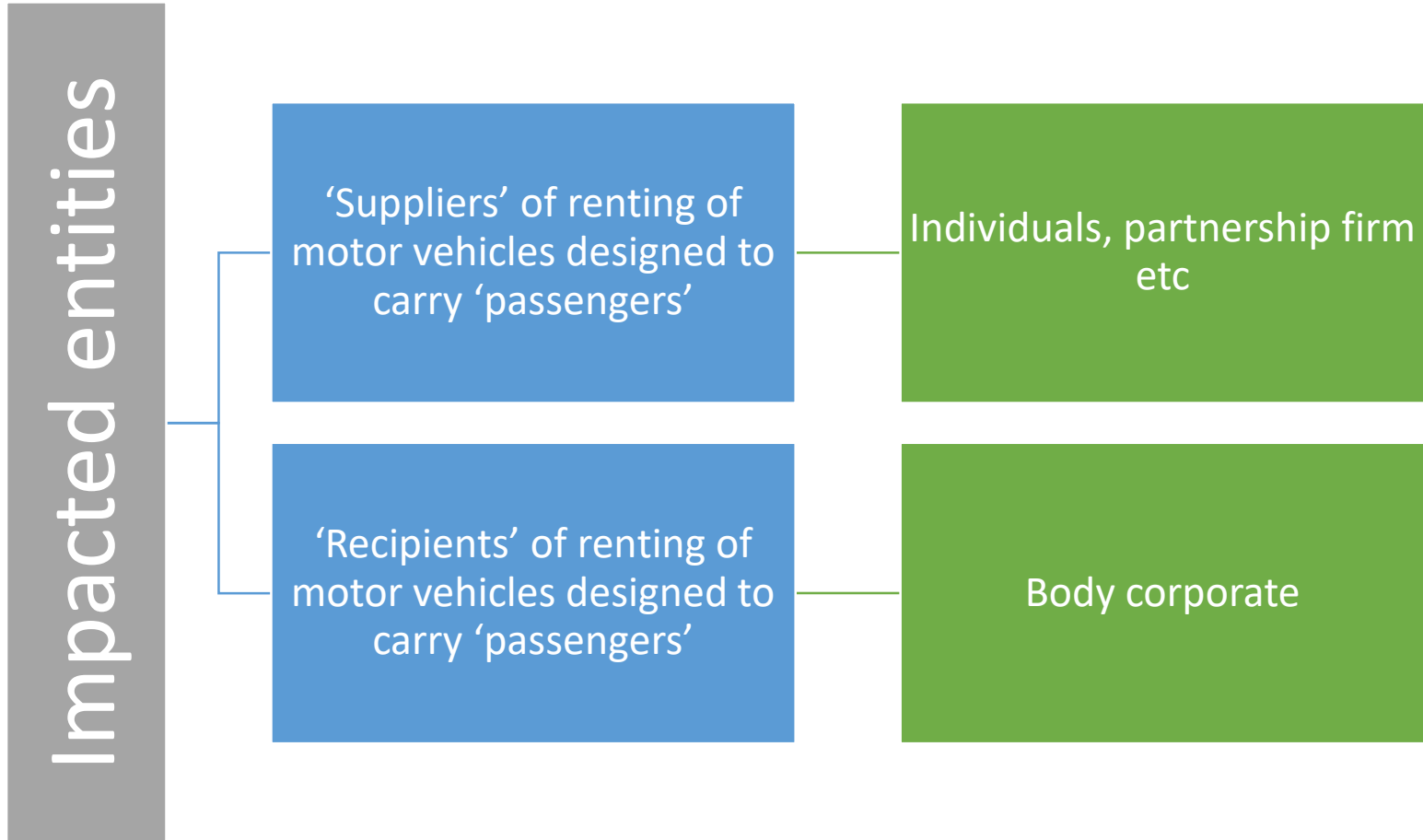
(subject to conditions)

12% with ITC

5% with limited ITC
(input services in
the same line of
business)

Which entities are likely to be affected?

Impacted entities!



Renting of motor vehicle service

Who should pay GST?

Supplier or Recipient?

Renting of motor vehicles designed to carry passengers – w.e.f 1st October 2019

Sr.	Supplier	Recipient	Supplier paying GST @	RCM applicable?
1.	Individual/ firm etc	Individual/ firm etc	5%	No (as recipient should be Body corporate. Herein supplier will charge GST)
2.	Individual/ firm	Individual/ firm etc	12%	No (as recipient should be Body corporate. Herein supplier will charge GST)
3.	Individual/ firm	Body corporate	5%	Yes
4.	Individual/ firm	Body corporate	12%	No (refer para 5 of Cir. No. 354/89/2019)

Renting of motor vehicles designed to carry passengers – w.e.f 1st October 2019

Sr.	Supplier	Recipient	Supplier paying GST @	RCM applicable?
5.	Body corporate	Individual/ firm	5%	No, herein supplier will charge GST (refer para 5 of Cir. No. 354/89/2019)
6.	Body corporate	Individual/ firm	12%	No, herein supplier will charge GST (refer para 5 of Cir. No. 354/89/2019)
7.	Body corporate	Body corporate	5%	No, herein supplier will charge GST (refer para 5 of Cir. No. 354/89/2019)
8.	Body corporate	Body corporate	12%	No, herein supplier will charge GST (refer para 5 of Cir. No. 354/89/2019)

RCM - Challenges!

Challenges

Changes in RCM retrospectively clarified (w.e.f. 1.10.2019) vide a Circular instead of Notification specifying it?

Is LLP a body corporate?

Whether RCM is applicable if supplier is un-registered in GST?

What is meaning of 'Renting of motor vehicle' – Whether supply of MV on distance basis will get covered?

What if recipient has already deposited GST upto 31 December 2019 (even though supplier charged GST @ 12%)?

What if invoices are booked in July 2019 but payment is made in October 2019?

Relevant Notifications / Circulars on renting of motor vehicle

- **Notifications**

- [20/2019-CT \(R\) dated 31st December 2019](#)
- [22/2019-CT \(R\) dated 30th September 2019](#)

- **Circular**

- [Circular No. 354/89/2019](#)

- **Minutes of 37th GST Council Meeting**

- Yet to made available on GSTcouncil.gov.in

GST Workshop

Bangalore : 21.01.2020

Mumbai : 23.01.2020

Delhi : 13.02.2020

Chennai : 14.02.2020

Gurgaon : 04.03.2020

Pune : 17.03.2020

For more details:

info@lawgical.in

Training.cii@cii.in

Training2.cii@cii.in

CII One day Training Workshop on “Present and Future Trends in GST”

21 Jan'20 @ Bangalore | 23 Jan'20 @ Mumbai | 13 Feb'20 @ Delhi
14 Feb'20 @ Chennai | 04 March'20 @ Gurgaon | 17 March'20 @ Pune

Objective

Since the GST introduction in India on 1st July 2017, it has proved to be a roller-coaster ride for GST payers, GST consultants as well as GST Authorities as GST has witnessed numerous changes, in each & every aspect of legislation. The objective of this program is to make participants aware of present and emerging GST Issues and Compliance Requirements.

Program Highlights

- ✦ Discussion on key GST provisions
- ✦ What are the recent emerging issues in GST?
- ✦ What are the most critical Advance rulings?
- ✦ Challenges in complying with anti-profiteering provisions
- ✦ What process should be set to avail credit and meet the challenges of matching and mis-matching?
- ✦ How to meet the ever-increasing GST compliances?
- ✦ How to manage critical issues through policy representation?
- ✦ How the role of GST Payers, Professionals and Authorities have undergone change?

Mode of Delivery: Interactive presentation with case lets and case studies

Faculty:

CA Pritam Mahure

Author, Trainer, and GST / Gulf VAT Professional

Registration Fee: Rs. 9000 + 18% GST / participant

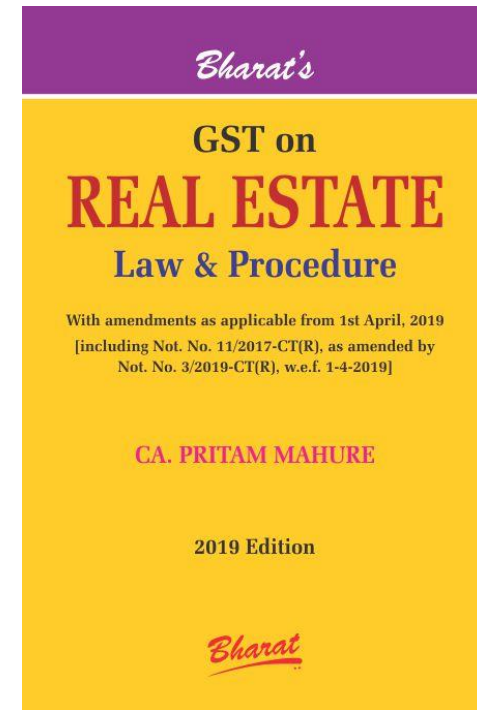
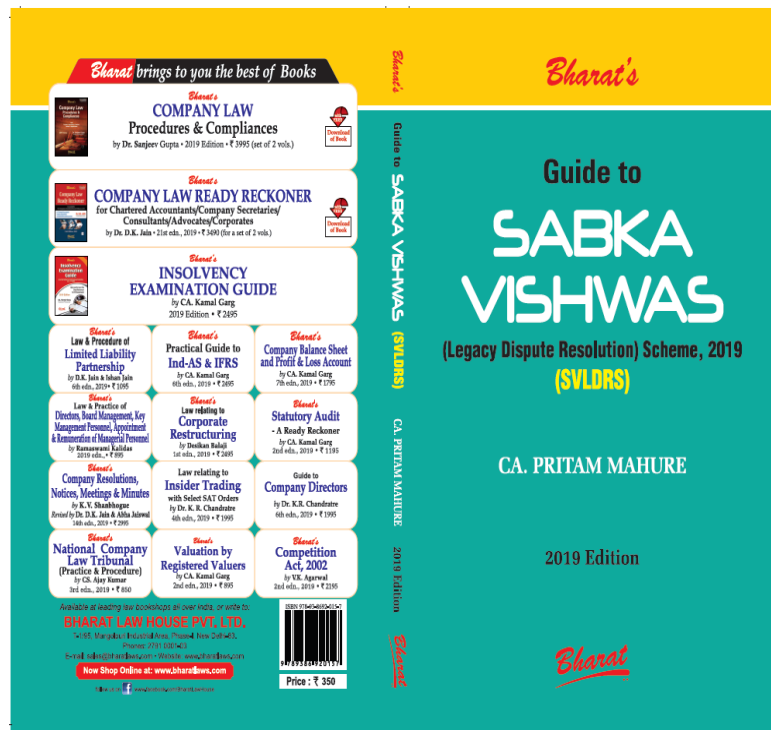
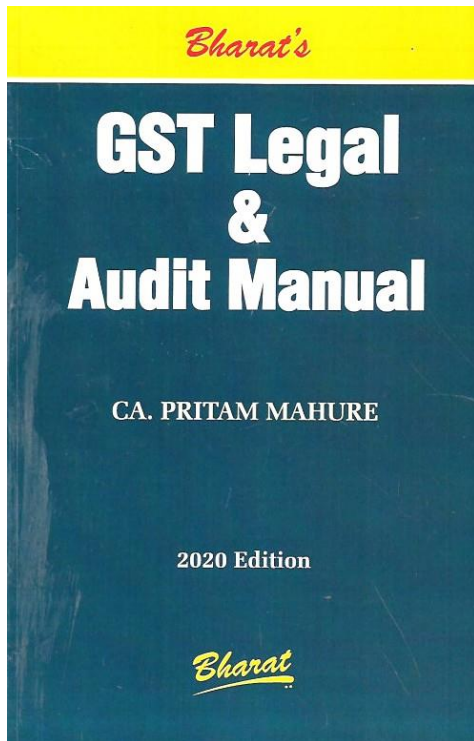
Note:

Group discount will be provided for more than 3 nominations

The delegate fee is non-refundable; however, change in nomination is accepted

The Training workshop is non-residential

Our Books



Thank you!

CA Pritam Mahure and Associates

For feedback / suggestions: info@lawgical.in / 020-27293425

[E-books on GST](#)

[E-books on How to be Future Proof](#)

Smile please 😊

Annexure I

Relevant extracts of Circular

Circular F. No. 354/189/2019-TRU

“4. ... The only interpretation of the notification entry in question which is not absurd would be that –

- (i) where the supplier of the service charges GST @ 12% from the service recipient, the service recipient shall not be liable to pay GST under RCM;
and,*
- (ii) where the supplier of the service doesn't charge GST @ 12% from the service recipient, the service recipient shall be liable to pay GST under RCM.*

Circular F. No. 354/189/2019-TRU

*“5. ... RCM shall be applicable on the service by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient **only if** the supplier fulfils **all** the following conditions:*

(a) is other than a body-corporate;

(b) does not issue an invoice charging GST @12% from the service recipient; and

(c) supplies the service to a body corporate.

Circular F. No. 354/189/2019-TRU

6. *It may be noted that the present amendment of the notification is **merely clarificatory** in nature and therefore **for the period 01.10.2019 to 31.12.2019** also, clarification given at para 5 above shall apply, **as any other interpretation** shall render the RCM notification for the said service **unworkable** for that period.”*

Circular F. No. 354/189/2019-TRU

4. ...*When any service is placed under RCM, the supplier **shall not** charge any tax from the service recipient as this is the **settled procedure in law** under RCM. ...*

Annexure II

Relevant extracts of Notification

Not. No. 29/2019-CT (R) dated 31st December 2019

Sr	Category of supply of service	Supplier of service	Recipient of service
15.	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 per cent. to the service recipient	Any body corporate located in the taxable territory

Not. No. 22/2019-CT (R) dated 30th September 2019

(Following entry in Not. No. 22/2019 is substituted by [29/2019-GST](#))

Sr	Category of supply of service	Supplier of service	Recipient of service
15.	Services provided by way of renting of a motor vehicle provided to a body corporate	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business	Any body corporate located in the taxable territory

Annexure III

Notification Comparison –

Earlier (22/2019-GST) vis-à-vis new (29/2019-GST)

Comparison between Not. No. 22/2019 and Not. No. 29/2019-CT

Sr	Category of supply of service	Supplier of service	Recipient of service
15.	Services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate.	<p>Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging central tax at the rate of 6 per cent. to the service recipient</p> <p>Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business</p>	Any body corporate located in the taxable territory

* Insertion is highlighted in 'red' colour whereas deletion is striked out

Its over (for the time being!) 😊