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**V'Smart  
Academy**



# GST

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**Module 2**

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# CHAPTER - 4

## CHARGE OF GST

### (Normal Charge & Reverse Charge)

Normally under GST supplier of Goods or services is liable to pay Tax to the Government and he recover such tax from the recipient of goods and services. It is called as normal charge.

In some cases (notified by the Government under sec 9(3)/ 9(4)/ 9(5)) Payment of GST to the Government is not by supplier but by recipient of goods or services (Reverse Charge) or any other person as notified.



**Sir, What is reverse charge and whether it cast extra liability of Tax on recipient?**

Beta, reverse charge means tax is payable to the Government directly by recipient of goods of services.

It is important to note that GST being an indirect tax, burden of the tax has to be passed on to the recipient. Normally supplier pay the GST to the Govt. and pass on the burden to the recipient.

Under reverse charge also, the burden to pay GST is on the recipient where recipient directly pay the tax to the Govt. on his inward supply of goods or services and supplier don't pay and charged the tax to the recipient. However, the compliance requirements, i.e. to obtain registration under GST, deposit tax, filing returns with the Government, etc. has been shifted from supplier to recipient.

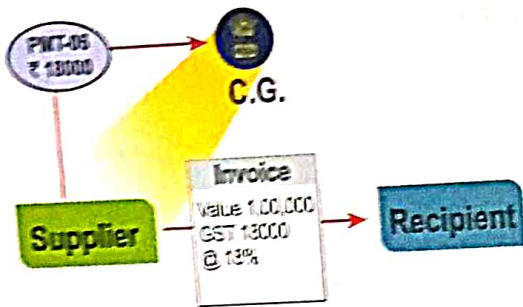
Hence, there is no extra burden of GST on the recipient, only compliance requirement get increased.



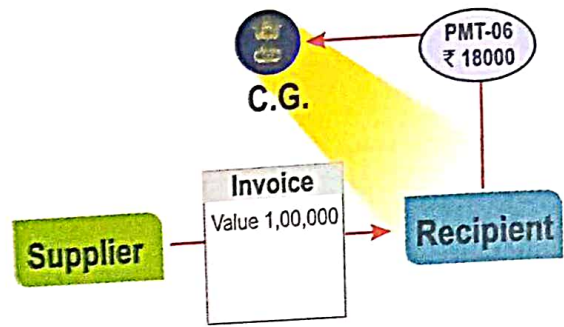
## Sec 2(95) : Reverse Charge

means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under section 9(3) or 9(4), or under section 5(3) or 5(4) of the Integrated Goods and Services Tax Act.

### Normal Charge



### Reverse Charge



<b>Assessment:</b>	Supplier has to assess the tax & transfer to Recipient	Recipient has to assess the tax and Supplier will not charge GST in invoice.
<b>Payment to C.G.</b>	Supplier is liable to make payment to Govt.	Recipient is liable to make payment to Govt.
<b>Registration</b>	Supplier has to register under GST	Recipient has to register under GST
<b>Due date of Payment</b>	Monthly [In some cases quarterly]	Monthly [In some cases quarterly]
<b>Time of Supply</b>	Goods- Sec 12(2) of CGST Service - Sec 13(2) of CGST	Goods- Sec 12(3) of CGST Service - Sec 13(3) of CGST
<b>Mode of Payment</b>	by using - Electronic credit ledger - Electronic Cash ledger	By using electronic cash ledger Recipient cannot use his electronic credit ledger for payment of GST on such supply, but after payment of GST under RCM, he can take input tax credit as per the provision of ITC.

### Analysis :-

**No reverse charge in case of exempted/nil rated supply :** If supply itself is exempt, there cannot be any tax thereon and if there is not tax, there cannot be any tax under charge. reverse charge calculates tax that would have been payable by the supplier, if there was no reverse charge.

**Person liable to pay tax is recipient :** In notified cases, the system of reverse charge would apply and GST would be payable by the recipient of supply.

**All provisions apply to recipient under RCM :-** For payment of tax, reverse charge person is deemed to be person liable to pay tax. He is liable to take registration, file return and issue tax invoices, raise payment vouchers, etc. Thus, compliance burden is shifted to recipient. for recipient liable to reverse charge tax, time of supply of goods and service is given u/s 12(3) and 13(3).

**Payment of tax in cash & eligible for credit after payment :-** Tax is payable by recipient under reverse charge in cash [i.e. credit cannot be used to pay it]. Secondly, tax so paid is eligible for input tax credit, as per law.

## Cases of Reverse Charge

CGST shall be paid by the recipient of goods or services or both, on reverse charge basis, in the following cases :

- ⇒ Supply of goods or services or both, notified by the Government on the recommendations of the GST Council. (Sec 9(3))
- ⇒ Supply of taxable goods or services or both by an unregistered supplier to a registered person. (Sec 9(4))

All the provisions of the CGST Act shall apply to the recipient in the aforesaid cases as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

**Note : Reverse Charge also applicable in above cases under IGST and SGST act.**

## Legal Provision

### Sec 9(3) : Reverse Charge under notified cases

The Government may, on the recommendations of the Council,

- ⇒ by notification, specify categories of supply of goods or services or both,
- ⇒ the tax on which shall be *paid on reverse charge basis by the recipient of such goods or services or both* 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.

### RCM Notified Goods

N/N 4/2017-CT (Rate)  
N/N 13/2017-UTT (Rate)  
N/N 10/2017-IT (Rate)

Dated 28th June, 2017

### Liability under RCM for Supply of Goods (N/N 4/2017 Central Tax(Rate)) dated 28 June 17

S. No.	Tariff item, sub-heading, heading or Chapter	Description of supply of Goods	Supplier of goods	Recipient of supply (Liable to Pay Tax)
(1)	(2)	(3)	(4)	(5)
1.	0801	Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
2.	1404 90 10	Bidi Wrapper leaves (tendu)	Agriculturist	Any registered person

### Other Examples:- Supplies of goods taxable under reverse charge, i.e. supply of the goods where tax is payable by the recipient:

Goods like tobacco leaves and raw cotton (when supplied by an agriculturist to any registered person), supply of lottery (when supplied by State Government, Union Territory or any local authority to lottery distributor or selling agent), silk yarn (when supplied by manufacturer of silk yarn to any registered person), used vehicles, seized and confiscated goods, old and used goods, waste and scrap (when supplied by Central Government, State Government, Union Territory or any local authority to any registered person), etc. are taxable under reverse charge