

Reverse Charge Mechanism (RCM)

Types of Charges in GST



Forward Charge



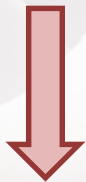
Reverse Charge



Reverse Charge



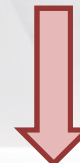
Output



Seller is Not Liable to pay GST



Output & Input

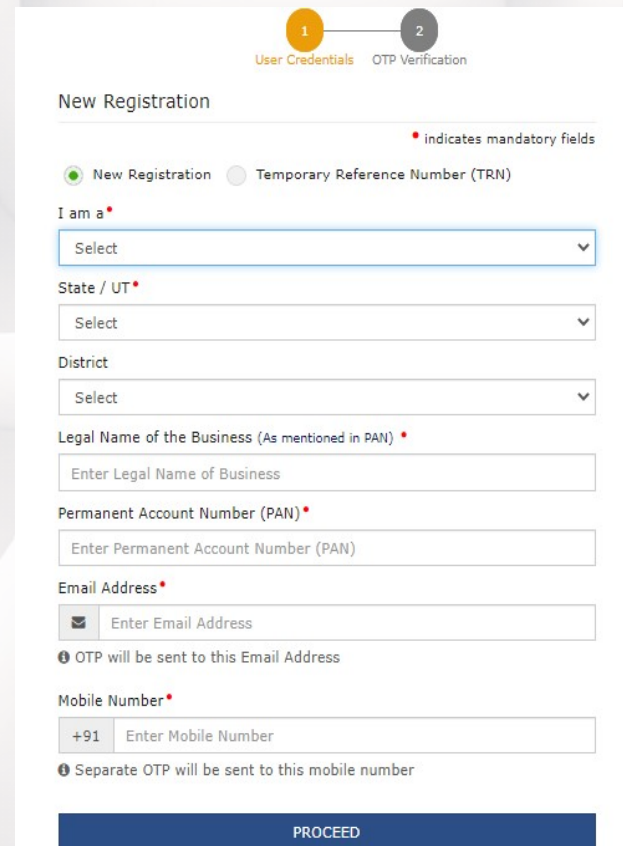


Buyer Will Pay ₹ 10000 To Seller
Deposit GST of ₹ 1800/- Through Challan
And Prepare Return

TAX INVOICE																							
COMPANY SERVICES																							
Block No. 123, Main Street, City Name, State No. 123456, Country. Tel: 00000000000 Fax: 0000000000 Email: sales@company.com Website: www.gsttop.com																							
DATE	INVOICE NO.	ORDER NO.																					
	0001																						
<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>PARTICULARS</th> <th>GST</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>10,000</td> </tr> <tr> <td></td> <td></td> <td>1800</td> </tr> <tr> <td></td> <td></td> <td>11800</td> </tr> <tr> <td></td> <td></td> <td>TOT</td> </tr> <tr> <td></td> <td></td> <td>T.S.R</td> </tr> <tr> <td></td> <td></td> <td>TOTAL</td> </tr> </tbody> </table>			Sl. No.	PARTICULARS	GST			10,000			1800			11800			TOT			T.S.R			TOTAL
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		10,000																					
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		T.S.R																					
		TOTAL																					
Amount in Words: _____																							
GST No.: _____ Buyer's GST No.: _____ T.E.C. No.: _____ Buyer's T.E.C. No.: _____ H.S.N. No.: _____ PAN No.: _____																							
For Company Name: _____ Authorized Signatory: _____																							

GST Registration under Reverse Charge

Person required to pay tax under reverse charge are compulsorily required to obtain registration irrespective of the threshold limit.



The screenshot shows a web form for GST registration. At the top, there are two steps: '1 User Credentials' (highlighted in orange) and '2 OTP Verification' (highlighted in grey). The form is titled 'New Registration' and includes a legend indicating that a red asterisk (*) denotes mandatory fields. There are two radio buttons: 'New Registration' (selected) and 'Temporary Reference Number (TRN)'. Below this, there are several dropdown menus for 'I am a', 'State / UT', and 'District'. The form also includes text input fields for 'Legal Name of the Business (As mentioned in PAN)', 'Permanent Account Number (PAN)', 'Email Address', and 'Mobile Number'. There are two checkboxes: one for 'OTP will be sent to this Email Address' and another for 'Separate OTP will be sent to this mobile number'. A blue 'PROCEED' button is located at the bottom of the form.

1 User Credentials 2 OTP Verification

New Registration

* indicates mandatory fields

New Registration Temporary Reference Number (TRN)

I am a *

Select

State / UT *

Select

District

Select

Legal Name of the Business (As mentioned in PAN) *

Enter Legal Name of Business

Permanent Account Number (PAN) *

Enter Permanent Account Number (PAN)

Email Address *

Enter Email Address

OTP will be sent to this Email Address

Mobile Number *

+91 Enter Mobile Number

Separate OTP will be sent to this mobile number

PROCEED

Types of Reverse Charge

Types Of Reverse Charge



Reverse Charge Covered Under List
i.e Reverse Charge on Specified
Goods/Services

Reverse Charge on Taxable Supply of
Goods/Services from Unregistered Person

Reverse Charge

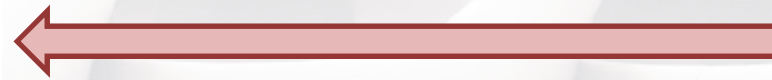
List of
Goods



Invoicing Under Reverse Charge



If List Reverse charge



Payment Voucher

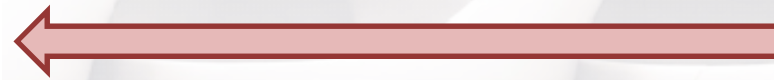


Liable to pay tax under
reverse charge

Invoicing Under Reverse Charge



If Supplier unregistered



Payment Voucher + Tax Invoice



Liable to pay tax under
reverse charge

Reverse Charge from Unregistered Person

Till 12/10/2017

Reverse Charge on purchase from unregistered was applicable.

However Reverse Charge in case of local purchase was exempt up to ₹ 5000/-
(this limit is per day).



Reverse Charge from Unregistered Person

From 13/10/2017-01/02/2019

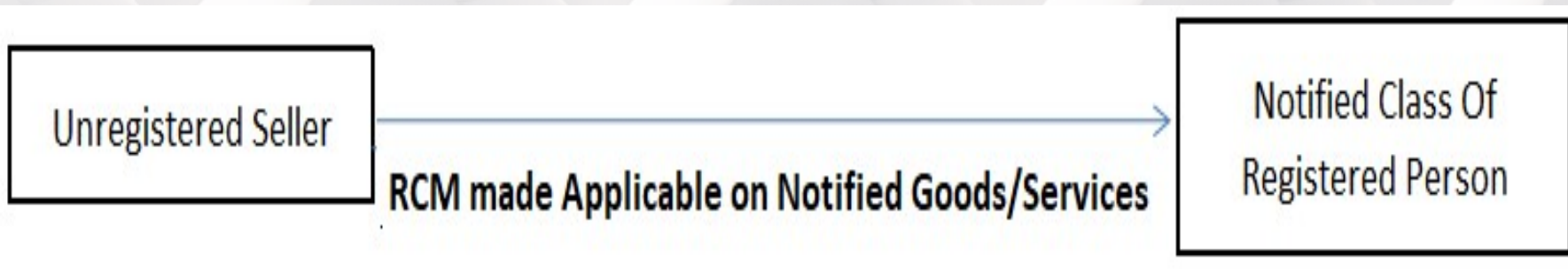
Reverse charge on purchase from unregistered was made exempt.



Reverse Charge from Unregistered Person

From 01/02/2019

Reverse charge was made applicable for a notified class of registered person in respect of notified goods/services.

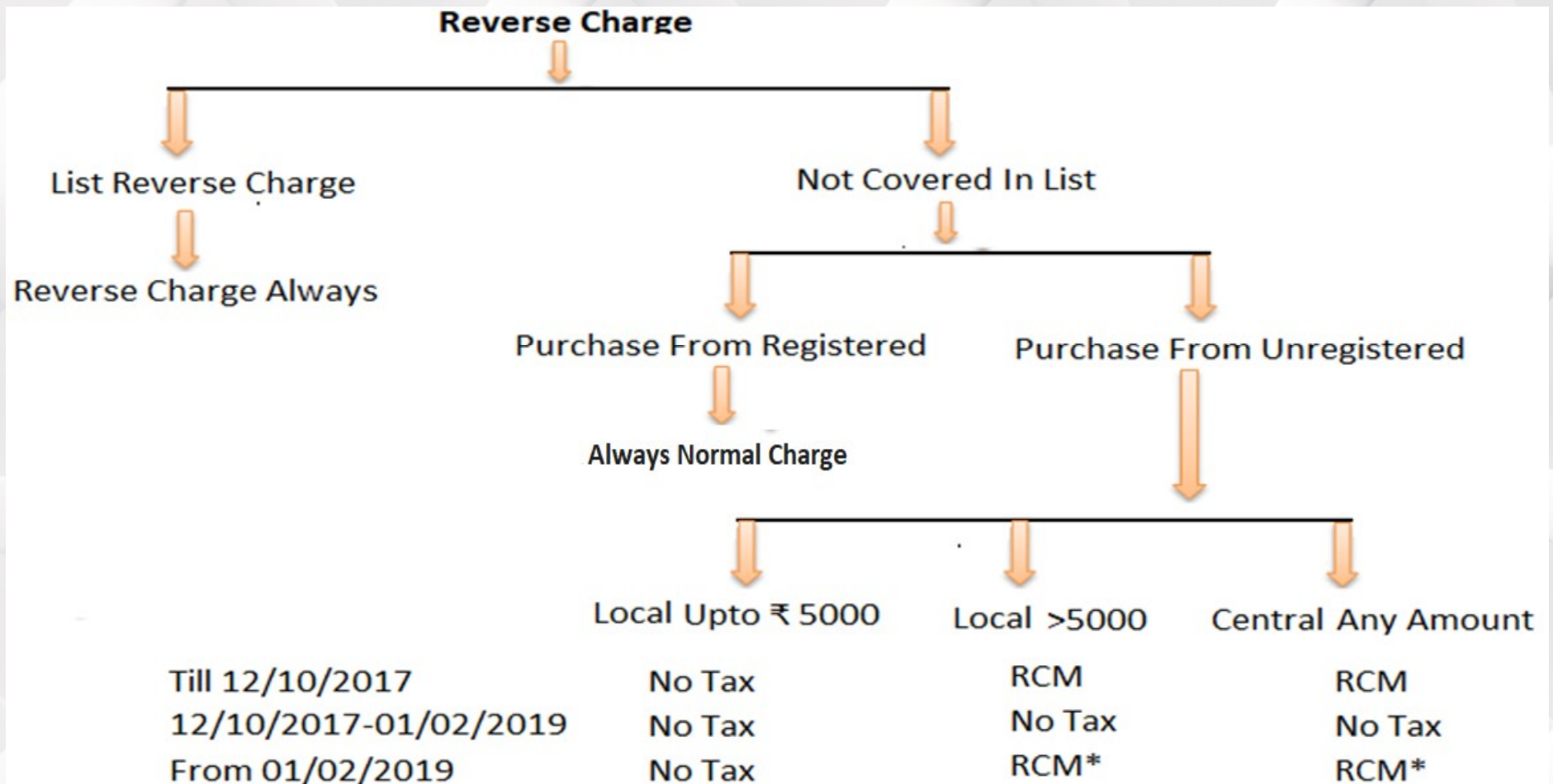


List of Notified Persons & Notified Goods/Services

The list of notified persons as well as notified goods/services declared by the government for real estate sector under N/N. [07/2019](#).

Case	Transaction	Service Provider	Service Receiver	Rate
1	Value of inputs and input and input services purchased from registered supplier is less than 80%	Registered Person	Promoter	18%
2	Purchase of Cement	Unregistered person	Promoter	28%
3	Purchase of Capital Goods	Unregistered person	Promoter	Applicable rate

Reverse Charge Unregistered Mechanism



* RCM on Notified Goods/Services on Purchase from Notified Persons

Input Tax Credit under RCM

The Buyer will take input of GST Paid by him under reverse charge after payment of GST.

The input can be availed by buyer In the same month.

Computation format

Particulars	Jan	
Tax on Outward Supplies (Output GST)		
On Sales	1000	On current month sales
On Reverse Charge	500	on unregistered/list purchase
Total Output GST	1500	Total on Sales+RCM
Input Tax Credit (Input GST)		
On Expenses	700	on registered purchases
On reverse charge of current month	500	on unregistered/list purchase
Opening GST Credit	0	last month closing credit
Total Input GST	1200	Total Input
GST Payable	500	Reverse charge payment+Tax on Sales-Total Input
GST Credit	200	Total Input-Tax on current month sales