



THE COMPLEX WEB OF GOODS TRANSPORT AGENCY

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The introduction of GST has primarily had a positive effect in the popular form of goods transport in India i.e. Road Transport, as it has helped speed up the movement of consignments via road. As per the National Highways Authority of India, about 65% of freight and 80% passenger traffic is carried by the roads. Pre GST, each state had levied different tax rates on goods passing through. As a result, tax on freight is collected multiple times. Also, there are long delays at interstate checkpoints owing to review by state authorities who examine and apply the relevant taxes and other levies. Truck delays are an average 5-to-7 hours at interstate checkpoints. Post GST, the rates applicable were unilateral through the states. As per an estimate of World Bank, simply halving the delays due to roadblocks, tolls and other stoppages could cut freight times by around 20-30 per cent and logistics costs by as much as 30-40 per cent.



Taxability of Goods Transport Agency Services (GTA Services):

Entry 18 of the Notification No. 12/2017 – Central Tax -Rate (CT-R) exempts following supplies:

Services by way of transportation of goods-

(a) by road except the services of—

- i. a Goods Transportation Agency;
- ii. a courier agency;

Thus, Services by way of transportation of goods by road only by a Goods Transport Agency are taxable. The mere transportation of goods by road is exempt from GST.

Meaning of Goods Transport Agency: As per Notification No. 12/2017 (CT-R) Goods transport agency or GTA means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

Meaning of Consignment note: As per Explanation to Rule 4B, Service Tax Rules, 1994, a consignment note is a document issued by a goods transportation agency against the receipt of goods for the purpose of transporting the goods by road in a goods carriage which is serially numbered, and contains the name of the consignor and consignee, registration number of the goods carriage in which the goods are

transported, details of the goods transported, details of the place of origin and destination, person liable for paying service tax whether consignee, consignee or the goods transport agency.

Levy of GST: Section 9 of the Central GST (CGST) Act pertaining to the levy and collection of GST enables government to *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.*

In terms of the said Power the Central Government vide Notification No. 13/2017 – Central Tax (Rate) specify the Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road, as service the tax on which shall be paid on reverse charge basis by the recipient of the such services.

As per Notification No. 13/2017 – (CT-R) Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road to following person (**specified category of person**) located in taxable territory are eligible to Reverse Charge Mechanism (RCM):

- a) any factory registered under or governed by the Factories Act, 1948(63 of 1948);or
- b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or
- c) any co-operative society established by or under any law; or
- d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or
- e) anybody corporate established, by or under any law; or
- f) any partnership firm whether registered or not under any law including association of persons; or
- g) any casual taxable person.

Registration requirement of person providing Goods Transport Agency Service:

As per Notification No. 05/2017 –Central Tax (CT) specifies that the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid **on reverse charge basis by the recipient of such goods or services** or both under sub-section (3) of section 9 of the said Act as the category of persons exempted from obtaining registration.

Also Section 23 (1)(a) of CGST Act, provides following person will not be liable to registration

“person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt”

Thus to summarise GTA is required to register only in the following cases:

- 1) GTA providing services in relation to transport of Non exempted goods to person other than Specified categories person in the course of Interstate.
- 2) GTA not exclusively engaged in services of transport of goods by road. For e.g. GTA also having other business verticals making taxable supplies.
- 3) GTA who wish to avail benefit of Input Tax Credit and pay GST @ 12 %.

Rate of tax for Transport of Goods service by a GTA:

Rate & Nature of Charge	Applicability	Notification
Under Reverse Charge @ 5%	For services to Specified category of person	11/2017 -Central Tax (Rate)
Under Forward Charge @ 5%	For Service to other than specified category of person & GTA don't wish to avail ITC	11/2017 -Central Tax (Rate)
Under Forward Charge @ 12%	When GTA wish to avail Input tax credit (ITC)	11/2017 -Central Tax (Rate) as amended by

Summary of Registration & RCM Applicability in respect of Services of Goods Transport Agency

Category of Persons	Services only to Specified category of persons	Services to other than specified category of person			Remarks
		Exempted	Not exempted		
Category of Goods	Exempted & Non Exempted	Exempted	Not exempted		
Making Inter State Supply	Yes	Yes	No	Yes	
Registration	NO	NO	No	Yes (Refer remark)	Subject to Threshold limit
RCM Applicability	Yes	NA	No	No	
Rate of Tax	5%	0%	5%	12%	
ITC to transporter of Inward Services to transporter	NA	NA	No	Yes (Refer remark)	Subject to Section 17 of CGST Act
ITC to Receipt for GTA Services	Yes	NA	Yes	Yes	Subject to Section 17 of CGST Act

Category of Exempted Goods: Services provided by a Goods Transport Agency by way of transport in a goods carriage of following goods are Exempted (**Notification No. 09/2017 – Integrated Tax**)

- a) agricultural produce;
- b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;
- d) milk, salt and food grain including flour, pulses and rice;
- e) organic manure;
- f) newspaper or magazines registered with the Registrar of Newspapers;
- g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- h) defence or military equipments.

Place of Supply of GTA services where location of GTA & recipient of GTA services is in India:

Section 12(8) of IGST act prescribes place of supply of services by way of transportation of goods, including by mail or courier to,--

- (a) a registered person, shall be the location of such person;
- (b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

*Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.

***Proviso inserted vide IGST Amendment Act, 2018 w.e.f. 01-02.2019.**

Composite Supply by a Goods Transport Agency:

The GTA provides service to a person in relation to transportation of goods by road in a goods carriage, While providing transportation services, various intermediary and ancillary services, such as, loading/unloading,

packing/unpacking, transshipment and temporary warehousing, are also provided in the course of transport of goods by road.

These services are not provided as independent services but as ancillary to the principal service. These ancillary services are to treat as part of GTA services and be taxed as Composite Supply.

In view of this, if any intermediary and ancillary services are provided in relation to transportation of goods by road, and charges, if any, for such services are included in the invoice issued by the GTA, such service would form part of the GTA service and would not be treated as a separate supply.

However, if such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies.

Registration requirement when GTA also having other business Verticals:

As per Section 23 of CGST Act 2017,

(1) The following persons shall not be liable to registration, namely:--

(a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;

(b) an agriculturist, to the extent of supply of produce out of cultivation of land.

(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

In terms of Section 23(2) CBIC issues Notification 5/2017- Central Tax dt. 19.06.2017, which specifies the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under sub-section (3) of section 9 of the said Act as the category of persons exempted from obtaining registration under the aforesaid Act.

Thus, if a GTA is having any other business of supply of goods or services not wholly exempted or is engaged in making supplies of taxable goods or services or both, taxable on forward charge basis, than GTA needs to get registered under GST Act, and will be deemed to be registered for all the businesses/supplies.

Reporting of GTA transaction in GSTR-3B & GSTR - 1 & raising of self-invoice :

(a) GTA services by a Unregistered GTA to Registered recipient :

i. In this case registered recipient needs to raise Self Invoice on the basis of LR/Bill/any other document issued by GTA and discharge tax on reverse charge basis.

ii. The details of these invoices will be reported in 3.1(d) of GSTR-3B for discharging tax on RCM Basis.

iii. The GST ITC credit will be taken on the basis of self-invoices and same will be reported in table 4(3) of GSTR-3B for availing ITC.

(b) GTA services by a Registered GTA to Registered recipient (RCM):

i. **Registered GTA:** In this case Invoice will be raised by GTA and same will be shown in GSTR-1 under Table 4B if It is B2B supplies (on which recipient is liable to pay tax under RCM). In GSTR-3B it will be reported as Outward Supply under Table 3.1 (c).

ii. **Registered recipient:** Will be reported in 3.1(d) of GSTR-3B for discharging tax on RCM Basis. In GSTR-3B it will be reported in table 4(3) for availing ITC.

(C) GTA services by a Registered GTA to Registered recipient (FCM):

i. **Registered GTA:** In this case Invoice will be raised by GTA and same will be shown in GSTR-1 under Table 4B if It is B2B supplies. In GSTR-3B it will be reported as Outward Supply under Table 3.1 (a).

ii. **Registered recipient:** Will be reported in Table 4(5) of GSTR-3B for availing ITC. The details of Invoices raised by registered GTA will be auto populated in GSTR - 2A of the registered recipient.