

January - 2018  
Vol. 03 Issue No. 03

# E-Newsletter

## Alleppey Branch

of SIRC of The Institute of Chartered Accountants of India



**68**  
YEARS OF  
Partner in Nation Building

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Greetings to all,

“I think in terms of the day’s resolutions, not the years”

-----Henry Moore

Yes, let’s begin each day of 2018

----- with new hopes, resolutions and promises.

Wish you all a Great Year ahead.

It has been a wonderful period last year for the Alleppey Branch of SIRC with CPE programs, Certificate Course, Study Circle meetings, Residential Refresher Course, Student Seminars, SICASA Sports Competitions, Family Get togethers etc thereby reaching out to members and students at large.

During the month of December, we had CPE seminar on Companies Act 2013 by CA. Jomon K George, Member SIRC and it was well attended by our members. The SICASA Sports competition was conducted during the month of December and the students participated in large numbers.

The renovated old branch building was inaugurated on 4th January 2018 in the esteemed presence of CA.Jomon K George Member SIRC and the members of our branch.

The Family Get together and New Year Celebrations on the same day was a grand function with the honourable presence of Sri Ravi Sarangal IRS, Principal Commissioner of Income Tax, Kottayam as the Chief Guest.

Emphasizing the need for cleanliness the Swatch Bharat Pledge was administered during the New Year Celebrations. The musical event by Sri Udipi S Balakrishnan was an icing on the cake.

The CPE seminar on GST E Way Bill,3B & ITC Adjustments by CA Cyrjoe V J was conducted on 18th January 2018.

At the outset I thank our members for receiving the programs well.

Also requesting the participation and support of our members in the success of all the programs in the year 2018.

Regards,

**CA.VASUDEVAN POTTI .N**

Chairman

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CA. BIJU NARAYANAN F.C.A

## **REVERSE CHARGE MECHANISM UNDER GST**

Reverse Charge means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply.

Section 9 (3) and 9 (4) of CGST / SGST (UTGST) Act, 2017 and Section 5 (3) and Section 5 (4) of the IGST Act, 2017 deals with reverse charge mechanism under GST. While Section 9 (3) / Section 5 (3) pertain to notified goods and services, Section 9 (4) / Section 5 (4) dealt with supplies of goods and services by unregistered persons.

As per the provisions of section 9 (3) of CGST / SGST (UTGST) Act, 2017 / section 5 (3) of IGST Act, 2017, the Government 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.

**Goods subject to reverse charge under GST – Sec 9 (3)**

**Notification No. 4/2017-Central Tax (Rate) dated 28th June 2017**

Description of supply of Goods Supplier of goods	Supplier of Goods	Recipient of supply
Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
Tobacco leaves	Agriculturist	Any registered person
Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any registered person
Supply of lottery.	State Government, Union Territory or any local authority	Lottery distributor or selling agent

**Services subject to reverse charge under GST - Sec 9 (3)**

**Notification 13/2017 dated 28th June 2017**

Category of Supply of Services	Supplier of service	Recipient of Service
Supply of Services by a goods transport agency (GTA)	Goods Transport Agency (GTA)	(a) Any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any society registered under the Societies

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		<p>Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or</p> <p>(c) any co-operative society established by or under any law; or</p> <p>(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 2 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</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person. Union Territory Goods and Services Tax Act;</p>
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Services supplied by an individual advocate including a senior advocate by way of representational services before any court, tribunal or authority by way of legal services, to a business entity.	An individual advocate including a senior advocate or firm of advocates	Any business entity located in the taxable territory
Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal	Any business entity located in the taxable territory
Services provided by way of sponsorship to a body corporate or partnership firm.	Any person	A body corporate or partnership firm located in the taxable territory.
Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, –  (1) renting of immovable property, and  (2) services specified below-  (i) services by the Department of Posts by way of speed post, express parcel	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.

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post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers		
Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory
Services supplied by an insurance agent to any person carrying on insurance business	An insurance agent	Any person carrying on insurance business, located in the taxable territory.
Services supplied by a recovery agent to a banking company or a financial institution or a nonbanking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.

<p>Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer</p>	<p>Author or music composer, photographer, artist, or the like</p>	<p>Publisher, music company, producer or the like, located in the taxable territory</p>
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**Supplies subject to Reverse Charge under Section 9 (4) / 5 (4)**

Section 9 (4) of CGST / SGST (UTGST) Act, 2017 / section 5(4) of IGST Act, 2017 provides that the tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient 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.

Accordingly, wherever a registered person procures supplies from an unregistered supplier, he need to pay GST on reverse charge basis.

Further, the government vide a notification had provided for RCM Exemption under Section 9(4) where the aggregate value of such supplies of goods or service or both received by a registered person from any or all the suppliers, who is or are not registered, does not exceed five thousand rupees in a day. This was effective from Jul 1, 2017 - (Notification 8/2017-Central Tax (Rate) dated 28.06.2017)



The government has now issued a notification vide notification no.38/2017-Central Tax (Rate) dated 13.10.2017, (corresponding IGST notification no.32/2017-Integrated Tax (Rate) dated 13.10.2017) exempts all categories of registered persons from the provisions of reverse charge under Section 9 (4) / 5 (4) of the Act till 31.03.2018. The salient features of the notification are as under :

1.All registered Persons shall be exempted from complying with the provisions of RCM under Section 9 (4) / 5 (4) till March 31, 2018.

2.Provisio to Para 1 of the notification exempting RCM based on taxable value of supplies not exceeding Rs 5000 per day is withdrawn w.e.f the date of this notification.

3.This does not change the status of RCM compliance under Section 9 (3) / 5 (3) for notified supplies of Goods and Services which must be ensured

#### Registration:

A person who is required to pay tax under reverse charge has to compulsorily register under GST and the threshold limit of Rs. 20 lakh (Rs. 10 lakh for special category states except J & K) is not applicable to them.

#### Input Tax Credit:

A supplier cannot take ITC of GST paid on goods or services used to make supplies on which recipient is liable to pay tax.

However tax paid on reverse charge basis will be available for input tax credit if such goods and /or services are used, or will be used, for business. The recipient (i.e., who pays reverse tax) can avail input tax credit.

#### Time of Supply:

In case of supply of goods, time of supply is earliest of –

- a)date of receipt of goods; or
- b)date of payment as per books of account or date of deb[it] in bank account, whichever is earlier; or
- c)the date immediately following thirty days from the date of issue of invoice or similar other document.

In case of supply of services, time of supply is earliest of –

a) date of payment as per books of account or date of debit in bank account, whichever is earlier; or

b) the date immediately following sixty days from the date of issue of invoice or similar other document.

Where it is not possible to determine time of supply using above methods, time of supply would be date of entry in the books of account of the recipient.

General:

1. Advance paid for reverse charge supplies is also leviable to GST. The person making advance payment has to pay tax on reverse charge basis.

2. Every tax invoice has to mention whether the tax in respect of supply in the invoice is payable on reverse charge. Similarly, this also needs to be mentioned in receipt voucher as well as refund voucher, if tax is payable on reverse charge.

# Photo Gallery

## CPE SEMINAR ON GST(E-WAY BILL)



## INAUGURATION OF RENOVATED OLD ICAI BUILDING



## INAUGURATION OF RENOVATED OLD ICAI BUILDING



## NEW YEAR CELEBRATION 2018



Photo Gallery

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## SICASA SPORTS DAY - DEC. 2017



Photo Gallery

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## SICASA SPORTS DAY - DEC. 2017





# **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)  
Alleppey Branch



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