

Topic: LEVY AND COLLECTION OF GST Part-2

Class: B.Com (Hons) Semester VI

Subject: Goods and Services Tax (GST)

Unit: 2

Paper: CC-13

LEVY AND COLLECTION OF GST

1. GST on Reverse Charge Transactions

The collection mechanism when recipient of supply is made liable to pay tax is called as Reverse charge Mechanism.

Section 2(98) of CGST Act defines as “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 sub section (3) or subsection (4) of section 9 of the Act or sub section (3) or sub section (4) of section 5 of the Integrated Goods and Services Tax.

Thus reverse charge means the liability to pay tax 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.

- a. The government may on the recommendation of the GST council and by issuing notification specify categories of supply of goods or services or both on which taxes shall be paid on reverse charge basis by the recipient of such goods or services or both.

- b. The provision 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.
- c. Whenever a registered person procures supplies from an unregistered supplier, the GST needs to be paid on reverse charge basis.

A person who is required to pay tax under reverse charge has to compulsorily register under GST and threshold limits are not applicable to him

2. Electronic Commerce and Operator under GST

Electronic commerce has been defined in section 2(44) of the CGST act, 2017 to mean the supply of goods or services or both including digital products over digital or electronic network.

Electronic commerce operator has been defined in section 2(45) of the CGST Act, 2017 to mean any person who owns operates or manages digital or electronic facility or platform for electronic commerce.

Thus electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. The electronic commerce means the supply of goods or services or both including digital products over digital or electronic network.

3. Levy on Electronic Commerce Operator (ECO)

As per section 9(5) of GST act, “the government may on the recommendation of the council by notification specify categories of service the tax on intra – state supplies of which shall be paid by the Electronic Commerce Operator (ECO) if such services are supplied through it and all the provisions of this Act shall apply to such ECO as if he or she is the supplier liable for paying the tax in relation to the supply of such services”.

3.1 Categories of ECO Services notified by Government:

The section 9(5) empowers the Government to notify the services, the tax on intra-state supplies of which shall be paid by ECO, if such services are supplied through it. The Government has notified the following categories of services supplied through ECO for this purpose.

3.1.1 Radio Taxi

Radio taxi means a taxi including a radio cab by whatever name called which is in two – way radio communication with a central control office and is enabled for tracking using global positioning system (GPS) or general packet radio service (GPRS).

3.1.2 Maxi cab/Motor cab/ Motor car

The meaning under section 2 of the motor vehicles act 1988 is as under:-

Maxi cab means any motor vehicle constructed or adapted to carry more than 6 passengers but not more than 12 passengers, excluding the driver, for hire or reward

Motor Cab means any motor vehicle constructed or adapted to carry not more than 6 passengers excluding the driver for hire or reward.

Motor car means any motor vehicle other than a transport vehicle, omnibus, road-roller, tractor, motor cycle or in varied carriage

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