

Reverse Charge Mechanism under GST Regime applicable to Co-operative Societies

1. Reverse Charge Mechanism (RCM): -

Under the provisions of Reverse Charge Mechanism (RCM) under GST, Co-operative Societies are required to pay GST on Certain Services received by them. In case of notified services such as transport services by Goods Transport Agency (GTA) and Services supplied by an Advocate or Firms of Advocates to Co-operative Societies, as the recipient the Co-operative Society is liable to pay GST on the RCM basis.

2. Society needs to be registered for payment of GST on RCM Basis: -

In case the society is not liable to be registered on the basis of its aggregate turn over it needs to register when liable to pay GST on the basis of RCM. On the Goods and services on which GST is payable on RCM basis, the supplier will not charge the GST but the responsibility to pay GST is on the Society.

3. GST on Inward supply of Goods and Services form unregistered persons: -

A Registered Co-operative Society is also liable to pay GST on the Goods and Services received from an unregistered person. However, Goods and Services received up to Rs. 5,000/- from any or all the unregistered suppliers in a day are exempted by a notification issued in that regard. When the value of Inward supply from a particular supplier is more than Rs. 2,50,000/- the details of supplier have to be provided in the returns to be filed by the Society.

4. Rate of GST under RCM: -

When the Goods or Services or both are received from an unregistered person, the society needs to apply appropriate rate of GST applicable on such Goods or Services and pay the tax accordingly. Since the invoice issued by the unregistered person does not include the HSN code of goods or SAC code of services or the tax rate on such Goods or Services, the same is to be decided by the society as per the category of Goods or services.

5. Bill of Supply: -

The society needs to prepare an invoice of the Goods or Services or both received from unregistered person and upload the details and pay the GST.

6. How to pay GST on RCM Basis: -

The payment of GST under RCM basis has to be under cash mode and input tax credit cannot be adjusted against this liability.