

GST UPDATES

October 24, 2024



GST under
RCM on
renting of
commercial
Property

Effective from October 10, 2024

Reverse charge (RCM) Applicability on Rent on other than Residential Dwelling from any Unregistered person

Applicable Law-

According to Noti No. 09/2024-Central tax rate Dated 8th Oct 2024, Rent received on Non-Residential Dwelling from a registered person was made taxable and covered under Reverse charge Mechanism.

By virtue of NN 05/2022 -CTR, new entry 5AB was inserted in original notification 13/2017 – central tax rate which covered the services under Reverse Charge Mechanism.

Entry	Description	Service Provider	Service Recipient	GST implications
5AB	Service by way of renting of any immovable property other than residential dwelling.	Any Unregistered person.	“Any Registered Person.”	Taxable under Reverse charge Mechanism.

Conclusion:

- Any Registered person taking Commercial property on lease (or let out) including an industrial property from any unregistered person (if the owner of the property is unregistered) , GST @18% has to be paid under RCM and will be applicable with effect from 10th Oct 2024.
- RCM is not applicable if the Recipient (Person taking commercial property on Rent) is unregistered under the GST.
- In this case, RCM is application on the transaction and GST is required to be paid. Self Invoice as per the Sec 31(3)(f) of CGST Act 2017, is required to be generated for calming the ITC

Kindly go through the attached notification for information regarding GST implications on RCM on Renting of Commercial property from Unregistered person w.e.f 10th October 2022 onwards.

Disclaimer: The information provided here is for educational purposes only and should not be considered legal, accounting, or tax advice. Users are encouraged to apply their judgment before implementing any suggestions. The suggestions are based on the current legal framework.