

## New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025

### 1. Coverage of this article:

In this article, I am discussing about the applicability of GST provisions if a person engaged in providing transportation services including some other services which called **Goods Transportation Agency**. In case of GTA, some transactions are covered under RCM & some are covered under FCM. GST provisions has been changed from 22<sup>nd</sup> September 2025 which I have explained in this article.

### 2. Goods Transportation Agency:

They are engaged in providing transportation services i.e. transportation of goods by road. It also includes packaging, loading & unloading services etc. All services are covered in this.



### 3. Which types of services covered in GTA:

S No	Nature	Mode of transportation	Covered in GTA
1	Transportation of goods	By Road	Yes
2	Transportation of goods	By Air	No
3	Transportation of goods	By Rail	No
4	Transportation of goods	By Ship	No
5	Transportation of passengers	Any mode of transportation	No

a. Only transportation of goods is covered in GTA which is transported by road. Other types of transportation are not covered in GTA.

b. 2<sup>nd</sup> to 4<sup>th</sup> point are not covered in GTA. There are separate rules for these services.

### 4. Filing of declaration:

If GTA filed a declaration in Form Annexure-V before commencement of financial year then services will be covered under FCM. He will charge the GST in next year and remit it to the government. Option cannot be changed during the year.

### 5. Time limit for filing:

Annexure-V may be filed from **1<sup>st</sup> Jan to 31<sup>st</sup> March** for opting FCM in next financial year.

a. If form is filed then FCM will be applicable on the GTA services in next year.

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b. If no form has been filed then RCM will be applicable on the GTA services in next year.

c. Option cannot be changed during the year.

### 6. Conversion from FCM to RCM:

If GTA has opted FCM by filing Annexure-V & in next year they want to opt RCM method. In such cases, they are required to file **Annexure-VI**. After filing of this form, RCM will be applicable for whole of the year. Recipient will be liable to pay the tax under RCM after fulfilment of conditions.

### 7. Conversion from RCM to FCM:

If GTA has opted RCM by filing Annexure-VI & in next year they want to opt FCM method. In such cases, they are required to file Annexure-V. After filing of this form, FCM will be applicable for whole of the year. Recipient will not be liable to pay the tax under RCM because supplier will levy the GST under FCM.

**8. GST rates & eligibility of ITC for GTA under FCM:**

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	No ITC (a)
2	FCM	18% GST	ITC allowed (b)

a. No ITC means GTA cannot claim the ITC of input, input services & capital goods if they charged 5% GST on services.

b. GTA can claim the ITC of input, input services & capital goods as per normal provision of the GST Act if they charged 18% GST on services.

**9. GST rates & eligibility of ITC for GTA under RCM:**

If GTA provides services of transportation of goods by road & does not charge GST @18% under FCM then recipient is liable to pay tax under RCM @5% if they falls in below categories:

**New GST Rules for Goods Transport Agencies to Be Enforced from 22.09.2025****Table : A**

S No	Types of recipient	Registered in GST	RCM applicability
1	Factories	Yes	Yes
2	Societies	Yes	Yes
3	Company	Yes	Yes
4	Body corporates	Yes	Yes
5	Partnership firms	Yes	Yes
6	Causal taxable person	Yes	Yes
7	Co-operative societies	Yes	Yes
8	GST registered persons	Yes	Yes

**Table : B**

S No	Types of recipient	Registered in GST	RCM applicability
1	Factories	No	Yes
2	Societies	No	Yes
3	Company	No	Yes
4	Body corporates	No	Yes
5	Partnership firms	No	Yes

S No	Types of recipient	Registered in GST	RCM applicability
6	Causal taxable person	No	No
7	Co-operative societies	No	Yes

If they are unregistered in GST, still they are liable to pay tax under RCM irrespective of their turnover. They will obtain the GST registration for the payment of RCM. It is beneficial in such cases to take the services from the GTA who is charging GST under FCM.

### c. Notes:

a) If Factories, Societies, Company, Body corporates, Partnership firms, Co-operative societies whether they are registered or not in GST, RCM will be applicable.

b) **Causal taxable person:** If they are registered in GST then RCM will be applicable otherwise no RCM.

c) If recipient is individual or HUF which is registered in GST then RCM will be applicable otherwise no RCM.

d) GST rate under RCM is 5%.

e) GTA cannot claim the ITC if services falls under RCM.

### 10. Practical case:

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In Act, it is mentioned that if GTA not charging GST @18% under FCM then recipient is liable to pay tax under RCM in certain cases. In these cases, supplier will not charge the GST @5% under FCM because recipient will pay the tax. If he charge the GST then it will be double taxation (5% under FCM & 5% GST under RCM). There will be a double cash outflow for recipient of service.

If GTA Charging GST @5% then recipient is not liable to pay the tax under RCM because GTA has opted FCM method.

### 11. Eligibility of ITC for GTA in all cases:

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	No ITC
2	FCM	18% GST	ITC allowed
3	FCM	5% GST	No ITC

GTA can claim the ITC only when they charged GST @18%.

### 12. Why GTA cannot claim the ITC under RCM:

Any goods or services on which recipient is liable to pay the tax RCM it will be treated as an exempt supply. All ITC needs to be reversed as per Rule 42 & 43.

### 13. Refer to the article which is published on TaxGuru related to 12 th point:

<https://taxguru.in/goods-and-service-tax/rule-42-gst-reversal-etc-input-services-case-exempt-supplies.html>

### 14. Eligibility of ITC for recipient in all cases:

S No	Nature	Rate on sales	Eligibility of ITC
1	FCM	5% GST	ITC allowed
2	FCM	18% GST	ITC allowed
3	RCM	5% GST	ITC allowed

a. Recipient is eligible to claim the ITC irrespective of the method of GST provided that services is taken for business purpose & all other conditions are satisfied.

## 15. Who is liable to pay tax under RCM:

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a. If supplier of goods pays the consideration to GTA then supplier will be liable to pay the tax under RCM.

b. If recipient of goods pays the consideration to GTA then recipient will be liable to pay the tax under RCM instead of supplier.

## 16. Other services provided by GTA:

They are engaged in providing services related to transportation of goods. Income generated in the form of freight charges. Other services includes loading & unloading services, warehouse services, packing services etc. which is also provided by GTA.

## 17. Toll tax reimbursement by recipient of service:

Toll tax charged during the transportation which is paid by the GTA & added in the bill. There will be no GST on reimbursement on toll tax because it is a pure reimbursement.

## 18. Computation of taxable value under FCM: 1 st case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	<b>Taxable value</b>	13,000	
6	GST @18%	2,340	
7	<b>Invoice value</b>	15,340	

GST will be levied on all the services because these services are ancillary service as per Section 15 of GST.

## 19. Computation of taxable value under FCM: 2<sup>nd</sup> case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Toll tax	500	No
6	<b>Taxable value</b>	13,500	
7	GST @18%	2,340	<b>GST on 13000 instead on 13500</b>
8	<b>Invoice value</b>	15,840	

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a. GST will be levied on all the services excluding pure reimbursement because these services are ancillary service as per **Section 15 of GST**.

b. There is no GST on toll tax reimbursement.

## 20. Computation of Taxable value under RCM: 1<sup>st</sup> case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	<b>Taxable value</b>	<b>13,000</b>	
6	GST @18%	2,340	
7	<b>Invoice value</b>	<b>15,340</b>	

a. GST will be levied on all the services because these services are ancillary service as per **Section 15 of GST**.

b. Computation of GST liability under both the method are same.

c. There is no change in the computation.

## 21. Computation of taxable value under RCM: 2<sup>nd</sup> case

S No	Particulars	Amount	Considered in value
1	Freight charges	10,000	Yes
2	Loading charges	1,000	Yes
3	Unloading charges	1,000	Yes
4	Packing charges	1,000	Yes
5	Toll tax	500	No
6	<b>Taxable value</b>	<b>13,500</b>	
7	GST @18%	2,340	<b>GST on 13000 instead on 13500</b>
8	<b>Invoice value</b>	<b>15,840</b>	

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a. GST will be levied on all the services excluding pure reimbursement because these services are ancillary service as per **Section 15 of GST**.

b. **There is no GST on toll tax reimbursement.**

c. Computation of GST liability under both the method are same.

d. There is no change in the computation.

**22. Amendment via notification:**

Notification No. 9/2025–Central Tax (Rate), dated September 17, 2025.

**23. ITC rules for supplier & recipient:**

S No	Nature	Rate on sales	Eligibility of ITC for supplier	Eligibility of ITC for recipient
1	FCM	5% GST	ITC not allowed	ITC allowed
2	FCM	18% GST	ITC allowed	ITC allowed
3	RCM	5% GST	ITC not allowed	ITC allowed

**24. Can supplier charge both GST rate under FCM?**

Yes, supplier can charge both GST rate under FCM but FCM & RCM both cannot be applied simultaneously.

S No	Nature	Allowed or not
1	Supplier can charge 5% rate under FCM	Yes
2	Supplier can charge 18% rate under FCM	Yes
3	Supplier can opt RCM	Yes
4	Supplier can charge 5% & 18% under FCM	Yes
5	Supplier can charge FCM & RCM	No

In a single financial year, GTA can charge GST only under FCM or RCM method, both cannot be applied simultaneously.

**25. How to reverse the ITC if GTA has opted both rates?**

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a. GTA can charge the GST @5% in the cases when recipient is unregistered. Because if they charges GST @18% then buyer will take the services from other vendor because it increased the cost of buyer. It will reduces the turnover of the GTA. Hence, GTA will charged the GST @5%.

b. GTA can charge the GST @18% in the cases when recipient is registered. In that case, both are eligible to take the ITC.

c. Supplies under 5% rate will be treated as an exempt supply. ITC will be reversed as per Rule: 42 & 43.

d. Supplies under 18% rate will be treated as a taxable supply.

**26. Example:**

S No	Turnover	Amount	Treatment
1	Sales @5%	10,00,000	Treated as an exempt supply
2	Sales @18%	90,00,000	Treated as a taxable supply
3	<b>Total</b>	<b>1,00,00,000</b>	

In this case, Rule 42 & 43 will be applicable. Proportionate ITC needs to be reversed on the basis of turnover.

## 27. Refer to the article for computation of reversal of common ITC:

<https://taxguru.in/goods-and-service-tax/rule-42-gst-reversal-etc-input-services-case-exempt-supplies.html>

## 28. GTA has multiple GSTIN:

If GTA has multiple GSTINs they can follow separate procedure for each GSTIN. Suppose they have 2 GST registration one in Haryana & 2<sup>nd</sup> in Delhi state. They can opt FCM for Haryana & RCM for Delhi state.

## 29. Sale of assets by GTA under 5% rate:

- Sale of assets is a taxable supply under GST. A person who sold the assets can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 5% GST on supply then cannot avail the ITC. It means in such cases they are not eligible to claim the proportionate ITC in proportion of sale of assets.

## 30. Sale of assets by GTA under 18% rate:

- Sale of assets is a taxable supply under GST. A person who sold the assets can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 18% GST on supply then can avail the ITC. It means in such cases they are eligible to claim the ITC.

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## 31. Transaction between deemed distinct person by GTA under 5% rate:

- Transaction between deemed distinct person is a taxable supply under GST. A person who entered in these transactions can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 5% GST on supply then cannot avail the ITC. It means in such cases they are not eligible to claim the proportionate ITC of taxable supply entered between deemed distinct persons.

## 32. Transaction between deemed distinct person by GTA under 18% rate:

- Transaction between deemed distinct person is a taxable supply under GST. A person who entered in these transactions can claim the ITC if there are no restriction of availment of ITC.
- If GTA charged 18% GST on supply then can avail the ITC. It means in such cases they are eligible to claim the ITC.

## 33. Reporting of ineligible ITC in case of 5% rate in 3B:

It is permanent reversal of ITC. Hence, it will be report in Table 4B(1) of the GSTR-3B instead of table 4B(2).

## 34. Reporting of ineligible ITC in case of 5% rate in GSTR-9:

It will be report in Table 7E of the GSTR-9 as an ineligible ITC because it is not covered in any sub table of Table 7.

## 35. If GTA charging both GST rates under FCM method:

In such cases, they can claim the proportionate ITC of assets sold during the year & transaction entered between DDP etc. These will be treated as a taxable supply. Hence, ITC can be claimed in proportionate of assets sold & DDP transactions etc. Only ITC required to be reversed on which 5% GST is charged by them. I am explaining this a practical scenario:-

S No	Particulars	Amount
1	Freight on which 5% GST levied	10,00,000
2	Freight on which 18% GST levied	40,00,000
3	Assets sold	20,00,000
4	DDP transactions	30,00,000

In such cases, exempt turnover will be 10L & taxable turnover will be 90L. ITC is required to be reversed only in proportion of 10L turnover i.e. on which 5% GST is levied instead of 60L.

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