

## GST Notification Update: RCM Applicability on Renting Commercial Property from Unregistered Persons



A recent recommendation of the **GST Council in 54th Council Meeting** regarding services of renting of commercial property by an unregistered person to a registered person has been notified vide **Notification no. 09/2024-Integrated Tax(Rate) dated 8th October 2024**.

**The implication of the said notification is as under:**

- The liability on such services shall be covered under **Revere Charge Mechanism(RCM)**.
- The notification is effective from 10th October 2024. Accordingly, it is imperative to refer to the provisions of Time of Supply prescribed under section 13(3) of CGST Act, 2017 to determine the liability on services provided on or after 10th October 2024.

Here's all you need to know about this recommendation.

## **I. Till 31st October 2024**

In case of reverse charge, the time of supply shall be the **earliest** of the following dates:

- The date of payment
- The date immediately after **60** days from the date of **issue of invoice** by the unregistered supplier

The impact of Time of Supply rule is illustrated below–

	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>
<b>Date of Invoice</b>	Before 10th August 2024	11th August 2024 onwards	11th August 2024 onwards
<b>Date of Payment</b>	On or after 10th October 2024	On or after 10th October 2024	Before 10th October 2024
<b>60 Days from date of invoice</b>	On or before 9th October 2024	On or after 10th October 2024	On or after 10th October 2024
<b>Time of Supply</b>	On or before 9th October 2024	10th October 2024 onwards	Before 10th October 2024
<b>RCM Applicability</b>	Not liable for RCM	Liable for RCM	Not Liable for RCM

## **II. 1st November 2024 onwards**

A new Rule no. 47A under CGST Rule, 2017 vide Notification no. 20/2024-Central Tax dated 8th October 2024 has been inserted providing time limit of 30 days from date of receipt of service to issue self-invoice towards services received from unregistered person. A Copy of the same is attached for ready reference. Accordingly, the time of supply for services of renting of commercial property received from an unregistered person shall be as below:

- The date of **payment**
- The date of **issue of self-invoice** where the invoice is issued within prescribed timeline of 30 days from date of service, by registered taxpayer.

The impact of Time of Supply rule is illustrated below—

	<b>Scenario 1</b>	<b>Scenario 2</b>
<b>Date of completion of service</b>	After 01st November 2024	After 01st November 2024
<b>Date of Payment</b>	Before 10th October 2024	After 10th October 2024
<b>30 Days from date of service</b>	On or after 30th November 2024	On or after 30th November 2024
<b>Time of Supply</b>	Before 10th October 2024	On or after 10th October 2024
<b>RCM Applicability</b>	Not liable for RCM	Liable for RCM

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# THANK YOU

**Mumbai Office:**  
414-417, Corporate Avenue,  
Next to Udyog Bhavan, Sonawala  
Road,  
Goregaon East, Mumbai 400063  
Tel.: 26851030/31

[www.nmah.co.in](http://www.nmah.co.in)

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**Note:**

*The Notification has been issued covering all types of property taken from unregistered person. Therefore, there remains a question whether movable property shall also be covered. However, the intention of the 54th council meeting was to cover only commercial property under tax net. Moreover, the word 'property' may be read in consonance with 'immovable property' only. Accordingly, clarification on the same is expected to clear this ambiguity.*

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**CONTRIBUTORS:**

**CA Monil Parikh**

**CA Pankaj  
Kewalramani**

**CA Priyanka Kalani**

