

INDIA LEGAL UPDATE

August 10, 2023

Reporting of Invoices issued to Registered Persons (B2B) by OIDAR Service Providers

Notification Date:

August 4, 2023

Effective Date:

October 1, 2023

Legal Framework:

CGST Act, 2017

CGST Rules, 2017

Government Authority:

Central Board of Indirect
Taxes and Customs

Weblink:

[CBIC Notification](#)

LEGAL UPDATE

The CGST Rules, 2017 are amended to incorporate the proposal made in the [GST Council 50th Meeting](#), wherein the OIDAR (Online Information Database Access or Retrieval) service providers are now also required to provide the details of supplies made to GST Registered Persons in India in the same GST Return filing in Form GSTR-5A.

As per Rule 64 of the CGST Rules, 2017, a non-resident OIDAR services provider mandatorily needs to file a return in Form GSTR-5A. Form GSTR-5A is to be filed even if there is no business activity (i.e. Nil Return).

TAXABILITY

- **In Case of Registered Recipient:** In the case where the supplier of OIDAR service is located outside India and the recipient is a business entity (registered person under GST) located in India, the RCM (Reverse Charge Mechanism) will trigger and the recipient in India will be liable to pay GST under RCM and undertake necessary compliances.
- **In Case of Unregistered Recipient:** In the case where the supplier of OIDAR service is located outside India and the recipient is an individual/consumer (un-registered person under GST) located in India, then GST will be collected from an unregistered person under the forward charge mechanism and OIDAR service provider undertake necessary compliances in India.

In case of delay in filing of Form GSTR-5A, a penalty of Rs. 200 per day can be levied upto Rs.10,000, for each return filed late. During the period of registration, if a nil return is required to be filed during the registration period, then the late fee is Rs. 20 per day subject to a maximum of Rs 10,000 for each late return filed.

The purpose of this amendment is to keep track of the due payments of tax on a reverse charge basis by such registered persons in India in respect of supplies (services) received from OIDAR service providers located outside India.

Queries?

If you have any queries about this article, please reach out to our experts:



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