

# GST: Centre extends suspension of reverse-charge mechanism by one year

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New Delhi, August 7

In a business-friendly move, the Centre has extended the suspension of the reverse charge mechanism on purchase of goods or services by registered dealers from unregistered dealers within the state till September 30.

The suspension was earlier valid till September 30 this year. However, this has been extended by one year. The suspension would now be valid till September 30, 2019, the Central Board of Indirect Taxes and Customs (CBIC) said.

This is not the first time such dispensation is being extended. The suspension was earlier available till March 31, 2018, and then extended to June 2018 and then to September 30, 2018. It has now been extended to September 30, 2019.

With this, any registered dealer can purchase goods or services from unregistered dealers without forking out GST under reverse charge till September 30 next year, tax experts said.

This move will bring significant compliance relief to large businesses and encourage them to buy from unregistered deal-

ers, they added. MS Mani, Partner, Deloitte India, said the decision to defer reverse charge on transactions with unregistered dealers to September 2019 would reduce the compliance burden for businesses. It could also lead to lower collections as it was a key anti-evasion measure within the original GST architecture, he said.

Abhishek Jain, Tax Partner, EY, said "This deferment is positive as it would ease compliances of the industry in general and as well not hamper business of small industry players unregistered with GST."