

NDA Update – GST under RCM on Rent

As you are aware, GST on RCM was made applicable on renting of immovable property (excluding residential accommodation) by unregistered persons to any registered persons with effect from 10-10-2024. Thus, all GST registered recipients of such services (including composition tax paying tenant) are required to pay 18% GST under RCM.

The tax so paid under RCM is available as Input Tax Credit (ITC), which can be utilised for discharging GST liabilities (other than RCM liabilities) by all taxpayers excepting Composition taxpayers. Composition taxpayers cannot avail any ITC benefit while discharging GST liabilities. Thus, it was an additional burden to composition tax payers.

Now CBIC vide Notification No. 07/2025 - Central Tax (Rate) - dated 16th January 2025 has excluded composite taxpayers from this RCM where they have taken rented premises (other than residential accommodation) from an unregistered person.

<https://taxinformation.cbic.gov.in/view-pdf/1010275/ENG/Notifications>