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RCM mechanism has been used as tool for collection of taxes from unorganized sector or from a sector where forward collection is a challenge for the government. The tool was also used under the service tax regime for the collection of taxes. In respect of builders , the rcm has been used two fold . One for monitoring of the inward supply of the builders from a registered dealer and another for ensuring tax compliance at the time of OC to monitor the correct availment of exemption for residential development rights. We shall now go thorough the rcm provisons pertaining to the builders and developers in detail and applicable to Real Estate (RE). RCM on Statutory and Regulatory Costs incurred by the developer : Section 9(3) of CGST/SGST Act, 2017 imposes tax on reverse charge basis on recipient business entities availing services from the Central Government, State Government or Union Territory as follows:

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