

## **ADVOCATES' TAX BAR ASSOCIATION**

*(Registered Under Societies Act, 1860 Having Members All Over India)*

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**Ref.: ATBA/Rep./2023-24/02**

**Date 20.07.2023**

**To,**

**The Hon'ble Finance Minister,**

**Ministry of Finance, Government of India,**

**North Block, New Delhi - 110001.**

**Subject: Request to Abolish the Reverse Charge Mechanism on Registered Dealers, except Government Organizations and NGOs.**

**Respected Madam,**

**On behalf of the Advocates' Tax Bar Association, we are writing to bring to your attention a pressing concern that has been adversely affecting businesses across the country – the Reverse Charge Mechanism on Registered Dealers.**

**First and foremost, let us express our deep appreciation for the Government's constant efforts to strengthen the Indian economy and improve its tax framework. We acknowledge the importance of revenue generation to fund essential public services and developmental initiatives. However, we firmly believe that certain measures, like the Reverse Charge Mechanism on Registered Dealers, have resulted in unintended consequences that outweigh their benefits.**

**The Reverse Charge Mechanism, as implemented, holds registered dealers liable for the payment of taxes on behalf of unregistered suppliers when certain specified goods or services are procured from them. The RCM so deposited by the registered dealer becomes ITC in the hands of depositing dealer which means it is revenue neutral in the hands of Government. But there is no mechanism in the GSTN system to disclose RCM in the GSTR-1 so the figures of RCM reflect in the GSTR-2 which is used by the department for checking the genuineness of ITC claimed by the dealers, hence ITC claimed by the dealer on RCM does not match with the GSTR-2 and department is issuing notices and pressing dealer to reverse such amount and pay tax again with interest and penalty which has already been**