

## **HC: GST Liability Under RCM Remains with Recipient Despite Supplier's Agreement to Pay**

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**REFER THE DECISION OF THE HON'BLE ALLAHABAD HIGH COURT IN THE CASE OF**

**Devendra Kumar Singh Contractor V/s Union of India, decided on 15-4-2025**

### **Key Issues:**

1. **Statutory Liability Under RCM:** Whether the recipient of services can be held liable to pay GST under RCM, even if the supplier has contractually agreed to bear the tax liability.
2. **Enforceability of Contractual Agreements:** Whether a private agreement between the supplier and recipient can override statutory provisions of the CGST Act.

### **The Hon'ble High Court Judgement:**

- **Primacy of Statutory Provisions:** The Court emphasized that under Section 9(3) of the CGST Act, the liability to pay tax under RCM squarely falls on the recipient of specified services, irrespective of any private contractual arrangements.
- **Contractual Agreements vs. Statutory Liability:** While acknowledging the existence of an agreement wherein the supplier agreed to bear the GST liability, the Court held that such agreements do not absolve the recipient from their statutory obligations.
- **Remedy Through Civil Proceedings:** The Court clarified that if the recipient pays the GST under RCM, they may seek reimbursement from the supplier based on the contractual agreement, but this does not affect the recipient's liability towards the tax authorities.

**Sections 9 read with section 73 of Central Goods and Services Tax Act, 2017**