Belated GST appeals against ex parte orders allowed as arguable issues on RCM liability and excess demand warranted merit adjudication:

The High Court permitted the taxpayer to file and pursue belated GST appeals against ex parte assessment orders, considering the peculiar facts and the presence of substantial issues requiring adjudication on merits.

Key Findings:

- The GST orders were passed ex parte, i.e., without effective participation of the assessee.
- The assessee raised arguable legal and factual issues, including:
  - Whether the alleged liability under the Reverse Charge Mechanism (RCM) was legally sustainable.
  - Whether the tax demand confirmed in the order exceeded the amount proposed in the Show Cause Notice (SCN).
- Since these issues required proper examination, the Court held that the matter should not be rejected merely on technical grounds of delay.
- In the interests of justice, the Court allowed the belated statutory appeals to be entertained and decided on their merits.

Key Takeaway

Where an assessee demonstrates genuine and arguable grounds—especially involving questions of tax liability or violations of natural justice—courts may permit delayed GST appeals against ex parte orders so that the dispute is decided on merits rather than being dismissed solely due to procedural delay.

Reverse Charge Mechanism (RCM) under GST

Reverse Charge Mechanism (RCM) is a system under GST where the recipient of goods or services, instead of the supplier, is liable to pay GST to the Government. This is an exception to the normal GST rule where the supplier collects and pays the tax.

Normal Charge vs Reverse Charge

Particulars	Normal Charge	Reverse Charge (RCM)
GST payable by	Supplier	Recipient
Invoice issued by	Supplier with GST	Supplier may issue invoice; recipient pays GST under RCM
Tax deposited by	Supplier	Recipient

Common Cases of RCM

1. Specified Goods/Services Notified by Government

Examples include:

- Services of Goods Transport Agency (GTA) in specified cases.
- Services provided by an advocate or law firm to a business entity.
- Certain services supplied by Government to business entities.

2. Purchase from Certain Categories of Persons

GST law may notify specific transactions where the recipient must discharge tax liability.

Compliance under RCM

The recipient must:

- Calculate GST on the transaction value.
- Pay GST directly to the Government.
- Report the liability in the GST return.
- Claim Input Tax Credit (ITC), subject to eligibility conditions.

Simple Example

Suppose a company receives legal services worth ₹1,00,000 from an advocate.

- Advocate raises invoice for ₹1,00,000.
- Advocate does not collect GST.
- Company pays GST under RCM (say 18% = ₹18,000) directly to the Government.
- Subject to eligibility, the company can claim ITC of ₹18,000.

Relevance to the HC Case

In the case you referred to, one of the taxpayer's contentions was that the RCM liability itself was disputable or incorrectly determined. Since there were arguable issues regarding the applicability and quantum of RCM, the High Court held that the belated appeal should be heard on merits rather than dismissed on technical grounds of delay.

Key Takeaway

Under RCM, the responsibility to pay GST shifts from the supplier to the recipient. Businesses should carefully identify transactions covered under RCM because failure to pay GST under reverse charge can result in demands for tax, interest, and penalties.