

# **Compliance Burden of RCM Under GST for Small and Medium Enterprises in India**

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**Abstract:** *The introduction of the Goods and Services Tax (GST) in India, specifically the Reverse Charge Mechanism (RCM), has had a deep impact on Small and Medium Enterprises (SMEs). While GST aims to simplify tax procedures and enhance transparency, the burden of compliance generated by RCM has created a huge challenge for SMEs in India. The Reverse Charge Mechanism transfers the burden of paying tax from the supplier to the recipient in specific situations, presenting a complicated compliance scenario for companies that do not have the necessary resources and knowledge to handle it. SMEs, who are the pillars of India's economy, usually function with fewer financial, technological, and human resources and hence are most exposed to the intricacies of RCM. The research analyzes the compliance problems of SMEs under RCM, such as technological preparedness, liquidity, human resource availability, and specialized knowledge requirements. It further reviews the effect of such problems on the operational efficiency, cost structure, and growth prospects of SMEs. By doing so, the paper highlights the requirement of specific support mechanisms, including easier compliance measures, increased digital tool accessibility, and capacity development programs, to facilitate SMEs in utilizing the RCM provisions of GST properly.*

**Keywords:** Reverse Charge Mechanism, GST Compliance, Small and Medium Enterprises, SMEs, Tax Burden, Technological Readiness, Digital Compliance, India, Regulatory Challenges, Tax System, Business Efficiency, GSTN, Self-Invoicing, Financial Liquidity, Compliance Challenges

