

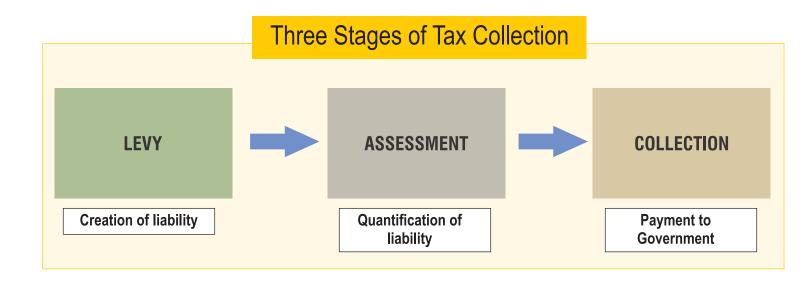
CHAPTER - 2 CHARGE OF TAX & APPLICATION OF CGST & IGST LAWS

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Sir What is a Taxable event In a Law?

A taxable event in the law is the event, happening of which triggers applicability of provisions of the law. For e.g. under Income Tax Act, taxable event is earning of income. Thus, earning of income is the trigger and once a person earns any income, he is covered by the provisions of Income Tax Act.

In GST taxable event is supply of goods or services.

Intra-State Supply

IGST	Article 246-A(2): ◆ Exclusive powers of Parliment	IGST Act, 2017	Sec 1 to 25	Sec 1: Whole of India (Including J & K)	Sec 1 : 1st July, 2017 [In J & K - 8th July, 2017]	Sec 2 : Sec 2 (1) to 2(25)	IGST Rules, 2017 Single set of rule	Rule 1 to 2
UTGST		UTGSL Act, 2017 5UT + OT (Other territiry of India) - Single Act covering all	Sec 1 to 26	Sec 1:5 UT + Other Territory of India	Sec 1 : 1st July, 2017	Sec 2 : Sec 2 (1) to 2(10)	UTGST Rules, 2017 5 set of rules-each for each UT	Rule 1 to 2 (in all 5 set of rules)
SGST	Article 246-A(1): Concurrent powers of parliament and state legislature	28 states-28 states Acts 28 states-28 states Acts 3 UTs deemed to be state as they also having legislative body - Delhi and puduchery & Jammu -Kashmir			Sec 1 : 1st July, 2017		SGST Rules, 2017	
CGST	Article 246-A(1): Concurrent powers of pa	CGST Act, 2017	Sec 1 to 174	Sec 1 : Whole of india (Including J & K)	Sec 1 : 1st July , 2017 (In J & K - 8th July, 2017)	Sec 2 : Sec 2(1) to 2(121)	CGST Rule, 2017 Single set of rule	Rule 1 to 162
	Constitution of India	• Act	Total sections	Extent of Applicability	Date of commencement	Definition	Rules	Total No. of Rules

CENTRAL GOODS & SERVICES TAX ACT, 2017

Sec 1 : Title, Extent & Commencement

(1) Title

This Act may be called the Central Goods and Services Tax Act, 2017.

(2) Extent

It extends to the whole of India.



CGST Act and IGST Act are applicable to Jammu & Kashmir from 8th of July 2017.

(3) Commencement

It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint (This Act is applicable from 1st July 2017)

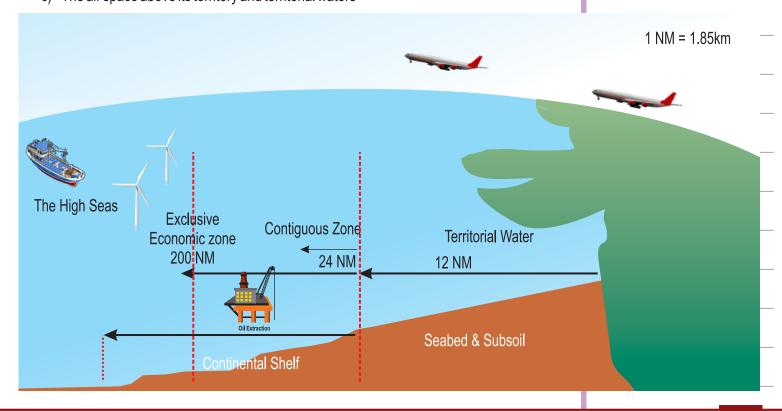
SEC 2 (56) "INDIA"

Means

- a) Territory of India as reffered to in article 1 of Constitution (The territory of the Union of India viz., state and the union territories.)
- b) Its
- Territorial Water,
- seabed and
- sub-soil underlying such waters,
- continental shelf,
- ⇒ exclusive economic zone or
- ⇒ any other maritime zone as defined in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976
- c) The air space above its territory and territorial waters









SEC 2(103) "STATE"

Includes

- A Union territory with Legislature.

SEC 2(114) "UNION TERRITORY"

Means

the territory of -

- (a) the Andaman and Nicobar Islands
- (b) Lakshadweep
- (c) Daman and Diu and Dadra and Nagar haveli
- (d) Ladakh
- (e) Chandigarh
- (f) and Other territory

Explanation - For the purposes of this Act, each of the territories specified in clauses (a) to (f) shall be considered to be a separate Union territory

Amended by F.A. 2020

Sec 2: Other Relevant Definitions are discussed in each chapter

Sec 3: Hierarchy of officers - The Government shall, by notification, appoint the following classes of officers for the purposes of this Act, namely:

- Principal Chief Commissioners of Central Tax or Principal Directors General of Central Tax
 - Chief Commissioners of Central Tax or Directors General of Central Tax. (b)
- Principal Commissioners of Central Tax or Principal Additional Directors (c) General of Central Tax.
- Commissioners of Central Tax or Additional Directors General of Central Tax, (d)
- Additional Commissioners of Central Tax or Additional Directors of Central Tax, (e)
- Joint Commissioners of Central Tax or Joint Directors of Central Tax, (f)
- Deputy Commissioners of Central Tax or Deputy Directors of Central Tax, (g)
- Assistant Commissioners of Central Tax or Assistant Directors of Central Tax. (h)
- (i) any other class of officers as it may deem fit

Proviso

Provided that the officers appointed under the Central Excise Act, 1944 shall be deemed to be the officers appointed under the of this Act.

Sec 4: Power of CBIC to notify other officers for execution

Sec 5: Power of CBIC to decide scope & duties of officers

Discussed in Chapter Miscellaneous Provision in Module 3

Sec 6: Authorisation to the officers of SGST/UTGST

Sec 7 : Supply

Sec 8: Composite and Mixed Supply

Discussed in next chapter

CGST Act, 2017

Sec 9: Levy and Collection of CGST

(1) **Levy of CGST**

Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax

- on all (intra-State) supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption,
- on the value determined under section 15 and
- at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and

CGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%
SGST Rate	0%	0.125%	1.5%	2.5%	6%	9%	14%
Total	0%	0.25%	3%	5%	12%	18%	28%

collected in such manner as may be prescribed and shall be paid by the taxable person.

Goods out of the scope of CGST (2)

The central tax on the supply of

petroleum crude,

- high speed diesel,
- motor spirit (commonly known as petrol),
- natural gas and

aviation turbine fuel

shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

Analysis

	(Supply)	(Production)	(Sale)	
	GST	ED	VAT	CST
Alcoholic Liquor for Human Consumption				
Petroleum crude, High speed Diesel, Motor spirit (Petrol),Natural gas, Aviation Turbine fuel				
3. Tobacco & Tobacco products				
4. Opium, Indian hemp and other narcotic drugs and narcotics:				
5. All Others Goods				

Reverse Charge under notified cases

Separately discussed in Chapter 4

The Government may, on the recommendations of the Council,

- by notification, specify categories of supply of goods or services or both,
- the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both

and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

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Reverse Charge - when supply of goods or services by unregistered (4) person to registered person

to

The central tax in respect of the

supply of specified category of goods or services or both by a supplier, who is not registered.

a specified class of registered person

Separately discussed in Chapter 4 shall be

paid by such person on reverse charge basis as the recipient of such supply of goods or services or both

all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Comment: GST being an indirect tax, generally supplier collect the tax from customer and pay to the government, ultimate burden is passed on to the recipient but under RCM tax is paid by recipient directly to the government. Therefore under RCM the burden of compliance requirement has been shifted from supplier to recipient.

CGST liability of E-commerce operator

The Government may, on the recommendations of the (5)Council,

Separately discussed in Chapter 4

- by notification, specify categories of services
- the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and
- all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

Proviso

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory,

any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax

Proviso

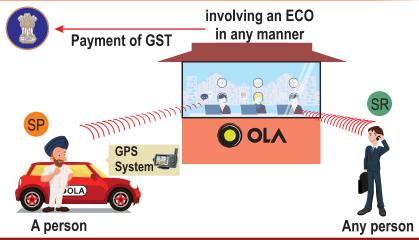
Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory,

such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Definition

Sec 2(45): E Commerce Operator - means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce

E-Commerce Operator



IGST Act, 2017

Section 5: Levy and Collection of IGST

1 Subject to the provisions of sub-section (2), there shall be

levied a tax called the integrated goods and services tax

- on all inter-State supplies of goods or services or both except on the supply of alcoholic liquor for human consumption,
- on the value determined under section 15 of the Central Goods and Services Tax Act and
- at such rates, not exceeding forty per cent., as may be notified by the Government on the recommendations of the Council and

IGST Rate 0% 0.25% 3% 5% 12% 18% 28%

collected in such manner as may be prescribed and **shall be paid** by the taxable person

Proviso Levy of IGST on imported goods

Provided that the integrated tax on goods imported into India

- ⇒shall be levied and collected in accordance with the provisions of section 3 of the Customs TariffAct, 1975
- on the *value* as determined under the said Act
- **at the point** when duties of customs are levied on the said goods under section 12 of the Customs Act. 1962.

2 Goods out of the scope of IGST

The integrated tax on the supply of

- petroleum crude,
- ⇒ high speed diesel,
- motor spirit (commonly known as petrol),
- natural gas and
- aviation turbine fuel

shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

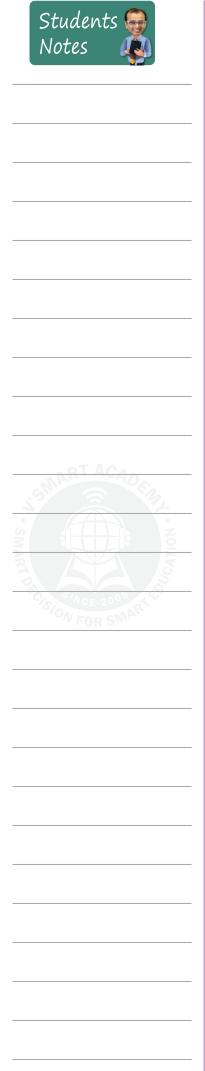
3 Reverse Charge under notified cases

Separately discussed in Chapter 4

The Government may, on the recommendations of the Council.

- by notification, specify categories of supply of goods or services or both,
- the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and
- ⇒all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.





Reverse Charge - when supply of goods or services by unregistered person to registered person

The integrated tax in respect of the supply of taxable goods or services or both

supply of specified category of goods or services or both by a supplier, who is not registered,

a specified class of to registered person

shall be paid by such person on reverse charge basis as the recipient of such supply of goods or services or both and

all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Comment: In case of interstate supply also, the provision of RCM is applicable if service is notified u/s 9(3) and 9(4) the same is cover under sec 5(3) and 5(4) of IGST Act.

IGST liability of electronic commerce operator

The Government may, on the recommendations of the Council,

- by notification, specify categories of services.
- the tax on inter-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and
- all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services

Proviso

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory,



any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax

Proviso

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also does not have a representative in the said territory

such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Section 7: Inter-State Supply (IGST Act, 2017)

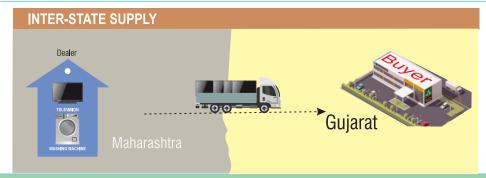
Inter-State Supply

Inter-State Supply of Goods (within India)

Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in

- (a) two different States
- (b) two different Union territories; or
- (c) a State and a Union territory,

shall be treated as a supply of goods in the course of inter-State trade or commerce.



Inter-State Supply - Imported Goods 2

Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.



Tutorial Notes

Sec 2(10) "import of goods" with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India;



3 **Inter-State Supply of Service (within India)**

Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in

- (a) two different States
- (b) two different Union territories; or
- (c) a State and a Union territory,

shall be treated as a supply of services in the course of inter-State trade or commerce.

INTER-STATE SUPPLY OF SERVICES

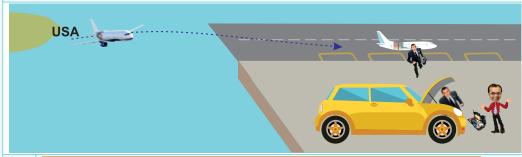






Inter-State Supply - Imported Service

Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.





Tutorial Notes

Sec 2 (11) "import of services" means the supply of any service, where-

- (i) the supplier of service is located outside India;
- (ii) the recipient of service is located in India; and
- (iii) the place of supply of service is in India;

Inter-State Supply - Supply of Goods or Service outside India

- Supply of goods or services or both, 5
 - (a) when the supplier is located in India and the place of supply is outside India
 - (b) to or by a Special Economic Zone developer or a Special Economic Zone unit or
 - In the taxable territory, not being an intra-State supply and not covered elsewhere (c) in this section

shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.



SUPPLY TO OR FROM SEZ



Sec 16: ZERO RATED SUPPLY (IGST Act, 2017)

Separately discussed in Module 3

- "zero rated supply" means any of the following supplies of goods or services or both, namely:-
 - (a) Export of goods or services or both; or
 - (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

Zero Rated Supply is allowed without payment of GST

Sec 147: DEEMED EXPORT SUPPLY (CGST Act, 2017)

Separately discussed in Module 3

Supplies may be notified as deemed exports if they meet the following conditions:

- ⇒ Goods supplied do not leave India
- ⇒ Payment for such supplies is received either in Indian rupees or in convertible foreign exchange
- ⇒ Such goods are manufactured in India It may be noted that this provision is applicable only in case of supply of goods, and not supply of services.

Following supply are notified as a deemed export

- (a) Supply of goods by a registered person against Advance Authorisation
- Supply of capital goods by a registered person against Export Promotion Capital Goods (b) Authorisation
- Supply of goods by a registered person to Export Oriented Unit (c)
- Supply of gold by a bank or Public Sector Undertaking specified in the notification No. (d) 50/2017- Customs, dated 30/06/2017 (as amended) against Advance Authorisation.

Note: Deemed exports are not zero rated supplies by default, unlike the regular exports. hence all supplies notified as supply for deemed export will be subject to levy of taxes i.e. such supplies can be made on payment of tax and cannot be supplied under a Bond/LUT. However, the refund of tax paid on the supply regarded as Deemed export is admissible to either the supplier or the recipient. The application for refund has to be filed by the supplier or recipient (subject to certain conditions) of deemed export supplies, as the case may be.

Section 8 : Intra-State Supply

Intra-State Supply

1

Subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in

- the same State or
- same Union territory

shall be treated as intra-State supply:

- Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in
 - the same State or
 - same Union territory

shall be treated as intra-State supply



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