



# CHAPTER - 2

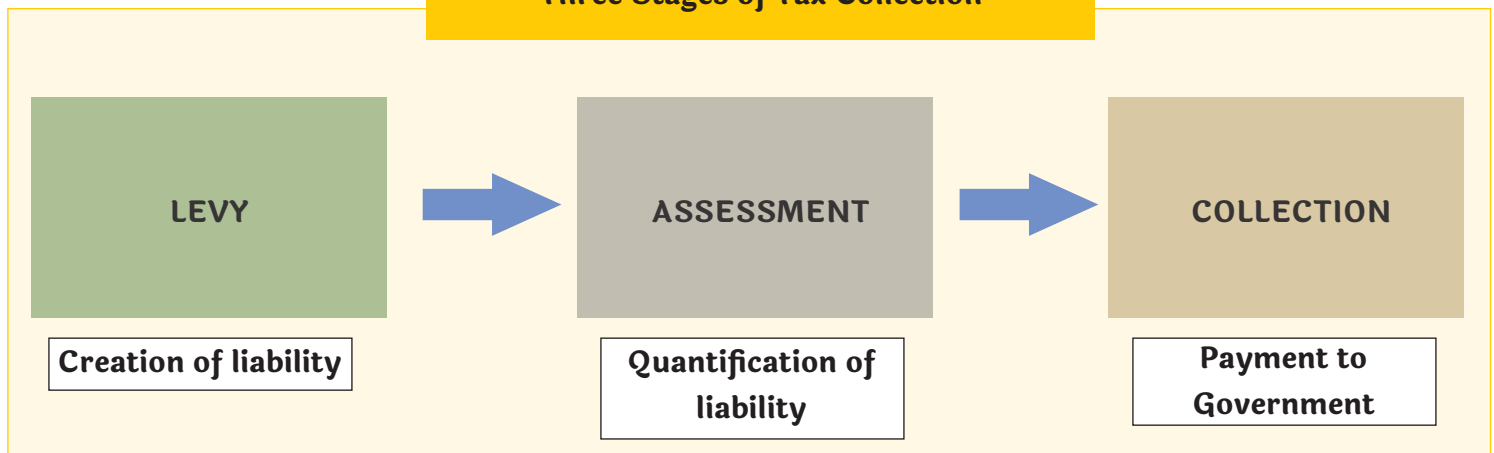
## CHARGE OF TAX & APPLICATION OF CGST & IGST LAWS

### INDEX

Central Goods and Service Tax Act, 2017		
Sec 9	Levy & collection of CGST	33

Integrated Goods & Service Tax Act, 2017		
Sec 5	Levy & collection of IGST	33
Sec 7	Inter State supply	34
Sec 8	Intra State supply	34

### Three Stages of Tax Collection



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.**



**Sec 1 : Title, Extent & Commencement**

(1)	<b>Title</b> This Act may be called the Central Goods and Services Tax Act, 2017.
(2)	<b>Extent</b> It extends to the whole of India
(3)	<b>Commencement</b> It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint <b>(This Act is applicable from 1st July 2017)</b>

**SEC 2 (56) "INDIA"**

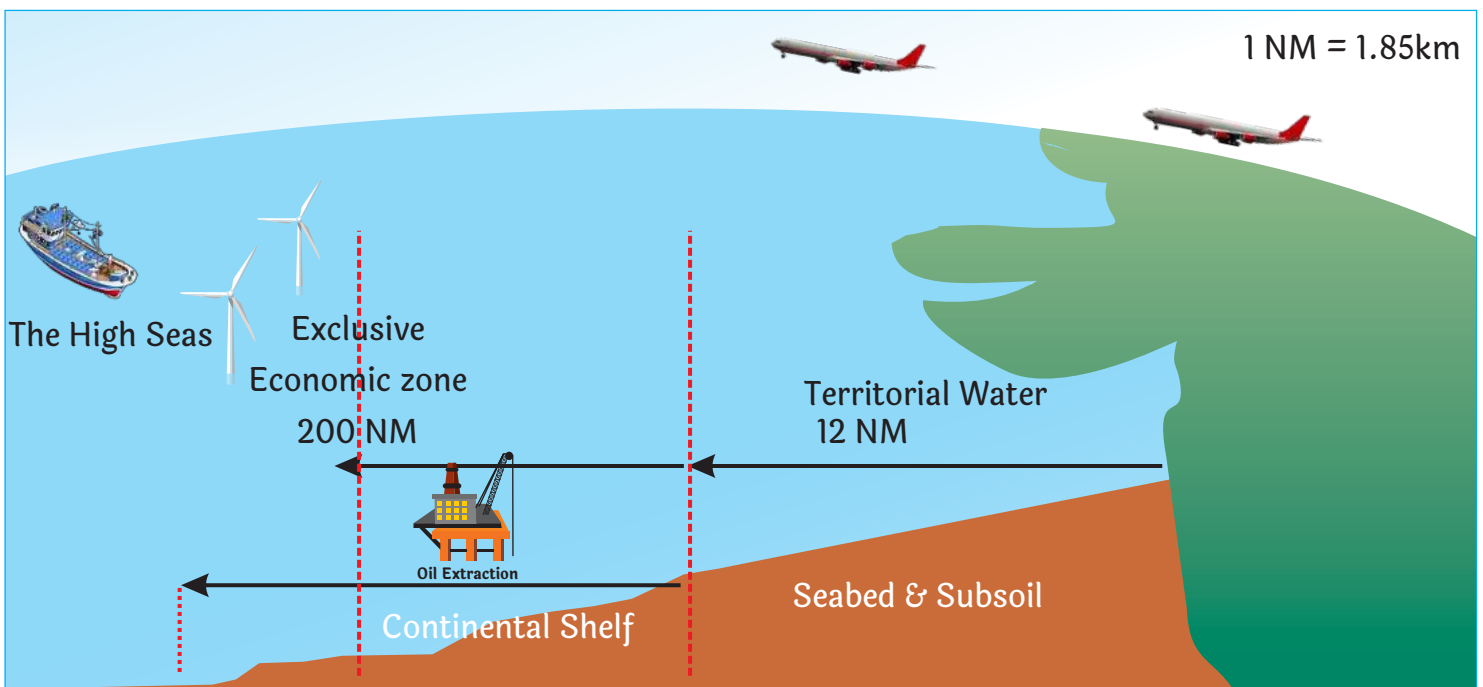
**Means**

- a) Territory of India as referred 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(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



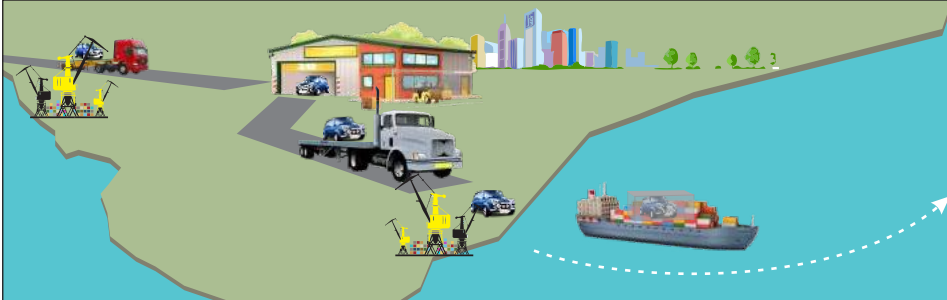
## LEVY & COLLECTION OF CGST & IGST

### [SECTION 9 OF THE CGST ACT & SECTION 5 OF THE IGST ACT]

<b>1)</b>	<b>Levy of CGST</b>	<p><b>Sec 9(1) of CGST Act, 2017:-</b></p> <ul style="list-style-type: none"> <li>➤ <b>Levy:-</b> CGST is applicable to all intra-State supplies of goods or services, <u>except for alcoholic liquor for human consumption and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption.</u> <span style="background-color: #800040; color: white; padding: 2px;">Inserted by F.A. 2024</span></li> <li>➤ <b>Value:-</b> on the value determined under section 15 and</li> <li>➤ <b>Rate:-</b> at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and</li> <li>➤ <b>Collected:-</b> in such manner as may be prescribed and</li> <li>➤ <b>Payment:-</b> shall be paid by the taxable person.</li> </ul>																																														
<b>2)</b>	<b>Rates of CGST</b>	<ul style="list-style-type: none"> <li>➤ The rates for CGST are determined by the Govt. on the <b>recommendations of the GST Council.</b></li> <li>➤ The <b>maximum</b> rate of CGST can be <b>20%.</b></li> </ul> <div style="text-align: center; margin: 10px 0;"> <span style="border: 1px solid red; border-radius: 50%; padding: 2px;">Notified Rate by GST Council</span> →             <table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"> <tr> <td style="background-color: #800040; color: white;">CGST Rate</td> <td>0%</td> <td>0.125%</td> <td>1.5%</td> <td>2.5%</td> <td>6%</td> <td>9%</td> <td>14%</td> </tr> <tr> <td style="background-color: #003366; color: white;">SGST Rate</td> <td>0%</td> <td>0.125%</td> <td>1.5%</td> <td>2.5%</td> <td>6%</td> <td>9%</td> <td>14%</td> </tr> <tr> <td style="background-color: #92d050;">Total</td> <td>0%</td> <td>0.25%</td> <td>3%</td> <td>5%</td> <td>12%</td> <td>18%</td> <td>28%</td> </tr> </table> </div>	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%																						
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<b>3)</b>	<b>Items with Deferred CGST/IGST Levy</b>	<p><b>Sec 9(2) of CGST &amp; Sec 5(2) of IGST Act, 2017:-</b></p> <ul style="list-style-type: none"> <li>➤ CGST/IGST on the supply of certain items such as petroleum crude, high-speed diesel, motor spirit (petrol), natural gas, and aviation turbine fuel has not been levied yet.</li> <li>➤ The levy will be implemented based on notifications from the Government and recommendations from the Council.</li> </ul> <p><b>Analysis</b></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2"></th> <th>(Supply)</th> <th>(Production)</th> <th colspan="2">(Sale)</th> </tr> <tr> <th>GST</th> <th>Excise Duty</th> <th>VAT</th> <th>CST</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Alcoholic Liquor for Human Consumption</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2.</td> <td><u>Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3.</td> <td>Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4.</td> <td>Tobacco &amp; Tobacco products</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>5.</td> <td>Opium, Indian hemp and other narcotic drugs and narcotics:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6.</td> <td>All Others Goods</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			(Supply)	(Production)	(Sale)		GST	Excise Duty	VAT	CST	1.	Alcoholic Liquor for Human Consumption					2.	<u>Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption</u>					3.	Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel					4.	Tobacco & Tobacco products					5.	Opium, Indian hemp and other narcotic drugs and narcotics:					6.	All Others Goods				
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<b>4)</b>	<b>Reverse Charge under notified cases</b>	<ul style="list-style-type: none"> <li>➤ Applies to specified goods or services.</li> <li>➤ Recipient of the supply is liable to pay tax directly.</li> </ul> <div style="text-align: right; border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;">Separately discussed in Chapter No. 4</div>																																														
<b>5)</b>	<b>Reverse Charge - UnRegistered Person (URP) to Registered Person (RP)</b>	<ul style="list-style-type: none"> <li>➤ Relates to specified goods or services from unregistered suppliers to specified class of registered recipient.</li> <li>➤ Tax liability falls on registered recipients.</li> </ul> <div style="text-align: right; border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;">Separately discussed in Chapter No. 4</div>																																														

6)	<b>CGST liability of E-commerce operator</b>	<ul style="list-style-type: none"> <li>⇒ The Govt. notified certain supplies on the recommendation of the Council, the <b>tax on intra-State supplies</b> of which shall be paid by the <b>ECO</b> if such services are supplied through it.</li> <li>⇒ All the provisions of GST Acts shall apply to ECO as if he is the supplier liable for paying the tax for the supply of such services.</li> </ul>
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### LEVY & COLLECTION OF IGST

1)	<b>Levy of IGST for Inter-State Supplies</b> <span style="background-color: #e91e63; color: white; padding: 2px;">Inserted by F.A. 2024</span>	<ul style="list-style-type: none"> <li>⇒ For <b>inter-State supplies of goods and/or services</b>, <b>except for alcoholic liquor for human consumption and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption.</b></li> <li>⇒ Integrated Goods and Services Tax (IGST) is imposed based on the transaction value u/s 15 of the CGST Act.</li> <li>⇒ IGST is the <b>sum of CGST and SGST/UTGST</b>, and the <b>maximum</b> rate can be <b>40%</b>.</li> </ul>
2)	<b>GST on Imported Goods:</b>	<ul style="list-style-type: none"> <li>⇒ <b>All imports are treated as inter-State supplies</b>, and IGST is levied on imported goods in addition to applicable customs duties.</li> <li>⇒ The <b>integrated tax on imported goods</b> follows the provisions of the <b>Customs Tariff Act, 1975</b>, and is collected when customs duties are levied under the Customs Act, 1962 [IGST = ACD 3(7)].</li> <li>⇒ This tax is in addition to the Basic Customs Duty (BCD) imposed as per the Customs Tariff Act.</li> <li>⇒ Certain luxury and demerit goods may also be subject to GST compensation cess under the Goods and Services Tax (Compensation to States) Cess Act, 2017 [GST (cess) = ACD 3(9)].</li> </ul> <div style="text-align: center; margin-top: 10px;">  </div>

### Inter & Intra State Supply

3)	<b>Intra State Supply</b>	As a general rule, where the <b>location of the supplier</b> and the place of supply of goods or services are <b>in the same State/Union territory</b> , it is treated as <b>intra-State supply</b> of goods or services respectively.
4)	<b>Inter State Supply</b>	where the <b>location of the supplier</b> and the <b>place of supply</b> of goods or services are in <ul style="list-style-type: none"> <li>(i) two different States or</li> <li>(ii) two different Union Territories or</li> <li>(iii) a State and a Union territory,</li> </ul> it is treated as <b>inter-State supply</b> of goods or services respectively.

**Note: Details discussion of Inter State and Intra State Supply is covered in chapter Place of Supply**



