



# Central Goods and Services Tax Act, 2017

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# CHAPTER 1

## Basic Concepts of Indirect Taxes and Constitutional Levy of GST

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Sir... What is a tax?

1. The term "Tax" is derived from latin word "Taxo"
2. It is **mandatory financial burden** impose on individual or legal entity.
3. It is nothing but the money that people have to pay to the Government, which is used to provide public services.



Sir... What is need of Taxes?

In any Welfare State, it is the prime responsibility of the Government to fulfill the increasing developmental needs of the country and its people by way of public expenditure.

Money raised by taxation to carry out many functions such as :

- Infrastructure
- Education
- Health
- Military
- Defense and other socio-economic objectives of the Government

Sir... what type of taxes leviable in India?

Taxes are broadly classified into direct and indirect taxes.

Direct Taxes

Indirect Taxes



History of Indirect Taxes :

**Example 1 :-** Mr. Viru a merchant of food grain. He want to do business in the kingdom of King Gabbarsing. He has brought 1000 bags from his village for business of costing 1,00,000. He has given 100 bags to king Gabbarsing as gift for having permission to do business in his kingdom. He started his business in the kingdom of Gabbarsing. What the price he will charge to customer? If he want to earn profit of 10% over cost?





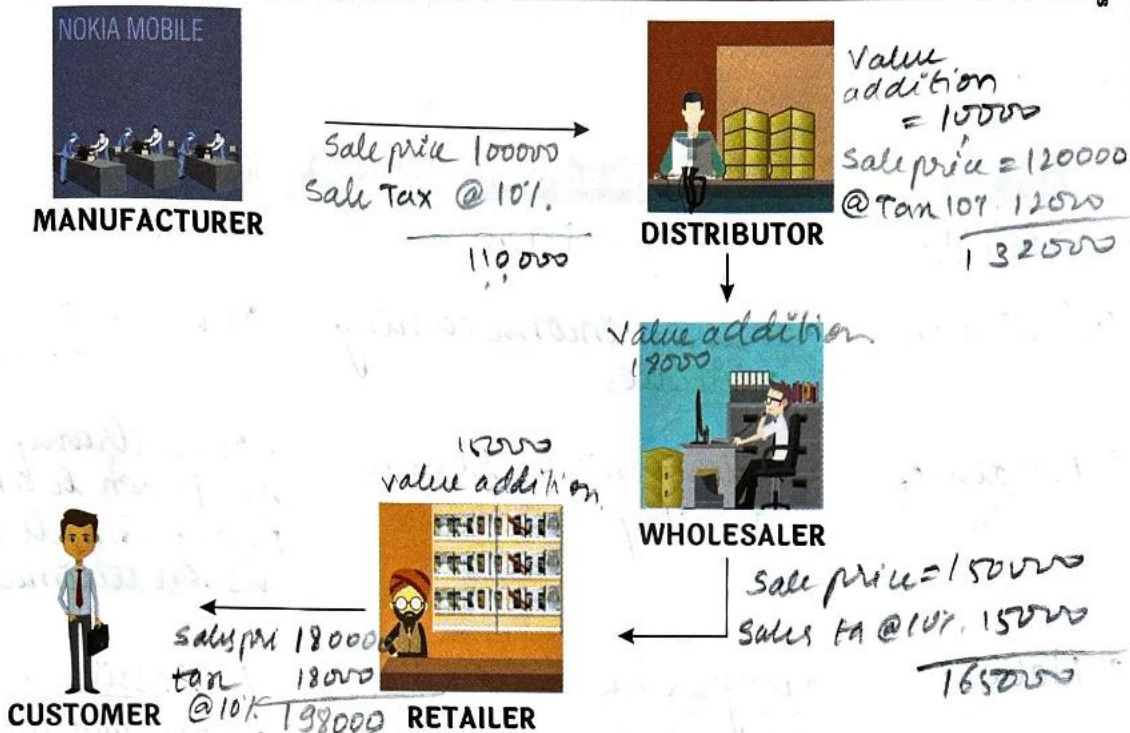
**Sir... How Indirect Tax Charged in Current Scenario?**

Beta, Try to understand it with the help of following example:



**Example 2 :** Mr. A sold the goods to Mr. 'B' for ₹1,00,000. Sale Tax is payable on such goods @ 10% Determine the total price charge by Mr. A to Mr. B.

**Tax on Multiple Stages**



B2B  
B2C

**Difference between Direct Tax & Indirect Tax**



**Sir... what is the difference between Direct & Indirect Tax?**

Beta, Try to understand it following example :



P1: Mr. A a manufacturer of tooth paste. He has done only single sale in F.Y. 18-19 of ₹20,00,000 he has incurred a following expenses to run the business in the financial year,

Particulars	Amount (₹)
Salaries & Wages A/c	2,00,000
Electricity Charges A/c	1,00,000
Printing & Stationery A/c	1,50,000
Other Expenses A/c	3,50,000
Bank Charges A/c	1,00,000

Mr. A is also liable to pay tax on sale @ 10%. Calculate Direct and Indirect Taxes

### Difference between Direct Tax & Indirect Tax

Particulars	Direct tax	Indirect tax
1. Levied on.	• It is on <u>income earning activities</u> .	• It is on <u>goods or services</u> .
2. Burden of tax.	• It is borne by person directly.	• It is transferable from one person to another person & <u>entire burden is on ultimate consumer</u> .
3. Nature	• <u>Progressive nature</u> i.e. <u>higher rate of taxes for the people with higher income</u> .	• <u>Regressive nature</u> : as all the consumer <u>equally bear the burden</u> irrespective of the ability to pay.
4. When it is paid?	It is paid <u>after the income reaches in the hands of tax payer</u> .	It is paid <u>before goods &amp; services reaches the tax payer</u> .
5. Collection.	Tax collection is <u>difficult</u> as it is on <u>yearly basis</u> .	Tax collection is <u>relatively easier</u> & collected at the time of sale or purchase of goods/ services.
Example :	Income tax, wealth tax	GST, customs, Excise vat.



Central Tax



State Tax



Corporation Tax



Grocery Store Produce

## Constitutional Provisions

# CONSTITUTION OF INDIA



Indian Constitution is largest written constitution of the world. It is supreme law of country from which all other law emanates. It is the foundation, on which the entire legislative and judicial system is structured. All the enactments should have it's source in the Constitution of India.

India has a three-tier federal structure, comprising the Union Government, the State Governments and the Local Government. The power to levy taxes and duties is distributed among the three tiers of Governments, in accordance with the provisions of the Indian Constitution.

Two important dates in Indian History:

**15th August 1947 Independence Day** The date on which India achieved independence

**26th January 1950 Republic Day** The date on which the Constitution of India came into force as the governing document of India.



Friends,

I personally feel, before starting discussion on various law under Indirect Taxes, we must have knowledge of constitutional authority of such laws. Constitution of India contains the authority to make various legislations for the levy and collection of any tax in India which are given below:

Article 265

Taxes not to be imposed save by authority of law

Article 245

Extent of laws made by Parliament and by the Legislatures of States

Article 246

Subject-matter of laws made by Parliament and by the Legislatures of States

So friends, let's have discussion on each article in detailed.

Article 265: Taxes not to be imposed save by authority of law

'No tax shall be levied or collected except under authority of Law'

Tax is of two types Direct Taxes and Indirect Taxes.



Sir What?

If you read article 265 carefully, then it said for levy of any tax 'Authority of law' is needed...

Sir, who can make the laws in India?

Good question... Authority to make laws in India is given under Article 245 as below



Article 245: Extent of laws made by Parliament and by the Legislatures of States

It empowers the parliament to make Law for whole or any part of the territory of India, and the legislature of a state may make the Laws for the whole or any part of the state.

India is federal, not a unitary state. Laws are enacted by the union parliament as well as state legislature. The allocation of subject between the union & state is spelt out by Article 246 of the constitution through the schedule VII.

The allocation of subject between the union & state is spelt out by Article 246 of the constitution of India.

# GST



6

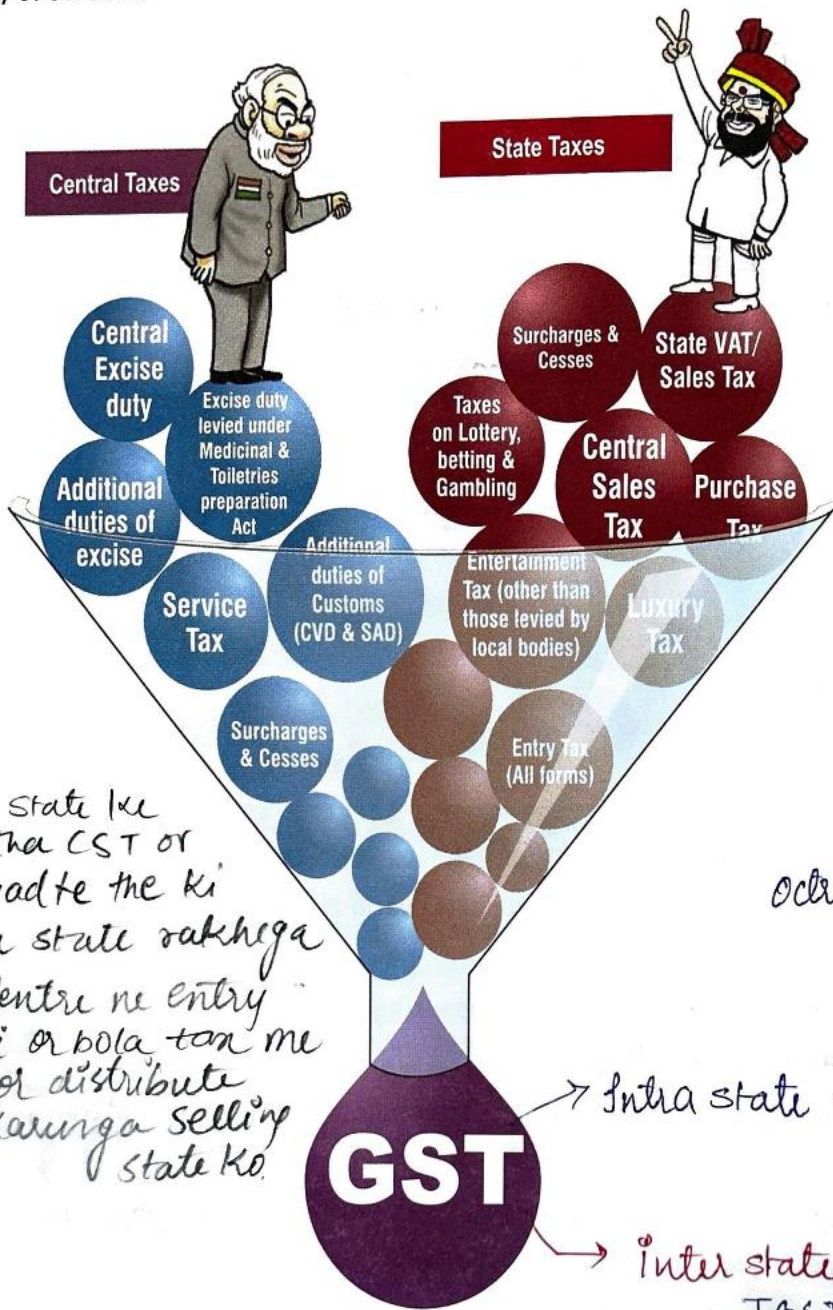
## Introduction of GST:

- GST is a **significant indirect tax reform** in India that consolidates various taxes like excise duty, service tax, VAT, CST, luxury tax, entertainment tax, and entry tax.
- GST and VAT are often used interchangeably, with **GST encompassing both goods and services**. France was the first country to implement VAT/GST in 1954.
- Over 160 countries have implemented some form of VAT/GST because it is an effective and transparent way to generate revenue.
- While many countries have a unified GST system, federal countries like Brazil and Canada use a dual GST system, with taxes levied by both federal and state governments.
- India adopted a dual GST model due to its federal structure.   
CST ✓ SGST
- The idea of GST in India was initiated in 2000, and it gained momentum in 2014 when the Constitution (122nd Amendment) Bill, 2014 was tabled in Parliament.
- The Lok Sabha passed the Bill in 2015, and the Rajya Sabha in 2016. After ratification by more than 50% of the states, it became the Constitution (101st Amendment) Act, 2016, paving the way for the introduction of GST in India.

## Taxes to be subsumed in GST

In the GST Regime, the major indirect taxes have been subsumed in the ambit of GST.

The present concept of manufacture or sale of goods or rendering of services are no longer applicable since the tax is now levied on 'Supply of Goods and/or services'



Phile state ke pass tha CST or vo zagadte the ki konsa state rakhega so Centre ne entry mari or bola tan me lung or distribute karunga selling state ko.

oche

Intra state → CGST → 50%  
SGST/UTGST → 50%  
dual model.  
Inter state  
IGST = 100%

- ### Central Taxes
- Central Excise duty
  - Additional duties of excise
  - Excise duty levied under Medicinal & Toiletries preparation Act
  - Additional duties of Customs (ACD)
  - Service Tax
  - Surcharges & Cesses

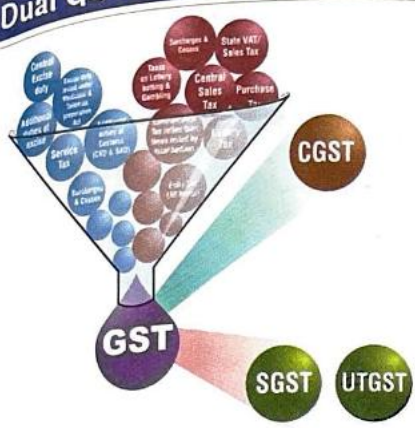
- ### State Taxes
- State VAT/Sales Tax
  - Central Sales Tax
  - Purchase Tax
  - Entertainment Tax (other than those levied by local bodies)
  - Luxury Tax
  - Entry Tax (All forms)
  - Taxes on lottery, betting & gambling
  - Surcharges & Cesses

## Taxes not subsumed under GST

1. Property Tax & Stamp Duty
2. Electricity Duty
3. Excise Duty on Alcohol
4. Basic Custom Duty
5. Excise Duty on Petrol Diesel

A.T.

# Dual GST Model Introduced in India



- India has adopted a **Dual GST model** in view of the federal structure of the country.
- Centre and States simultaneously levy GST on taxable supply of goods &/or services which, takes place within a State or Union Territory.
- Inter-State supplies of taxable goods and/or services will be subject to **IGST** & Intra-State supplies will be subjected to **CGST & SGST/UTGST**.
- IGST** will approximately be a sum total of **CGST** and **SGST/UTGST**.
- Import of goods &/or services will be treated as inter-state supply u/s 7 of IGST, 2017.

GSTIN - GST Identification no. → PAN in case of IIT

## Tax Structure in GST Model (Intra State) = Pan



MANUFACTURER

### Taxes on Goods (Intra state supply)

Tax invoice.

Price	100000.
CGST @ 9%	9000
SGST @ 9%	9000
	<u>118000.</u>



DISTRIBUTOR



DISTRIBUTOR

Tax invoice.

Price	150000.
CGST @ 9%	13500
SGST @ 9%	13500
	<u>177000.</u>



WHOLESALER



WHOLESALER

Tax invoice

Price	200000.
CGST 9%	18000
SGST 9%	18000
	<u>236000.</u>



RETAILER



RETAILER

Tax Invoice.

Price	250000
CGST 9%	22500
SGST 9%	22500
	<u>295000</u>



CUSTOMER

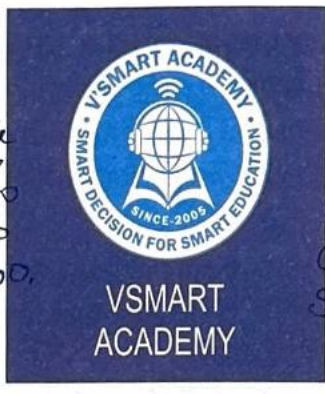
Shubham sir → smart → student,  
 service

CH 1  
 Basic Concepts of Indirect Taxes  
 and Constitutional Level of GST



(Intra)  
 Tax invoice  
 Price 50000  
 CGST 4500  
 SGST 4500

B2B



Tax invoice  
 Price 100000  
 CGST 63000  
 SGST 63000

B2C.



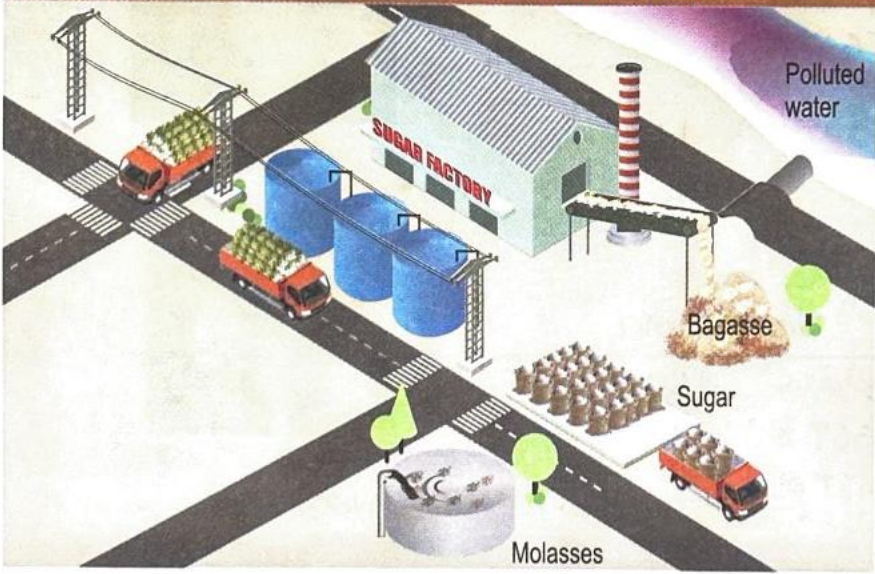
**P2:** Mr. Suresh of Rajasthan supplied goods/services for ₹20,000 to Mr. Ramesh of Rajasthan. SGST and CGST rate on supply of goods and services is 9% each. Find the following:

- (a) Total price charged by Mr. Suresh
- (b) Who is liable to pay GST?

liable kon pay Rajasthan - Destination 3-Raj Buy-MM type - Intra.  
 karey ko Page no. 2 born - kiska burden hai.

**GST STRUCTURE IN INDIA FOR VARIOUS BUSINESSES**

**MANUFACTURING AND SALE OF GOODS**



**SALE OF GOODS WITHIN STATE**



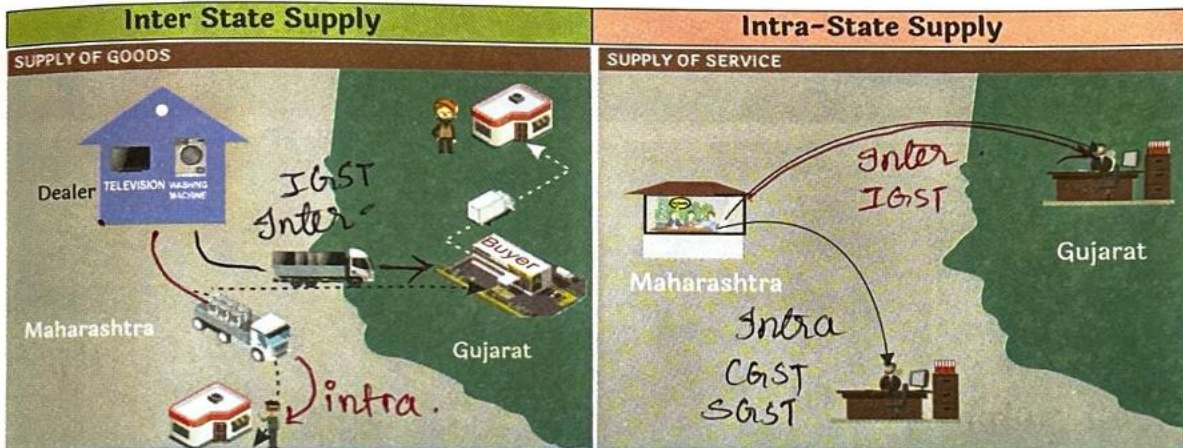


## IGST.. UNIQUE FEATURES IN INDIAN GST MODULE

No other country has the concept of IGST which facilitates seamless flow of input tax credit for all supplies flowing in and around the territory of India.

Inter-State supplies of taxable goods and/or services will be subject to Integrated Goods and Services Tax (IGST).

IGST will approximately be a sum total of CGST and SGST/UTGST and will be levied by Centre on all inter-State supplies.



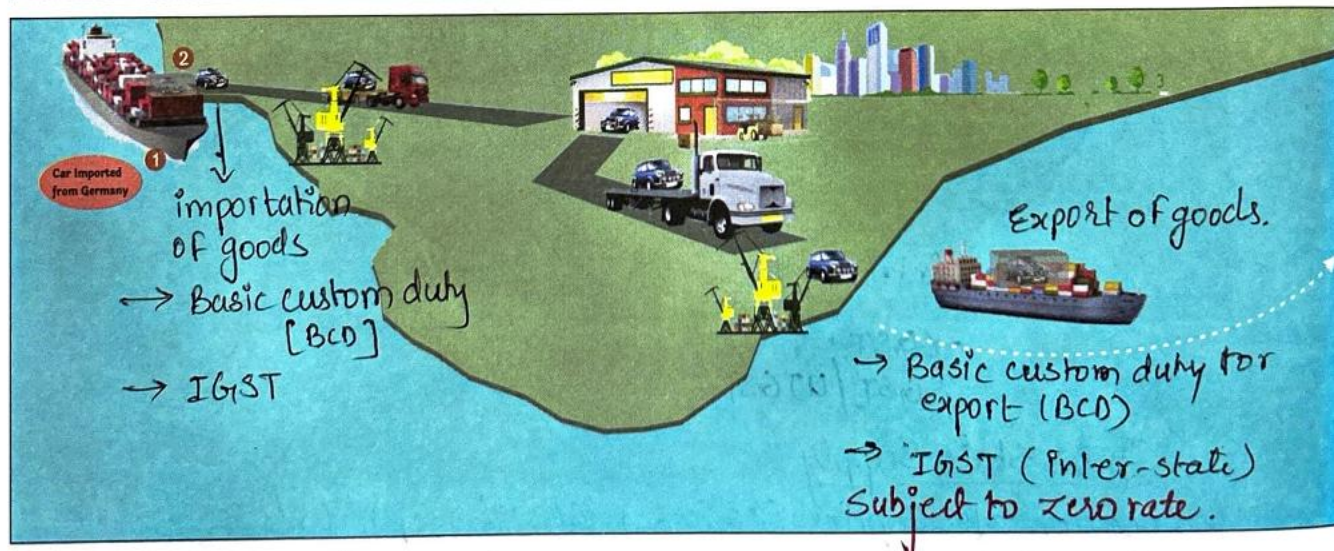
- CGST  
- SGST/UTGST

### Inter state Supply

1. Location of supplier (LOS) & place of supply (POS) are in two different state.
2. Location of supplier (LOS) & place of supply are in diff. UT's.
3. LOS in one state and POS in UT
4. Import of goods or services
5. Export of goods & services

<b>Intra State Supply</b>	<p><b>1. Central Goods and Services Act, 2017</b></p> <p><b>2. State Goods and Services Act, 2017</b> [28 states and 3 union territories (with state legislature) will be having their respective SGST Acts]</p> <p><b>3. Union Territory Goods and services Tax Act, 2017</b> [All 5 Union territories (without state legislature) will be governed by single UTGST Act]</p> <p><b>Author's Note:</b> CGST &amp; SGST/UTGST would be levied jointly by Central &amp; State. The CGST &amp; SGST/UTGST Rate is 50:50% of GST Rate notified on the recommendation of GST Concept</p>	<p>It is levying CGST</p> <p>It is levying SGST OR It is levying UTGST</p>
<b>Inter State Supply</b>	<p><b>Integrated Goods and Services Tax Act, 2017</b></p> <p><b>Author's Note:</b> An IGST would be levied and collected by the Centre on inter-state supply of Goods and services. IGST will be a sum total of CGST and SGST/UTGST</p>	<p>It is levying IGST</p>

### Import & Export Of Goods or Services also Treated as Inter-State Supply



Sir... why does introduction of GST require a Constitutional Amendment?

Currently, the fiscal powers between the Centre and States are clearly demarcated in list I, list II & list III of article 246 the constitution with almost no overlap between the respective domains.

The Centre has powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium narcotics etc.) while the States have powers to levy tax on the sale of goods.

In the case of inter-state sales, the centre has power to levy tax (the central sales tax) but, the tax is collected and retained entirely by the states.

As for services, it is Centre alone that is empowered to levy Service Tax.

Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The constitution of India has been amended by the constitution (101st amendment) Act, 2016 for this purpose.

Article 246A of the constitution empowers the Centre and the states to levy and the collect the GST.

*MCQ imp.*



## ARTICLE 246A : SPECIAL PROVISION WITH RESPECT TO GOODS & SERVICES TAX

- (1) Notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State. GST
- (2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

**Explanation** The provisions of this article, shall, in respect of goods and services tax referred to in clause (5), of article 279A, take effect from the date recommended by the Goods and Services Tax Council.

**Author Comment:** Article 279(A)(5) covers following 5 goods-

1. ⤴ Petroleum crude, *u.*
2. ⤴ High Speed diesel, motor spirit (commonly known as petrol)
3. ⤴ Natural gas and aviation turbine fuel. (ATF)

Tax payable.  
- Exercise  
- VAT [Intra]  
- CST [Inter]

GST on these will be applicable from such date as will be recommended by GST council in future.

they are also called as "Non taxable supply" for GST

## ARTICLE 269A : LEVY AND COLLECTION OF GOODS AND SERVICES TAX IN COURSE OF INTER-STATE TRADE OR COMMERCE.

### (1) Goods and services tax

- ⤴ on supplies in the course of inter-State trade or commerce
- ⤴ shall be levied and collected by the Government of India and *konse state ko? → Buyer state*
- ⤴ such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

**Explanation.**- For the purposes of this clause, supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce.

- (2) The amount apportioned to a State under clause (1) shall not form part of the Consolidated Fund of India.

(12A) "Goods and services tax"	means any tax on supply of goods, or services or both <u>except taxes on the supply of the alcoholic liquor for human consumption.</u>
(26A) Services :	"Services" means anything other than goods.
(26B) State :	"State" with reference to articles 246A, 268, 269, 269A and article 279A includes a <u>Union Territory with legislature.</u>

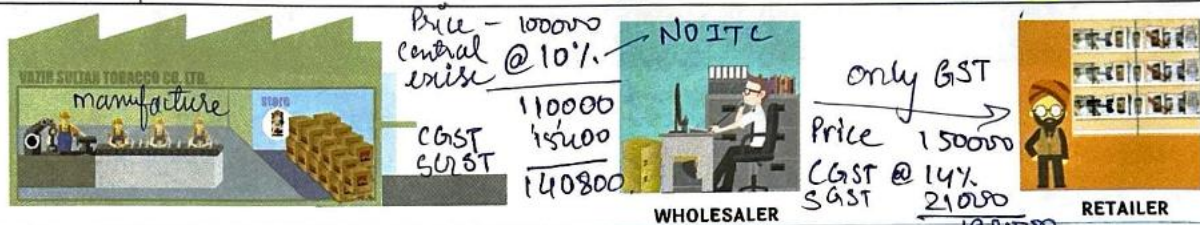
**Author's Notes:-**

- Article 366(12):- Goods includes all materials, commodities, and articles.
- State & UT having their Legislature = 28 States + Delhi + Puducherry + Jammu & Kashmir and
- Union Territories = 5 UTs (Andaman and Nicobar Islands, Lakshadweep, Daman and Diu and Dadra and Nagar haveli, Ladakh, Chandigarh).

**GST – A tax on goods and services :-**

Draw Chart

<b>TOBACCO &amp; TOBACCO PRODUCT</b>	<ul style="list-style-type: none"> <li>➤ Tobacco is within the purview of GST, i.e. GST is leviable on tobacco.</li> <li>➤ However, Union Government has also retained the power to levy <u>excise duties</u> on tobacco and tobacco products manufactured in India.</li> <li>➤ Resultantly, tobacco is subject to <u>GST as well as central excise duty.</u></li> </ul>
--------------------------------------	--



P3:-Vazir Sultan Ltd. a company manufacturing of cigarette sold the goods to B. Ltd for ₹ 2,00,000. B Ltd. further sold the goods to C Ltd for ₹ 3,00,000. Calculate excise & net GST liability of Vazire Sultan Ltd. & B Ltd. if-

- a) Excise rate on cigarette is 20%
  - b) GST Rate on cigarette is 28% [Supply is Intra-State]
- Page no. 2

<b>Alcohol &amp; its raw material</b>	<b>Alcoholic liquor for human consumption (366(12A))</b>	<ul style="list-style-type: none"> <li>➤ It is <u>outside</u> the realm of GST.</li> <li>➤ The manufacture/production of alcoholic liquor continues to be subjected to <u>State excise duty</u> and inter-State/intra-State sale of the same is subject to <u>CST/VAT</u> respectively.</li> </ul>
	<b>ENA or Spirit (Raw Material) (Sec 9 of CGST Act)</b>	<ul style="list-style-type: none"> <li>➤ Un-denatured Extra Neutral Alcohol (ENA) or rectified spirit used for manufacture of alcoholic liquor, for human consumption.</li> <li>➤ It is outside the realm of GST.</li> </ul>

Inserted by F.A. 2024



P4:-Mr. Vijay Mallya engaged in supply of liquor & also provides Airlines services. Calculate tax liability from following into

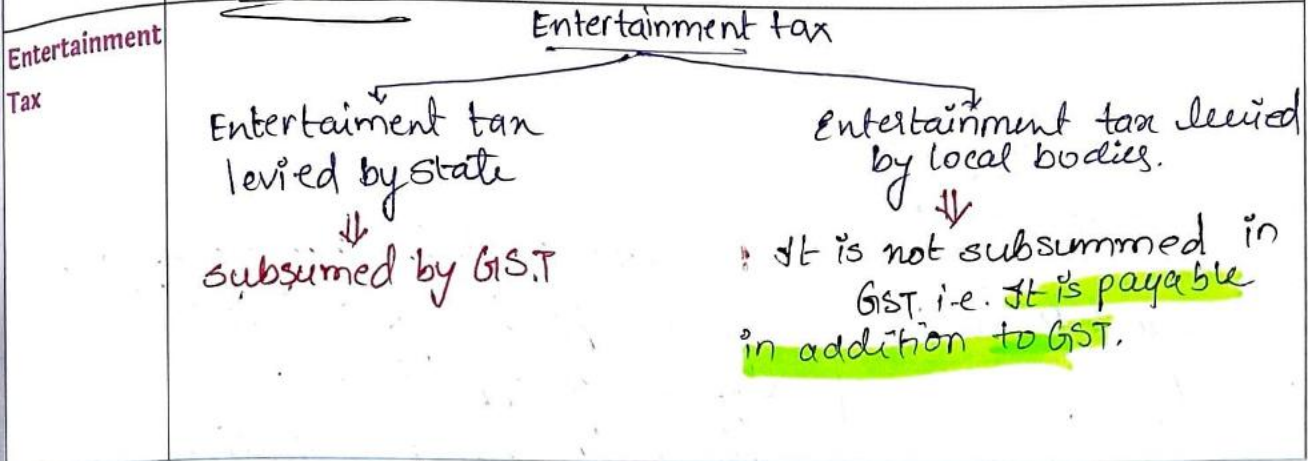
- a) Supply of liquor for month of April- ₹20,00,000 [Excise rate 12% & VAT rate 12.5%]
  - b) Supply of airlines services - ₹30,00,000 (GST Rate 18%)
- Page no. 3.

**Opium, Indian hemp and other narcotic drugs and narcotics:**

- Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e. GST is leviable on them.
- However, State Governments have also retained the power to levy excise duties on such products manufactured in India.
- Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are **subject to GST as well as State excise duties.**

**Petroleum crude, diesel, petrol, ATF and natural gas:**

- At present, Petroleum crude, diesel, petrol, ATF and natural gas are not leviable to GST.
- GST will be levied on these products from a date to be notified on the recommendations of the GST Council.
- But, there is a levy of:-
  - Central excise duty on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas &
  - CST/ VAT on inter-State/intra-State sale of the same respectively.



**P5:-** Inox Ltd. is running cinema theater in Pune. Pune Municipal corporation have charged entertainment tax 2% on ticket value. Inox Ltd. have sold ticket of ₹1,50,000 in a month of April 20XX. Calculate taxes leviable on entertainment services. [GST rate 18%]

**Real Estate** Real estate sector has been kept out of ambit of GST, i.e. GST will not be levied on sale/purchase of immovable property

**Goods & Services Tax Council (GST Council):-**

**Article 279A of the Constitution:-** It empowers the President to constitute a joint forum of the Centre and States namely, **GST Council**. The provisions relating to GST Council came into force on 12<sup>th</sup> Sep, 2016. President constituted the GST Council on 15<sup>th</sup> Sep, 2016.

- Constitution:-** The GST Council shall consist of the following members, namely:-
- The Union Finance Minister is the **Chairman**;
  - The Union Minister of State in charge of Revenue or Finance is the **Member**;
  - The Minister in charge of Finance or Taxation or any other Minister **nominated by each State** Government are the Members.

The Members of the GST Council referred to clause (c) above shall, as soon as may be, choose one amongst themselves to be the Vice-Chairperson of the Council for such period as they may decide.

- Decision:-**
- by a majority  $\geq 3/4$ th of weighted votes of members present & voting.
  - weightage of centre =  $1/3$ rd of total votes cast and for all SGs = together of  $2/3$ rd of total votes cast, in that meeting.

## RECOMMENDATION OF GST COUNCIL

- (4) The Goods and Services Tax Council shall make recommendations to the Union and the States on—
- Taxes to be subsumed in GST
  - Exemption in GST
  - model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
  - the threshold limit of turnover below which goods and services may be exempted from goods and services tax; *→ general limit T/O 20 Lakhs / In some cases (10L/40L)*
  - the rates including floor rates with bands of goods and services tax;
  - any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
  - ★* special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
  - any other matter relating to the goods and services tax, as the Council may decide.

## SPECIAL CATEGORY OF STATE

- Arunachal Pradesh
- Assam
- Jammu & Kashmir
- Manipur
- Meghalaya
- Mizoram
- Nagaland
- Sikkim
- Tripura
- Himachal Pradesh
- Uttarakhand

For these special category of state some portion of GST law is differently applicable.  
Eg. 1) limit of Registration  
2) limit of composition levy.

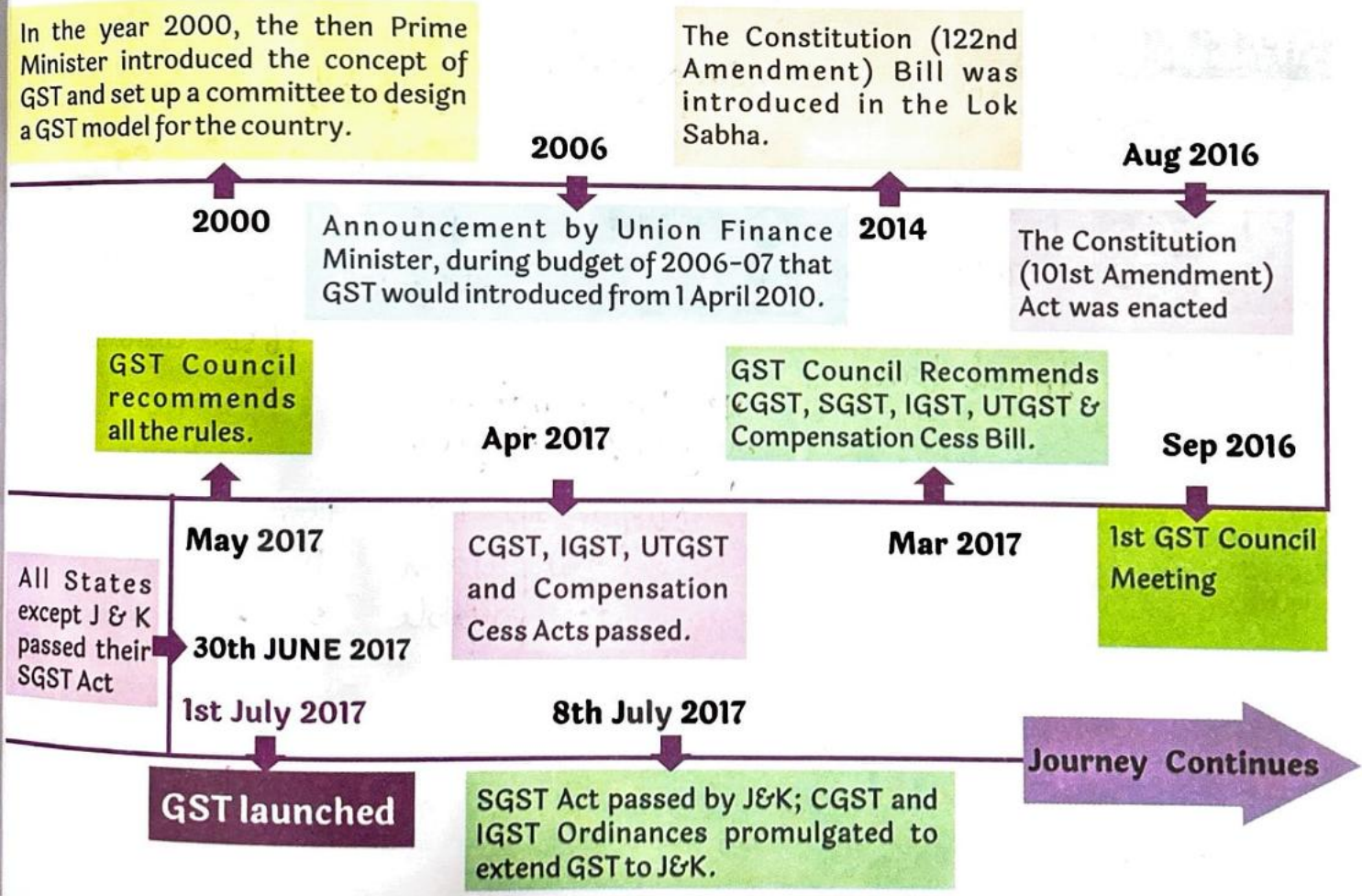
## Goods and Services Network (GSTN)

- ⇒ Common GST Electronic Portal – [www.gst.gov.in](http://www.gst.gov.in) – is a website managed by GSTN.
- ⇒ It was set to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
- ⇒ It is one single common portal for all GST related services.
- ⇒ It acts as a clearing house to verify claims & informs the respective governments to transfer funds.
- ⇒ It is accessible over internet by taxpayers & their CAs/ tax advocates and over intranet by Tax Officials, etc.
- ⇒ It provides linkage to all State/ UT Commercial Tax Departments, Central Tax authorities, Taxpayers, Banks and other stakeholders.
- ⇒ The Common GST Electronic Portal for furnishing electronic way bill is [www.ewaybillgst.gov.in](http://www.ewaybillgst.gov.in) and for uploading/reporting of e-invoices is Invoice Registration portal.

**Genesis/ History of GST in India:-**

GST was 1<sup>st</sup> introduced in France in 1954. India adopted GST model from Canada and Brazil and it is applicable to whole of India including J&K.

Year 2000	PM introduced concept of GST & a committee was set up to design GST model for India.
Year 2003	CG formed a task force under Vijay Kelkar.
Year 2004	Kelkar Task Force recommended the need of a fully integrated GST on national basis.
28-02-2006	Union FM announced that GST would be introduced from 1 <sup>st</sup> April, 2010.
March 2011	The Constitution (115 <sup>th</sup> Amendment) Bill, 2011 was introduced in Lok Sabha to give concurrent taxing powers to Union & States but this was subsequently lapsed.
19-12-2014	Constitutional (122 <sup>nd</sup> Amendment) Bill, 2014 introduced in Lok Sabha by NDA government on 19th Dec, 2014. This bill was passed on 6th May, 2015 by Lok Sabha and on 3 <sup>rd</sup> Aug, 2016 by Rajya Sabha (with some changes).
08-09-2016	The Constitutional (122 <sup>nd</sup> Amendment) Bill, 2014 became The Constitution (101 <sup>st</sup> Amendment) Act, 2016 after bill was adopted after ratification by more than 50% of the States which received final assent of the President on 8 <sup>th</sup> Sept, 2016.
12-04-2017	Central GST Legislations- CGST Bill, 2017, IGST Bill, 2017, UTGST Bill, 2017, GST (Compensation to states) Bill, 2017 received assent of President and Bills were enacted. The enactment of the central acts was followed by the enactment of the States GST laws by various State Legislatures.
01-07-2017	Implementation of GST across India. GST is all set to roll out & became applicable from 1 <sup>st</sup> July, 2017.
08-07-2017	It became applicable to J & K.



# CONCEPT OF VALUE ADDED TAX (VAT)

CH 1

Basic Concepts of Indirect Taxes and Constitutional Levy of GST

## Transaction without VAT



SHAILA LTD.

Sale  
 Price - 10,000.  
 sales tax @ 10% 1000  
 11000



JEET LTD.

Value addition = 5000

gout. 1600

Sale.  
 Price 16000  
 Sale tax @ 10% 1600  
 17600 CUSTOMER

## Transaction with VAT



SHAILA LTD.

Sales  
 Price 10,000  
 ST @ 10% 1000  
 11000  
 Input tax.



JEET LTD.

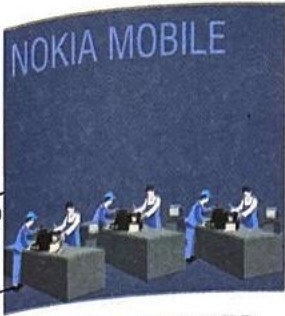
Value addition = 5000

gout.

output tax  
 Sales.  
 Price 15000  
 ST @ 10% 1500  
 16500 CUSTOMER

Net tax payable by jeet ltd to gout.

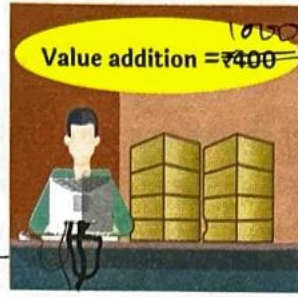
Output Tax 1500 1500  
 Less: Input tax 1000  
 Net payable 5000



MANUFACTURER

sale

Price	100000
VAT @ 10%	10000
	<u>110000</u>



DISTRIBUTOR

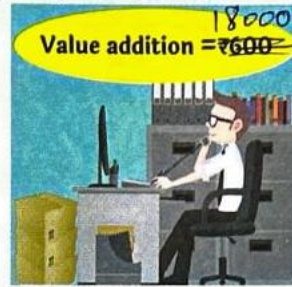
Statement of net tax payable  
 output tax 11000  
 less ITC 10000  
 Net GST payable 1000

Statement of net tax payable.  
 output tax 19000  
 less: Input tax credit (5000)  
 net tax payable 5000.

sale price ₹ 110000  
 VAT @ 10% 11000  
 121000.

Sale  
 Branch/Cash Debtors 121000  
 To sales  
 To GST Payable

110000  
 11000

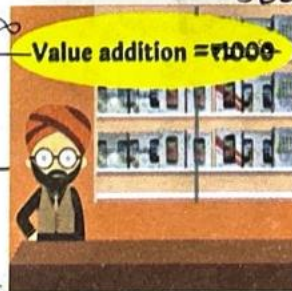


WHOLESALER

sale price 128000  
 VAT @ 10% 12800.  
 Statement of net tax payable  
 output tax 12800  
 less ITC (11000)  
 1800

Purchase Ac. Dr. 100000  
 ITC Ac. Dr. 10000  
 To Bank 110000

sale price 143000  
 VAT @ 10% 14300  
 157300



RETAILER

calculation of net tax payable.  
 output tax 143000  
 less: ITC 12800  
 Net tax 1500



CUSTOMER

Total 157300

# DEFICIENCIES IN EXISTING VALUE ADDED TAXATION

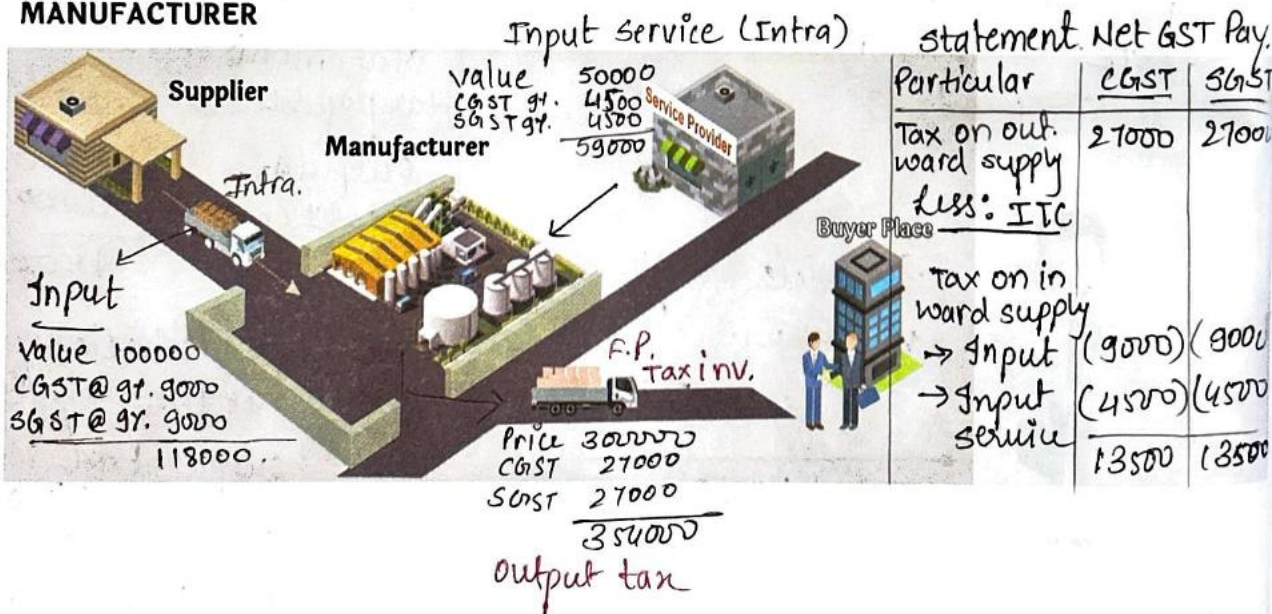
Deficiencies in the erstwhile value added taxation have led to GST in India as a cure for ills of erstwhile Indirect tax reform. Such deficiencies are as follows:-

<b>Double taxation</b>	Earlier some items were treated both as goods and Services that led to double taxation.
<b>No set-off</b>	CENVAT & State level VAT were value added taxes but cross credit of those were not possible as CENVAT was central levy & the other one was a State levy.
<b>Cascading of taxes</b>	CENVAT did not include value addition chain in distributive trade after the stage of production & in the state level VAT also, CENVAT load on goods was not removed.
<b>Several taxes not subsumed in VAT</b>	For a single transaction, multiple taxes in multiple forms were required to be paid as taxes like Luxury Tax, Entertainment Tax, etc.
<b>Non-integration of VAT &amp; Service Tax</b>	VAT on goods was not integrated with service tax at the state level. So, the cascading effect of service tax was not removed.
<b>Cascading nature of CST</b>	CST was non-vatable and an origin based tax which had cascading effect.
<b>High Compliance Cost</b>	Large number of taxes created high compliance cost for the taxpayers in form of multiple returns, payments, etc.

## GST SEAMLESS FLOW OF CREDIT

### Credit system after introduction of GST

#### MANUFACTURER



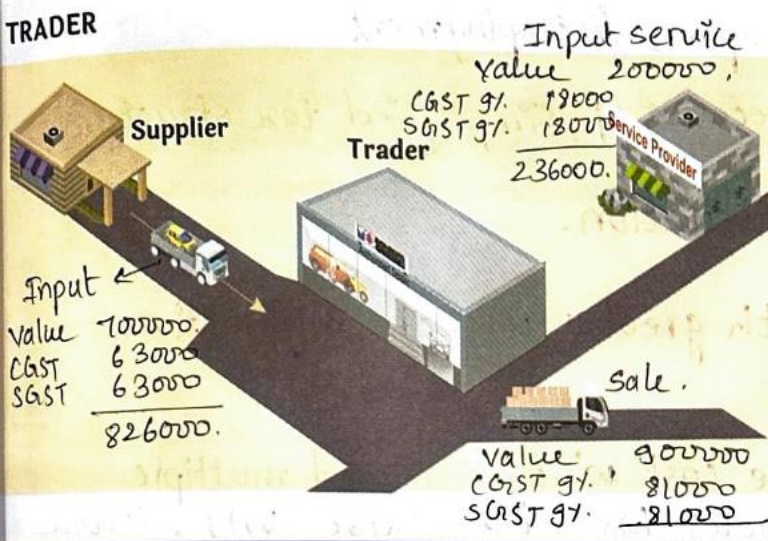
COMBINATION OF EXCISE & SERVICE TAX CREDIT FOR SERVICE PROVIDER



Input service.  
Value 70000  
CGST 9% = 6300  
SGST 9% = 6300  
82600.

Statement of Net GST Payable

Particular	CGST	SGST
Tax on outward supply	20700	20700
Less: ITC		
Tax on inward supply		
→ Inputs	(13500)	(13500)
→ Input services	(6300)	(6300)
	900	900



Statement of Net-GST Payable

Particular	CGST	SGST
Tax on Buyer Place outward	8100	8100
Less: ITC		
Tax on inward		
- Input	(6300)	(6300)
- Service	(1800)	(1800)

CONCEPT & PRINCIPAL OF GST

Title	Concept
1. Value added tax	GST is a broad based VAT levied on goods or services at each stage of supply chain.
2. Destination based tax on consumption.	GST is the revenue of that state where consumption of goods or services took place.
3. Tax on business activities	GST is a tax on the consumption of goods or services in business & not on personal activities.
4. Continuous chain of tax credit.	Credit is available from producer / service provider point upto the retailers / consumer level. Thus it's tax only on value addition at each stage.
5. Burden born by final consumer.	Only the final consumer bears the GST charged in entire value addition chain.
6. No cascading effect of taxes.	As GST is charged only on value added at each stage, there is no cascading of taxes in the system & it avoids double taxation.

## BENEFITS OF GST

1. Creation of unified national market by common tax rates and producers.
2. Mitigation of ill effects of cascading by subsuming most of central & state taxes into a single tax with ITC.
3. Elimination of multiple taxes & double taxes on single activity.  
Example: Sim card.
4. Boost to "make in India" initiative by making goods & services produced in India competitive in the nation as well as international market.
5. Boost to Investments, exports & employment.
6. Ease of doing business because of simplified tax structure.
7. Certainty in tax administration.
8. Automated procedure with greater use of information technology.
9. Reduction in compliance cost which removed multiple records keeping in various taxes like excise, VAT, Service tax etc. Thus lessor manpower in maintaining the record.
10. Benefits to small traders & Entrepreneurs.

## Manner of Utilization of ITC

### INWARD SUPPLY

1. CGST Total
2. SGST Total

### OUTWARD SUPPLY

1. CGST Total
2. SGST Total

No Cross Credit of CGST & SGST

*20<sup>th</sup> of next month.  
- due date for Payment.*

It should be noted that CGST cannot be used against SGST/UGST or vice-versa

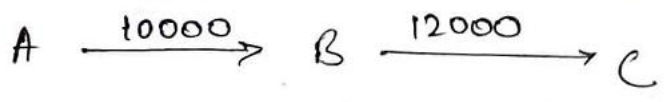
**P 6 :** Mr. Mahesh of Patna supplied goods/services for ₹ 24,000 to Mr. Amitabh of Patna. Mr. Mahesh purchased goods/services for ₹ 20,000 on which of CGST ₹ 1800 @ 9% and SGST ₹ 1800 @ 9% is paid on purchase from Mr. Mutthuswami of Patna. Find the following:

- (a) Total price charged by Mr. M for supply of goods/services if GST rate is 18%
- (b) who is liable to pay GST
- (c) Net liability of GST of *Mahesh Page no 4.*

**P7:** The below case pertains to the local supply of goods/services. Rate applicable for CGST and SGST @ 9% respectively.

Supply of goods/services by *supplier* Mr. A to Mr. B the value of which is Rs. 10,000.

- I) Calculate the total price charged by Mr. A from Mr. B. Also state the amount of credit availed by Mr. B.
- II) Assuming there is a value addition @ 20% on the supply of goods/services by Mr. B to Mr. C. Calculate the price charged by Mr. B.
- III) On the basis of the working for the above two questions compute the CGST and SGST payable by Mr. B to the Government.
- IV) Prepare statement of revenue earned by Central and State Government. *Page no. 5.*



IGST is unique feature in Indian GST Model. It is levied for seamless flow of credit between states. Accounts would be settled periodically between the Centre and State to ensure that SGST portion of IGST transferred to the destination State where the goods or services are eventually consumed. It is open tax for credit utilization against the payment CGST or SGST. Also credit of CGST or SGST can be utilized for payment of IGST

Manner of Utilization of ITC

INWARD SUPPLY	OUTWARD SUPPLY		
1. IGST	First IGST	Any CGST	Any SGST
2. CGST	First CGST	Second IGST	
3. SGST	First SGST	Second IGST	

after utilisation of ITC of IGST

Note:- Sec 49A as per CGST Amendment Act, Detailed discussion in Chapter Payment of tax

- 1) SGST can be used to pay IGST only when credit of CGST is not available for payment of IGST.
- 2) It should be noted that CGST cannot be used against SGST/UGST or vice-versa

P 8: Mr. Santa of Jalandhar supplied goods/services for ₹20,000 to Mr. Gajani of Hyderabad, SGST and CGST rate on supply of goods and services is 9% each. IGST rate is 18%. Find the following:

- (a) Total price charged by Mr. Santa
- (b) who is liable to pay GST? *Pagmo. 7.*

P 9 : Mr. Chandulal of Surat supplied goods/services for ₹35,000 to Mr. Kamlesh of Ahmedabad. Mr. Chandulal purchased goods/services for ₹20,000 on which of IGST ₹1800 @ 18% is paid and purchase from Mr. Shah of Maharashtra. SGST and CGST rate on supply of goods and services is 9% each. Find the following:

- (a) Total price charged by Mr. Chandulal for supply of goods/services if GST Rate is 18%
- (b) Who is liable to pay GST?
- (c) Net liability of GST. *Pagmo. 7.*

\* P 10 : The below case pertains to inter-state/<sup>intra state</sup> supply of goods/services. Rate applicable for IGST @ 18% CGST & SGST @ 9% respectively. *Pagmo. 8.*

- I) Supply of goods/services by Mr. X of Maharashtra to Mr. A of the same state the value of which is Rs. 10,000. Calculate the total price charged by Mr. X. Also state the amount of credit availed by Mr. A.   
*X (MH) 10,000 A Intra (MH) 12000 B inter (KA) 14400 C Intra (KA)*
- II) Assuming there is value addition @ 20% calculate the total price charged for supply of goods/services by Mr. A of Maharashtra to Mr. B of Karnataka.
- III) On the basis of working of the above two questions compute IGST payable to the Government by Mr. A.
- IV) Assuming a further value addition @ 20% on supply of goods/services by Mr. B of Karnataka to Mr. C of the same state, calculate the total price charged by Mr. B.
- V) As per the working above compute GST payable to the Government by Mr. B.   
*Net.*

W.C.D. → misers.

**The manner of utilization of balance in electronic credit ledger**

**Q 11:-** M/s Alfa Ltd. of Maharashtra purchases goods at intra-state as well as inter-state level and supplies such goods to various dealers at intra-state as well as inter-state level. The details of balance in its electronic credit ledger and electronic liability register are as follows:

**Electronic Credit Ledger (ITC)**

Particulars	Amount
IGST	50000
CGST	25000
SGST	25000

**Electronic Liability Register (tax on output)**

Particulars	Amount
IGST	20000
CGST	25000
SGST	25000

Calculate the amount of <sup>tax</sup> duty payable by M/s Alfa Ltd.

Ans: IGST 30000

**Features of Indirect Taxes**

(i)	<b>An important &amp; major source of revenue</b>	In India, <u>indirect taxes</u> contribute <u>&gt; 50%</u> of the total tax revenues of Central and State Governments.
(ii)	<b>Tax on commodities and services</b>	It is levied on commodities at the <u>time of supply, manufacture or purchase or sale or import/export</u> thereof. Hence, it is also known as <u>commodity taxation</u> . It is also levied on provision of services.
(iii)	<b>Shifting of burden</b>	<u>GST</u> which is paid by the seller of the goods is <u>recovered from the buyer</u> by including the <u>tax</u> in the <u>cost of the commodity</u> .
(iv)	<b>No perception of direct pinch</b>	Since, value of indirect taxes is <u>generally inbuilt</u> in the price of the commodity, most of the time the tax payer pays the same <u>without actually knowing</u> that he is paying tax to the Government.
(v)	<b>Inflationary</b>	Tax imposed causes an <u>all-round price spiral</u> . In other words, <u>indirect taxation directly affects the prices of commodities and services</u> and leads to <u>inflationary trend</u> .
(vi)	<b>Wider tax base</b>	Majority of the products or services are subject to indirect taxes with <u>low thresholds</u> . → <u>Basic exemption</u> .
(vii)	<b>Promotes social welfare</b>	<u>High taxes</u> are imposed on the consumption of <u>harmful products/sin goods</u> such as <u>alcoholic products, tobacco products, etc.</u> This not only checks their consumption but also enables the State to collect <u>substantial revenue</u> .
(viii)	<b>Regressive in nature</b>	The rich and the poor have to pay the <u>same rate of indirect taxes</u> on certain <u>commodities of mass consumption</u> . This may further increase the <u>income disparities</u> between the rich and the poor.

# TAX HIERARCHY AND BODY OF GST LAW

CH 1

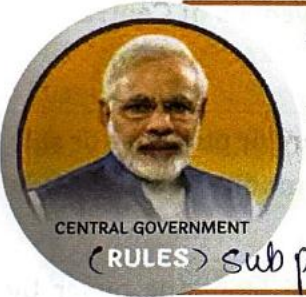
Basic Concepts of Indirect Taxes  
and Constitutional Level of GST



- ⇒ It is a supreme law of India.
- ⇒ all acts emanates from constitution of India.   
↳ मोह.



- ⇒ It is passed by parliament to ~~issue~~  
@ ~~st~~ centre & legislature of state @ State



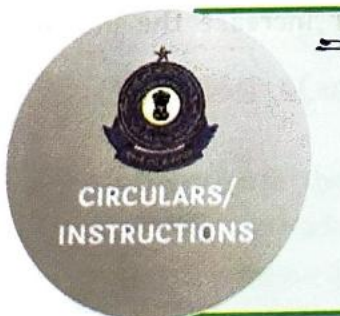
- ⇒ Cb/sr has power to issue rules.
- ⇒ It is issued for proper implementation of law.



- ⇒ CBIC has power to issue Regulation
  - ⇒ It is issued for proper administration of law.
- Central Board of Indirect tax & custom.

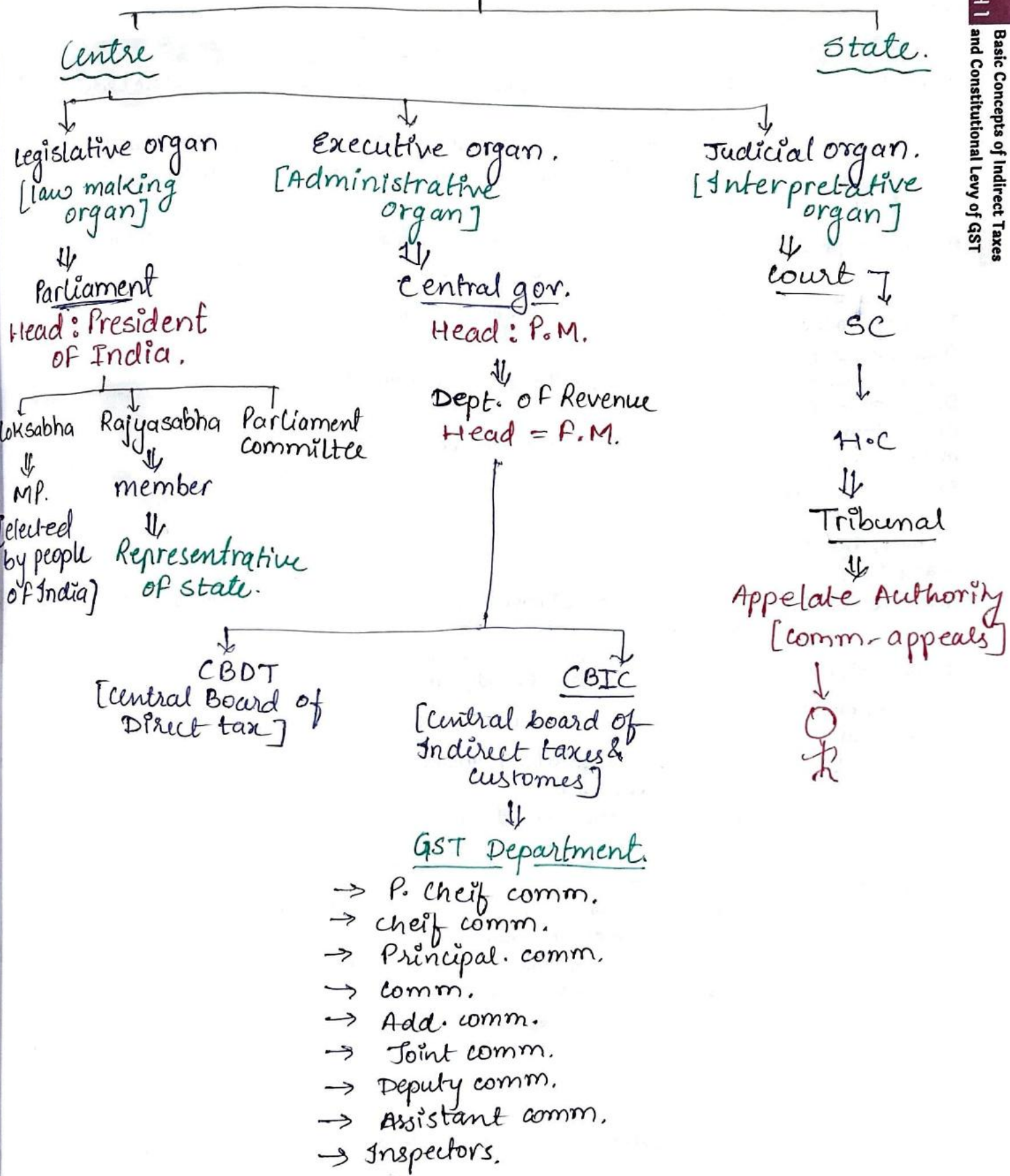


- ⇒ It is issued by Cb/sr
- ⇒ It is related to exemption or procedure



- ⇒ It is issued by CBIC. object of circular is to bring uniformity in law in case of ambiguity
- It is also called directions or instructions of CBIC for department.

# Administration in India



**Important Points to be Remember :-**

Particulars	Treatment																
<b>Alcohol</b>	<ul style="list-style-type: none"> <li>➤ Alcoholic liquor for human consumption is outside GST. State Excise Duty &amp; VAT/CST is payable</li> <li>➤ Un-denatured Extra Neutral Alcohol(ENA) or rectified spirit used for manufacture of alcoholic liquor, for human consumption.</li> </ul>																
<b>Electricity</b>	Outside GST																
<b>Petroleum product</b>	Crude, Petrol, diesel, natural gas and aviation turbine fuel on GST shall not be levied till date to be notified on the recommendation of the GST Concil																
<b>Tobacco and Tobacco products</b>	Liable to GST as well as Central Excise Duty																
<b>Opium, Indian Hemp and other Narcotic Drugs and Narcotics:</b>	Liable to GST as well as State excise duties.																
<b>Entertainment Tax by local Body</b>	Outside GST, (It is taxable in addition to GST)																
<b>Entertainment Tax by State Body</b>	Subsumed in GST																
<b>Property Tax &amp; Stamp Duty</b>	Outside GST. These taxes are separately payable																
<b>SGST Act, 2017</b>	On 28 States + 3 UT having own state legislature(Delhi + Pudduchery + Jammu Kashmir)																
<b>UTGST Act, 2017</b>	5 UT ( Andaman and Nicobar Islands, Lakshadweep, Daman and Diu and Dadra and Nagar haveli, Ladakh, Chandigarh )																
<b>Constitutional Amendment</b>	101 <sup>st</sup> Amendment is made for introduction of GST																
<b>Article 246A</b>	Concurrent power to both parliament and State Legislatures is given to make law with respect to GST																
<b>Article 269A</b>	Levy and collection of goods and services tax in course of inter-state trade or commerce by government of India & apportionment the tax to the union and state																
<b>Article 279A</b>	<p><b>Members :-</b></p> <ul style="list-style-type: none"> <li>a) the Union Finance Minister..... Chairperson;</li> <li>b) the Union Minister of State of Revenue or Finance ..... Member;</li> <li>c) the Minister of Finance or Taxation or any other Minister nominated by each State Government..... Members.</li> </ul>																
<b>Special Category State</b>	Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand;																
<b>Cross Utilization</b>	CGST cannot be used against SGST/UGST or vice-versa																
<b>Manner of Utilization</b>	<table border="1"> <thead> <tr> <th>INWARD SUPPLY</th> <th colspan="3">OUTWARD SUPPLY</th> </tr> </thead> <tbody> <tr> <td>1. IGST</td> <td>First IGST</td> <td>Any CGST</td> <td>Any SGST</td> </tr> <tr> <td>2. CGST</td> <td>First CGST</td> <td>Second IGST</td> <td></td> </tr> <tr> <td>3. SGST</td> <td>First SGST</td> <td>Second IGST</td> <td></td> </tr> </tbody> </table>	INWARD SUPPLY	OUTWARD SUPPLY			1. IGST	First IGST	Any CGST	Any SGST	2. CGST	First CGST	Second IGST		3. SGST	First SGST	Second IGST	
INWARD SUPPLY	OUTWARD SUPPLY																
1. IGST	First IGST	Any CGST	Any SGST														
2. CGST	First CGST	Second IGST															
3. SGST	First SGST	Second IGST															

## Questioner for GST basics (IPC)-MCQ

Q1:- What kind of tax can be transferred from one person to another?

- (a) Direct tax
- (b) Indirect tax
- (c) Both of the above
- (d) None of the above

Ans:- (b) Indirect tax

Q2:- What are the taxes levied on an intra-state supply?

- (a) CGST
- (b) SGST
- (c) CGST & SGST
- (d) IGST

Ans:- (c) CGST & SGST

Q3:- Which of the following would attract levy of CGST & SGST?

- (a) Inter-state supplies
- (b) Intra-state supplies
- (c) Any of the above
- (d) None of the above

Ans:- (b) Intra-state supplies

Q4:- Who will notify the rate of tax to be levied under CGST?

- (a) Central government suo moto
- (b) State government suo moto
- (c) GST council suo moto
- (d) Central government as per recommendations of the GST council

Ans:- (d) Central government as per recommendations of the GST council

Q5:- What is the difference between a direct & an indirect tax?

- (a) Charge of levy
- (b) Nature of transfer
- (c) Different collection pattern of tax
- (d) All of the above

Ans:- (d) All of the above

Q6:- Which of the following constitutional amendment governs GST act?

- (a) 101 st amendment,
- (b) 122 nd amendment,
- (c) 152 nd amendment
- (d) 140 th amendment,

Ans:- (a) 101 st amendment

Q7:- What kinds of taxes are subsumed under GST?

- (a) Central excise duty
- (b) State VAT/Sales Tax
- (c) Central Sales Tax
- (d) Service Tax
- (e) All of the above

Ans:- (e) All of the above

Q8:- GST is levied on which of the following?

- (a) Sale of goods
- (b) Manufacture of goods
- (c) Provision of services
- (d) Supply of goods/ services

Ans:- (d) Supply of goods/ services

Q9:- When did the GST act come into force?

- (a) Year 2015
- (b) Year 2016
- (c) Year 2017
- (d) None of the above

Ans:- (c) Year 2017

Q10:- Which of the taxes are out of purview of GST?

- (a) Property tax & stamp duty
- (b) Additional duties of Custom (CVD & SAD)
- (c) Excise duty on Alcohol
- (d) Entertainment tax by local body
- (e) Only (a) (c) & (d)

Ans:- (e) Only (a) (c) & (d)

Q11:- What kind of tax is GST called as..?

- (a) Consumption based tax
- (b) Movement based tax
- (c) Destination based tax
- (d) None of the above

Ans:- (c) Destination based tax

Q12:- Which of the following good will not be covered under the GST act?

- (a) Cooking gas
- (b) Liquor

- (c) Petrol  
(d) All of the above

Ans:- (b&c) liquor & Petrol

**Q13:- Which of the following is the main motive of the government behind the introduction of the Goods & Service tax act?**

- (a) To bring uniformity of taxes in the country  
(b) To increase the government revenue  
(c) To replace all indirect taxes  
(d) All of the above

Ans:- (d) All of the above

**Q14:- What is Integrated Goods and Services Tax?**

- (a) Tax imposed on import or export of goods and services  
(b) Tax imposed on value additions to exports  
(c) Tax imposed on interstate trade  
(d) Tax on international trade

Ans:- (a&c)

**Q15:- Which of the following supplies will be classified as Inter-state supply?**

- (a) Supply within same state  
(b) Supply within same union territory  
(c) Supply between two different states/ union territory  
(d) None of the above

Ans:- (c) Supply between two different states/ union territory

**Q16:- From the following who will be the members of the GST Council?**

- Union Finance Minister
  - Union Minister of State in charge of Revenue or Finance
  - Chief Ministers of States
- (a) 1 & 3  
(b) 1 & 2  
(c) 2 & 3  
(d) All of the above

Ans:- (b) 1 & 2

**Q17:- Who amongst the following will be considered as the chairman of GST Council ?**

- (a) Union Minister of State  
(b) Union Finance Minister  
(c) Minister of state revenue  
(d) Chief Minister of state

Ans:- (b) Union Finance Minister

**Q18:- Which of the following functions are performed by Goods & Service Network (GSTN)?**

- (a) Facilitating registration  
(b) Computation & settlement of IGST  
(c) Matching of tax payment details with banking network  
(d) All of the above

Ans:- (d) All of the above

**Q19:- What does dual GST concept mean?**

- (a) Charging CGST & IGST  
(b) Charging SGST & IGST  
(c) Charging both CGST & SGST  
(d) None of the above

Ans:- (c) Charging both CGST & SGST

**Q20:- ITC of CGST can be utilised for payment of**

- (a) Only CGST  
(b) Only SGST  
(c) 1st CGST & then IGST  
(d) 1st SGST & then IGST

Ans:- (c) 1st CGST & then IGST

**Q21:- ITC of SGST can be utilised for payment of**

- (a) Only CGST  
(b) Only SGST  
(c) 1st CGST & then IGST  
(d) 1st SGST & then IGST

Ans:- (d) 1st SGST & then IGST

**Q22:- ITC of IGST can be utilised for payment of**

- (a) Only CGST  
(b) Only SGST  
(c) Only CGST & SGST  
(d) 1st IGST 2nd CGST & SGST in any order

Ans:- (d) 1st IGST 2nd CGST & SGST in any order



# CHAPTER - 2

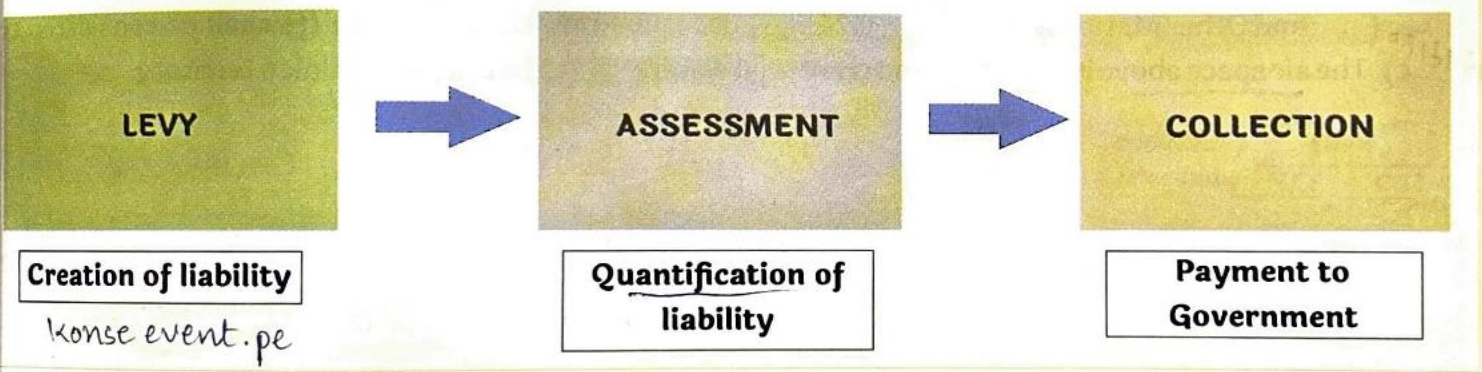
## CHARGE OF TAX & APPLICATION OF CGST & IGST LAWS

### 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
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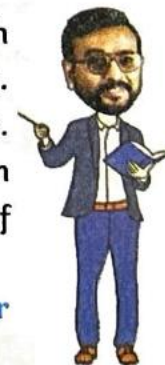
### Three Stages of Tax Collection



### 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 (This Act is applicable from 1st July 2017)

SEC 2 (56) "INDIA"

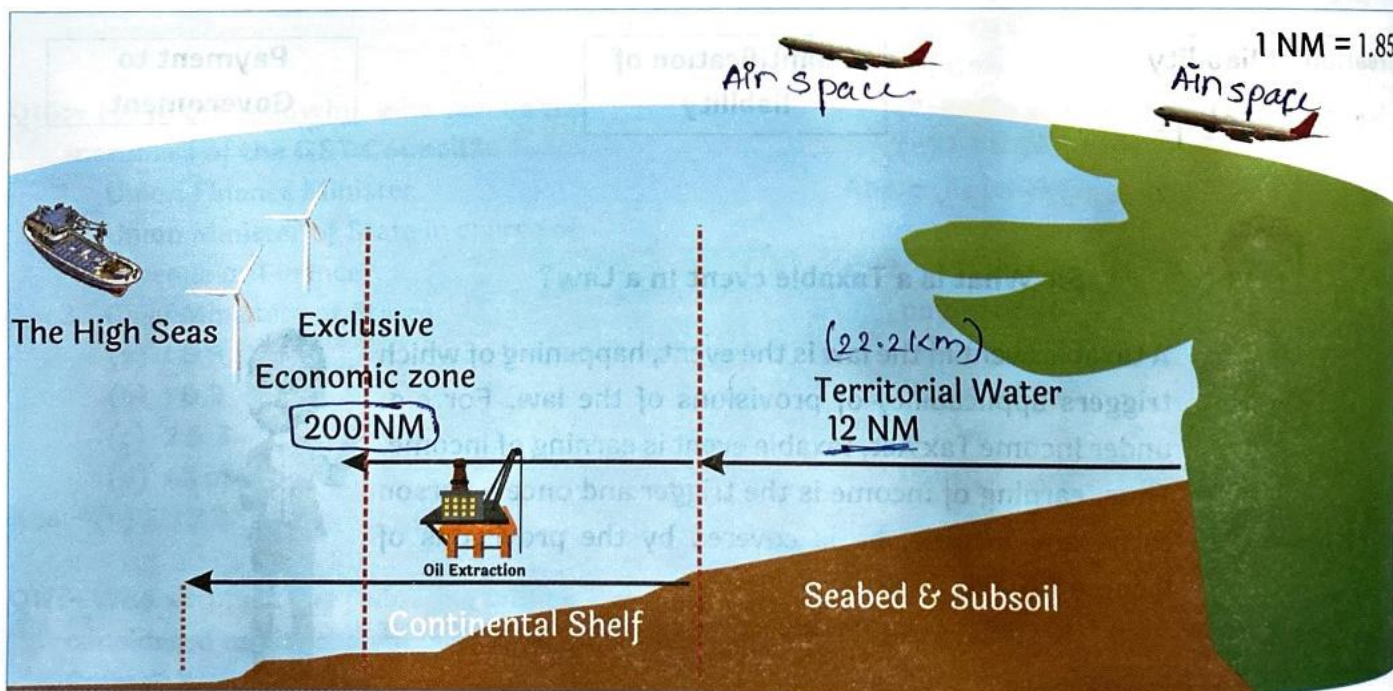
Means

- 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, (TW) ⇒ seabed and
  - ⇒ sub-soil underlying such waters, T.W,
  - ⇒ continental shelf,
  - ⇒ exclusive economic zone or EEZ
  - ⇒ 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 Nagar haveli
    - (d) Ladakh
    - (e) Chandigarh
    - (f) and Other territory
- Explanation** - For the purposes of the Act, each of the territories specified in clauses (a) to (f) shall be considered to be a separate Union territory



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

1) Levy of CGST  
→ Liability  
[ENA]

Sec 9(1) of CGST Act, 2017:-

- Levy:- CGST is applicable to all intra-State **supplies** of goods or services, **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.** **Inserted by F.A. 2024**
- Value:- on the value determined under **section 15** and
- Rate:- at such rates, **not exceeding twenty per cent.**, as may be notified by the Government on the recommendations of the Council and **CGST max = 20%**
- Collected:- in such manner as may be prescribed and **abhi jo hai vo 14%**
- Payment:- shall be paid by the **taxable person.**

2) Rates of CGST

- The rates for CGST are determined by the Govt. on the recommendations of the GST Council.
- The **maximum** rate of CGST can be **20%**. *Diamond & precious stones. Jewellery*

Notified Rate by GST Council	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%

3) Items with Deferred CGST/IGST Levy

Sec 9(2) of CGST & Sec 5(2) of IGST Act, 2017:-

- 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.
- The levy will be **implemented based on notifications from the Government and recommendations from the Council.**

Analysis

	(Supply) GST	(Production) Excise Duty	(Sale)	
			VAT	CST
1. Alcoholic Liquor for Human Consumption	✗	state excise	✓	✓
2. Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption	✗	— still in dispute —		
3. Petroleum crude, High speed Diesel, Motor spirit (Petrol), Natural gas, Aviation Turbine fuel	✗	central excise	✓	✓
4. Tobacco & Tobacco products	✓	central	✗	✗
5. Opium, Indian hemp and other narcotic drugs and narcotics:	✓	state excise	✗	✗
6. All Others Goods	✓	✗	✗	✗

4) Reverse Charge under notified cases [Sec (3)]

- Applies to **specified goods or services.**
- Recipient** of the supply is liable to pay tax directly.

Separately discussed in Chapter No. 4

5)	Reverse Charge - UnRegistered Person (URP) to Registered Person (RP) [Sec 9(4)]	<ul style="list-style-type: none"> <li>Relates to <b>specified goods or services</b> from unregistered suppliers to specific class of registered recipient.</li> <li>Tax liability falls on registered recipients.</li> </ul>
6)	CGST liability of E-commerce operator ECO [Sec 9(5)]	<ul style="list-style-type: none"> <li>The <u>Govt. notified certain supplies</u> on the recommendation of the Council, the on intra-State supplies of which shall be paid by the <u>ECO</u> if such services are supplied through it.</li> <li>All the provisions of GST Acts shall <u>apply to ECO</u> as if he is the supplier liable paying the tax for the supply of such services.</li> </ul>

Separately discussed in Chapter No. 4

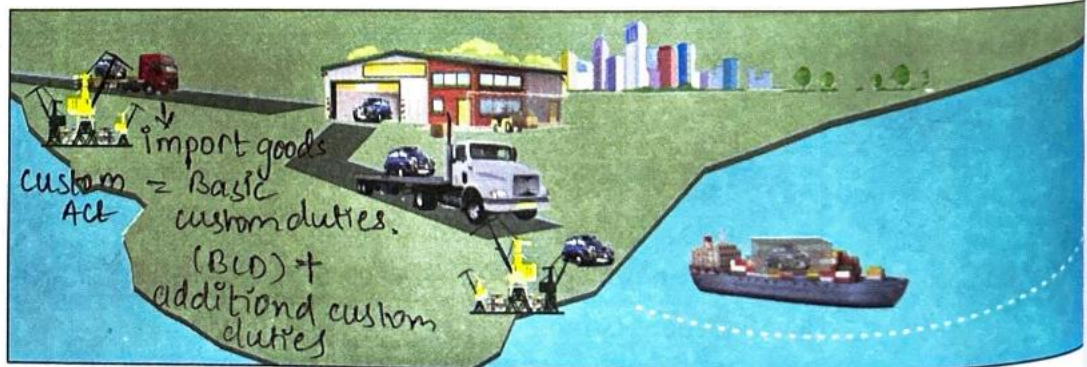
detail discussion in ch-4.

Sec 5 under IGST Act

B

**LEVY & COLLECTION OF IGST**

1)	<p>Levy of IGST for Inter-State Supplies</p> <p><b>Inserted by F.A. 2024</b></p>	<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 rate can be 40%.</b></li> </ul>
2)	<p>GST on Imported Goods:</p>	<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. or</li> <li>The <b>integrated tax on imported goods</b> follows the provisions of the Customs Tariff Act, 1975, and is collected when customs duties are levied under the Customs Act, 1962 [IGST = ACD 3(7)].</li> <li>This tax is <b>in addition to the Basic Customs Duty (BCD)</b> imposed as per the Customs Tariff Act.</li> <li>Certain luxury and demerit goods may also be subject to <b>GST compensation cess under the Goods and Services Tax (Compensation to States) Cess Act, 2017</b> [GST (cess) = ACD 3(9)].</li> </ul>

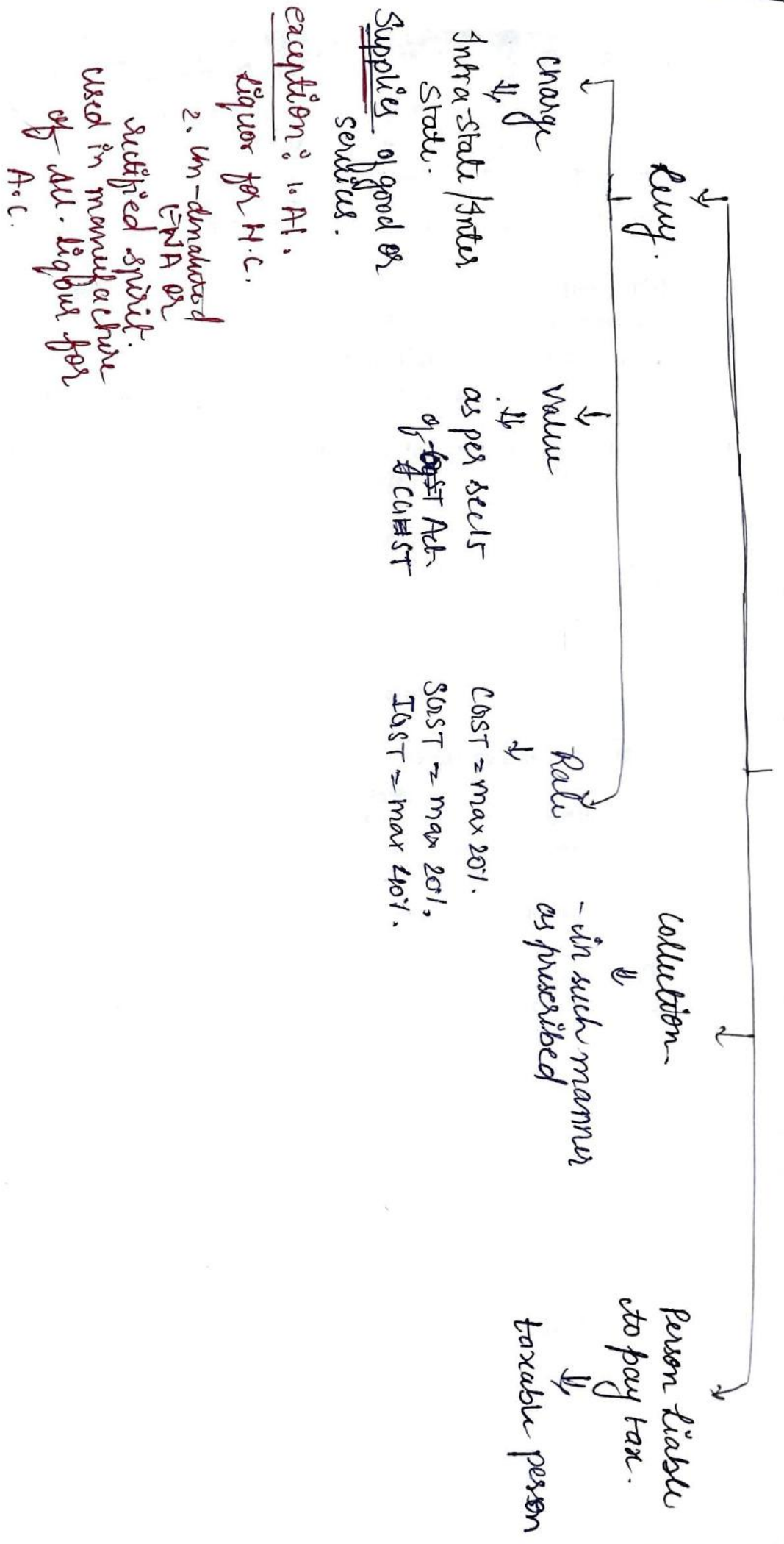


## INTER & INTRA STATE SUPPLY

b) Intra State Supply	As a general rule, where the <u>location of the supplier</u> and the <u>place of supply</u> of goods or services are <u>in the same State/Union territory</u> , it is treated as <u>intra-State supply</u> of goods or services respectively.
t) Inter State Supply	where the <u>location of the supplier</u> and the <u>place of supply</u> of goods or services are in (i) two different States or (ii) two different Union Territories or (iii) a State and a Union territory, it is treated as <u>inter-State supply</u> of goods or services respectively.

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

# Section 90 of CGST / Section 5 of IGST Act



Sec 9(2) : on following product GST is leviable on them:  
of GST council.

- 1. PC
  - 2. H.S
  - 3. Motor spirit
  - 4. WH
  - 5. ATF
- CH 2 Charge of tax & application of CGST & IGST laws

Note: On Imported goods = IGST = Act 3(1) levied and collected under customs tariff Act.