

Topic: Meaning and Scope of Supply-Part 3

Class: B.Com (Hons)

Semester: VI

Subject: Goods and Services Tax (GST)

Unit: 1

Paper: CC-13

Cross Border Supply

Section II deals with the determination of place of supply in cases involving import and exports of goods. The provisions of section II has been discussed here under cross border supply of goods. Import and export are defined in terms of movement of goods. Place of supply of import/export depends on the location of the importer in India/place outside India, respectively.

The payment in convertible foreign exchange is not a criterion for determining import and export of goods but it is relevant in case of services and transactions involving goods treated as services.

Another important thing is, if the goods move from one foreign country to another foreign country without entering into India it will not be a supply in taxable territory even if the supplier is in India.

Import of goods: According to section 2(10) of IGST Act , “import of goods” with its grammatical variation and cognate expressions, means bringing goods into India from a place outside India.

The place of supply of goods imported into India shall be the location of the importer. All imports are deemed as Inter – State supplies and accordingly IGST is levied (as CVD /Additional Custom Duty) in addition to the applicable Basic Custom Duty. In the case of some product like Panmasala, GST compensation cess is also levied.

Exports of goods: According to section 2(5) of IGST Act “exports of goods” with its grammatical variations and cognate expressions means taking goods out of India to a place outside India.

The place of supply of goods exported from India shall be the location outside India. Under the GST law export of goods has been treated as:

- Inter – State supply
- Zero rated supply i.e. the goods or services exported shall have ‘NIL’ GST levied upon them either at the input stage or at the final product stage
- Re – import of exported goods will however, be liable to GST.

Examples:

Determine place of supply of goods in the following cases and also state nature of supply and the type of tax leviable.

Case 1: A mobile dealer having his principal office in Delhi imports from Japan in Mumbai port and then through road/railways transported to Nagpur

Case 2: ABC Ltd. a manufacturer of Chennai imports certain commodities from Singapore.

Case 3: XYZ Ltd. a manufacturer of Delhi imports certain commodities from Indonesia and imported goods were stored in Noida (UP).

Case	Location of Supplier	Place where goods are located before supply	Place where goods are supplied	Location of importer	Place of supply	Nature of supply	Tax
1.	Japan	Japan	Mumbai	Nagpur	Nagpur	Inter-State	IGST
2.	Singapore	Singapore	Chennai	Chennai	Chennai	Inter-State	IGST
3.	Indonesia	Indonesia	Delhi	Noida	Noida	Inter-State	IGST

Prepared by: Dr. Md. Moazzam Nazri
Assistant Professor, Faculty of Commerce
Karim City College, Jamshedpur
Email:moazzam.nazri@gmail.com