

Topic: LEVY AND COLLECTION OF GST Part-1

Class: B.Com (Hons) Semester VI

Subject: Goods and Services Tax (GST)

Unit: 2

Paper: CC-13

LEVY AND COLLECTION OF GST

Introduction

Levy and collection of GST, to a great extent depends upon the supply of goods, services or both with their many faces such as intra – state supplies of goods or services or both, intra – union territory supplies of goods or services or both, inter – state supplies of goods or services or both. The chapter seeks to explain the various provisions relating to levy and collection of GST.

Levy of GST

Taxable event under GST is supply of goods and/ or services in India. Intra – state supply is the taxable event for CGST/SGST/UTGST. Inter – state supply is the taxable event for IGST.

According to Article 366 (12A) of the constitution of India, "Goods or services tax means any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption".

Thus GST can be levied on supply of all goods and services except alcoholic liquor for human consumption. The levy and collection of GST is prescribed and the following four laws.

1. **Central Tax (CGST):-** The Central goods and services tax shall be levied under section 9 of the CGST Act on all intra – state supplies of goods or services or both.
2. **State Tax (SGST):-** The state goods and services tax (SGST) shall be levied under section 9 of the respective SGST act, in addition to CGST on all intra – state supplies of goods or services or both.
3. **Union Territory Tax (UGST):-** The Union Territory goods and services tax (UGST) shall be levied on under section 9 of the respective UTGST Act, in addition to CGST on all intra –state supplies of goods or services or both.
4. **Integrated Tax (IGST):-** The integrated goods and services tax (IGST) shall be levied under section 5 of the IGST Act. Since the levy of SGST/UGST is identical with that of CGST on all inter – state supplies of goods or services or both.

Basis of charge

1. Intra – State Supply

Section 9 of the CGST Act, 2017, which is the charging section, provides that for all intra – state supplies of taxable goods or services or the both, these shall be levied a tax called Central Goods and Services Tax (CGST) on the value or determined under section 15 of the Act at such rates not exceeding 20%. The maximum rate for any intra – state sale transaction cannot be exceed 40%.

2. Inter – State Supply

Section 5 of the IGST Act 2017 provides IGST on inter – state supplies of goods or services or both. At present the highest rate of IGST is 28%, cannot be exceed 40%. IGST is not applicable on alcoholic liquor for human consumption.

3. Imports and exports of goods and services:

- I. **Import of goods:-**According to section 2(10) of IGST act. "Import of goods means bringing goods into India from or place outside India".
- II. **Export of goods:** - According to section 2(5) of IGST act, export of goods means taking goods out of India to a place outside India.

III. **Import of services:** - “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 services is in India.

Section 7(4) of IGST act describes that the supply of services imported into the territory of India shall be treated to be a supply services in the course of inter – state trade or commerce.

The IGST on import of services would be payable by the recipient under reverse charge.

iv. **Export of services:** - Section 2(6) of the IGST act, defines the supply of any service when,

- The supplier of service is located in India;
- The recipient of service is located outside India;
- The place of supply of service outside India;
- The payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees whenever permitted by the Reserve Bank of India(RBI);
- The supplier of service and the recipient service are not merely establishment of a distinct person in accordance with explanation in section 8.

v. IGST on import of goods :- As per section 3(7) of the custom Tariff act, 1975, IGST shall be levied and collected on goods imported into India 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 custom act 1962. In addition GST compensation cess may also be levied on certain luxury and dement goods under the goods and service tax – (compensation to state) act 2017. The integrated tax on goods shall be in addition to the applicable basic custom duty (BCD), which is levied as per the custom Tariff Act.

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