



# IGST Act (Remaining)

All the provisions of the IGST Act except chapters IV & V

- By Prakhar Jain

# PRELIMINARY (CHAPTER I)



## SECTION 1 – SHORT TITLE, EXTENT & COMMENCEMENT

- ▶ **Short title** - This Act may be called the “Integrated Goods and Services Tax Act, 2017”.
- ▶ **Extent** - It shall extend to the **whole of India** (“except the State of Jammu and Kashmir” was later omitted)
- ▶ **Commencement** - It shall come into force on such date as may be notified. Different dates may be appointed for different provisions (Notified Date = **22<sup>nd</sup> June** for some provisions relating to registration etc., & **01<sup>st</sup> July** for all remaining provisions)

## SECTION 2 – DEFINITIONS

- ▶ The definitions have been discussed as and when there relevance comes, and also we shall have separate videos for the definitions that are demanded.

# ADMINISTRATION (CHAPTER II)



## SECTION 3 - APPOINTMENT OF OFFICERS

- ▶ The Board may appoint such central tax officers as it thinks fit for exercising the powers under this Act.

## SECTION 4 – AUTHORISATION OF OTHER OFFICERS

- ▶ The officers appointed under the SGST/ UTGST Act are authorised to be the proper officers for the purposes of this Act, subject to such exceptions and conditions as the Government may notify

# LEVY AND COLLECTION OF TAX (CHAPTER III)



## SECTION 5 – LEVY & COLLECTION

1) (Subject to SS 2) There shall be levied	Tax called ' <b>integrated</b> ' Goods and Services Tax'	On all <b>Inter-State</b> Supplies	Of goods/ services or both	Except on the supply of alcoholic liquor for human consumption
On value determined u/s 15 (Valuation) of the CGST Act	At such rates notified (not exceeding <b>40%</b> )	Collected in such manner as may be prescribed	& shall be paid by the taxable person	
IGST on goods imported into India shall be levied and collected in accordance with the Sec 3 of the Customs Tariff Act, 1975; and on value determined as per that act at the point when custom duties are levied.				
2) Tax on Petrol, Diesel, Natural Gas, Aviation Turbine Fuel, Crude oil	Shall be Levied from notified date			
3) Govt. may notify categories of goods/ services – Tax applicable on REVERSE CHARGE All provisions of this act apply on recipient of such goods/ services/ both, as if he is liable to pay				
4) Supply by unregistered Dealer to registered dealer – Reverse Charge on recipient (similar to Purchase Tax)				
5) Govt. may notify services, which if supplied through E-Commerce Operator, tax to be paid by it (Provided if no physical presence in taxable territory (TT) then person representing in TT is liable) (Provided if no physical presence & no representative, then appoint a person in TT for paying tax)				

# SECTION 6 – POWER TO GRANT EXEMPTION



1) The Govt. may by notification	exempt GENERALLY	Goods/ services/ both of any specified description
Either Absolutely, or subject to some conditions specified		Where it is satisfied that it is necessary in the public interest so to do
2) The Govt. may by special order in each case	Exempt from payment of tax on goods/ services/ both	Where it is satisfied that it is necessary in the public interest so to do
But only under exceptional circumstances, to be stated on such order		
3) The govt. may insert an EXPLANATION in such notification/ order, by notification		At any time within 1 year of their issue
And every such explanation shall have effect as if it had always been its part (retrospective effect)		

# REFUND OF IGST TO INTERNATIONAL TOURIST (CHAPTER VI)



## SECTION 15

- ▶ The IGST paid by **tourist** leaving India on any **supply** of goods taken out of India by him shall be refunded in such manner and subject to such conditions and safeguards as may be prescribed.
- ▶ Here, “tourist” means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

# ZERO RATED SUPPLY (CHAPTER VII)

## SECTION 16

“Zero Rated Supply” means any of the following supplies of goods or services or both, namely:—

- Export of goods or services or both; or
- Supply of goods or services or both to a SEZ developer/ SEZ unit.

Subject to Sec 17(5) of CGST Act, ITC may be availed for zero-rated supplies, even if such supply is an exempt supply.

- ▶ A registered person making zero rated supply shall be eligible to claim **refund** under either of the following options, namely –
  - a) He may supply goods or services or both under bond or Letter of Undertaking, **without payment of IGST** and claim refund of unutilised ITC (Certain conditions & restrictions have been given in circulars); or
  - b) He may supply goods or services or both, **on payment of integrated tax** and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the CGST Act or the rules made thereunder.
- ▶ Observe that both methods are Tax Neutral, the first one just helps to avoid blockage of working capital.

# APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS (CHAPTER VIII)



## SECTION 17 – APPORTIONMENT OF IGST & SETTLEMENT

Out of the IGST paid to the Central Government,—

- a) in respect of inter-State supply to an **unregistered** person or to a **composition** taxable person;
- b) in respect of inter-State supply where the registered person is not eligible for input tax credit;
- c) in respect of inter-State supply made in a FY to a **RTP**, where he **does not avail** of the **ITC within the specified time limit** and thus remains in the IGST account after expiry of the due date for furnishing of annual return for such year in which the supply was **made**;
- d) in respect of import by an **unregistered** person or by a **composition** taxable person;
- e) in respect of import where the ITC is **not eligible**;
- f) in respect of import made in a FY by a **RTP**, where he **does not avail** of the **ITC within the specified time limit** and thus remains in the IGST account after expiry of the due date for furnishing of annual return for such year in which the supply was **received**,

The amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.



# SECTION 17 – APPORTIONMENT OF IGST & SETTLEMENT (CONTD...)

- ▶ The balance amount of IGST remaining in the IGST account in respect of the supply for which an apportionment to the Central Government has been done as above, shall be apportioned to the,—
  - a) **State** where such supply takes place; and
  - b) Central Government where such supply takes place in a Union territory:
- ▶ Where the **place** of such supply made by any taxable person **cannot be determined** separately, the said balance amount shall be apportioned to, **each of the States**; and Central Government (in relation to Union territories), **in proportion to the total supplies made** by such taxable person to each of such States or Union territories, as the case may be, **in a FY**:
- ▶ Where the **taxable supplier** is **not identifiable**, the said balance amount shall be apportioned to all States and the Central Government **in proportion to the amount collected** as State tax or, as the case may be, UTGST, by the respective State or, as the case may be, by the Central Government **during the immediately preceding FY**.

# SECTION 17 – APPORTIONMENT OF IGST & SETTLEMENT (CONTD...)

- ▶ Same apportionment shall be done for **interest, penalty and composition tax amount** realised in connection with the IGST.
- ▶ Amount apportioned to the Central Government = Reduced from IGST account & transferred to CGST/ UTGST account, and Amount apportioned to the State Government = Reduced from the IGST account & transferred to the SGST account (of the respective States) in such manner and within such time as may be prescribed.
- ▶ If any IGST earlier apportioned to a State or Central Government (on account of a Union territory), and now subsequently found to be refundable to any person and refunded to such person → Such amount shall be reduced from the current amount to be apportioned to such State or Central Government (on account of such Union territory), in prescribed manner and time.

# SECTION 18 – IMPACT OF CROSS-UTILISATION OF ITC



**On utilisation of credit** of IGST availed under this Act **for payment of,—**

- a) **CGST** in accordance with Sec 49(5) of the CGST Act, the amount collected as IGST shall stand reduced and the Central Government shall transfer the amount from the IGST account to the CGST account in prescribed manner and time
- b) **UTGST** in accordance with Sec 9 of the UTGST Act, the amount collected as IGST shall stand reduced and the Central Government shall transfer the amount from the IGST account to the UTGST account in prescribed manner and time.
- c) **SGST** in accordance with the respective SGST Act, the amount collected as IGST shall stand reduced by and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount to the appropriate SGST account in prescribed manner and time.

{“Appropriate State”, means the State/ Union territory where he is registered or is liable to be registered as per the CGST Act}

# SECTION 19 – MISTAKES & THEIR CORRECTION

- ▶ If RTP had paid IGST on a supply which he considered as inter-State supply, but subsequently held to be intra-State supply, then he shall be granted refund of the IGST that he had paid in prescribed manner and conditions. *(He will have to pay CGST & SGST)*
- ▶ If RTP had paid CGST and SGST/ UTGST on a transaction which he considered as intra-State supply, but subsequently held to be inter-State supply, then he shall *(get refund of the CGST & SGST/ UTGST that he had paid, and be liable to pay the correct IGST amount, but)* not be required to pay any interest on the amount of IGST payable.

# MISCELLANEOUS (CHAPTER IX)

## SECTION 20 – CGST PROVISIONS IMPORTED & APPLIED

Subject to the provisions of this Act and the rules made thereunder, the provisions of CGST Act relating to the following shall, *mutatis mutandis*, apply in relation to IGST, as they apply in relation to CGST, as if they are enacted under this Act,—

<b>(i) scope of supply;</b>	<b>(ii) composite supply and mixed supply;</b>	<b>(iii) time and value of supply;</b>	<b>(iv) input tax credit;</b>
<b>(v) registration;</b>	(vi) tax invoice, credit and debit notes;	(vii) accounts and records;	(viii) returns, <b>other than late fee;</b>
<b>(ix) payment of tax;</b>	(x) tax deduction at source;	(xi) collection of tax at source;	(xii) assessment;
<b>(xiii) refunds;</b>	(xiv) audit;	(xv) inspection, search, seizure and arrest;	(xvi) demands and recovery;
<b>(xvii) liability to pay in certain cases;</b>	(xviii) advance ruling;	(xix) appeals and revision;	(xx) presumption as to documents;
<b>(xxi) offences and penalties;</b>	(xxii) job work;	(xxiii) electronic commerce;	(xxiv) transitional provisions; and
<b>(xxv) miscellaneous provisions including the provisions relating to the imposition of interest and penalty,;</b>			

# SECTION 20 – CGST PROVISIONS IMPORTED & APPLIED

- ▶ In the case of TDS, the deductor shall deduct tax at the rate of 2% from the payment made or credited to the supplier:
- ▶ In the case of TCS, the operator shall collect tax at such rate not exceeding 2%, as may be notified on the recommendations of the Council, of the net value of taxable supplies:
- ▶ For this Act, the value of a supply shall include any taxes, duties, cesses, fees and charges levied under any law for the time being in force **other than** this Act, and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier.
- ▶ In cases where the penalty is leviable under the CGST Act and the SGST/ UTGST Act, the penalty leviable under this Act shall be the sum total of the said penalties.

# SECTION 21 – APPLICABLE TAX FOR IMPORT OF SERVICES AROUND TRANSITION DAY

- ▶ **Import of services** made **on or after 01<sup>st</sup> July** = taxable under this Act **even if** the transactions for such import of services had been initiated before the appointed day. But -
  - ▶ If tax on such import had been **paid in full** under the existing law, no tax shall be payable under this Act.
  - ▶ If tax on such import had been **paid in part** under the existing law, the balance amount shall be payable under this Act.
- ▶ A transaction shall be deemed to have been initiated before the appointed day, **if either** the invoice relating to such supply or payment (either in full or in part) has been received or made **before** the appointed day.

# SECTION 22 – POWER TO MAKE RULES

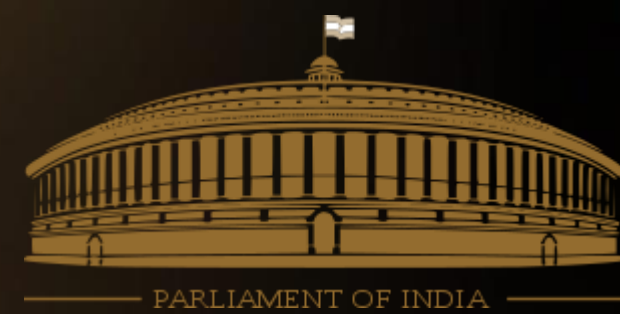
- ▶ Government **may notify rules** for carrying out the provisions of this Act.
- ▶ Without prejudice to the generality of the above, the Government may make rules for **matters** – for which rules are required to be made/ for which rules may be made as per this Act.
- ▶ The power to make rules conferred by this section shall include the power to give **retrospective effect** to the rules or any of them from a date not earlier than the date on which the provisions of this Act come into force. (not earlier than 01<sup>st</sup> of July 2017)
- ▶ Any rules notified may provide that a contravention thereof shall be liable to a **penalty** not exceeding **Rs. 10,000**.

# Section 23 – Power to make regulations

- ▶ The Board may notify regulations consistent with this Act and the rules made thereunder to carry out the provisions of this Act.



# SECTION 24 – LAYING BEFORE PARLIAMENT



- ▶ **Every rule made** by the Government, **every regulation made** by the Board and **every notification issued** by the Government under this Act, shall be laid as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of 30 days (which may be comprised in one session or in two or more successive sessions)
- ▶ **If before the expiry** of the **next session** (the session after the session(s) in which it was laid down), both Houses agree in making any modification in the rule or regulation or in the notification, or that it should not be made, the rule or regulation or notification, as the case may be, shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation or notification, as the case may be.

# SECTION 25 – REMOVAL OF DIFFICULTIES

- ▶ If any difficulty arises in giving effect to any provision of this Act, the Government may, **make such provisions (not inconsistent** with the provisions of this Act or the rules or regulations made thereunder) as may be necessary or expedient for the purpose of removing the said difficulty, **by** a general or a special **order** published in the Official Gazette.
- ▶ No such order shall be made after the expiry of a period of **3 years** from the date of commencement of this Act.
- ▶ Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament

# End of Presentation!

## What we learned -

- ▶ Section 1 – Short Title, Extent & Commencement
- ▶ Section 2 – Definitions
- ▶ Section 3 - Appointment of officers
- ▶ Section 4 – Authorisation of other officers
- ▶ Section 5 – Levy & Collection
- ▶ Section 6 – Power to grant exemption
- ▶ Section 7-14 – Covered Elsewhere
- ▶ Section 15 - Refund of IGST to international tourist
- ▶ Section 16 - ZERO RATED SUPPLY
- ▶ Section 17 – Apportionment of IGST & Settlement
- ▶ Section 18 – Impact of Cross-Utilisation of ITC
- ▶ Section 19 – Mistakes & their correction
- ▶ Section 20 – CGST provisions imported & applied
- ▶ Section 21 – Applicable Tax for Import of Services around Transition day
- ▶ Section 22 – Power to Make Rules
- ▶ Section 23 – Power to make regulations
- ▶ Section 24 – Laying before Parliament
- ▶ Section 25 – Removal of Difficulties

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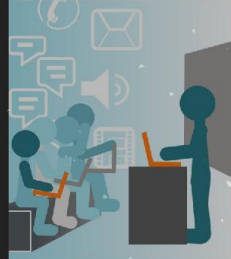
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