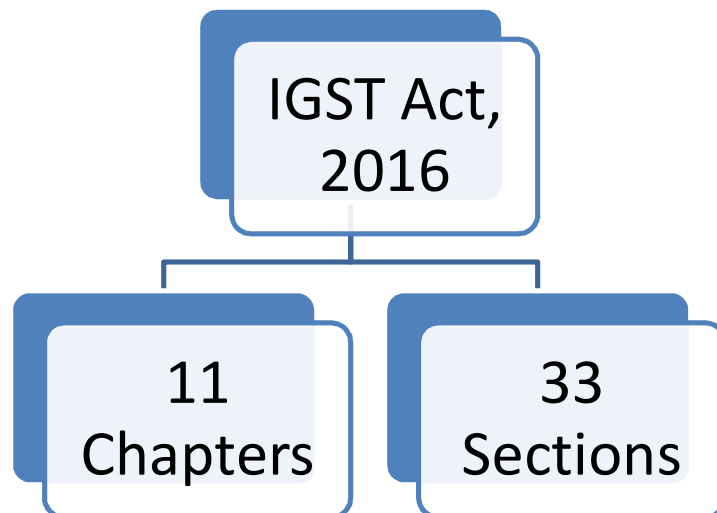


# **THE INTEGRATED GOODS AND SERVICES TAX (IGST) ACT, 2016**



**CA MILIND KALE**

+91-7666619356

[milindkale@mkca.co.in](mailto:milindkale@mkca.co.in)

## CHAPTER- I

### PRELIMINARY

#### **Section 1: Short title, extent and commencement**

- a. This Act will be called as IGST Act, 2016
- b. It extends to whole of India
- c. It shall come into force on such date as may be notified by CG
- d. Different dates may be notified for different provisions of this Act.

**Section 2: Definitions** (not defined in this Act shall have the meaning assigned to them in the CGST Act, 2016)

- a. **Appropriate State:** State or union territory where a taxable person is registered or liable to register under Section 19 of CGST Act, 2016
- b. **Government:** Central Government
- c. **Integrated Goods & Services Tax (IGST):** Tax levied under IGST Act on supply of any goods and/or services in the course of interstate trade or commerce.

#### **NOTE:**

A supply of goods and/or services in course of import/export into/from territory of India deemed to be interstate supply of goods and/or services in course of trade or commerce.

#### **d. Input tax:**



**CHARGED ON SUPPLY OF GOODS TO AND/OR SERVICES TO A TAXABLE PERSON**

**USED OR INTEND TO BE USED**

**IN COURSE OR FURTHERENCE OF BUSINESS**

**INCLUDES TAX PAID UNDER RCM**

- e. **Input Tax Credit:** Credit of input tax
- f. **Supply:** As defined in Section 3 of CGST Act, 2016.
- g. **Output Tax:** IGST chargeable under IGST Act on supply of goods and/or services by taxable person or his agent excluding tax payable by him under RCM.

## CHAPTER- II

### PRINCIPLES FOR DETERMINING SUPPLY OF GOODS AND/OR SERVICES IN THE COURSE OF INTER-STATE TRADE OR COMMERCE

#### Section 3: Supplies of goods and/or services in the course of inter-State trade or commerce

Subject to provisions of Section 5 (for goods) & Section 6 (for services)



#### Section 3A: Supplies of goods and/or services in the course of intra-State trade or commerce

Subject to provisions of Section 5 (for goods) & Section 6 (for services)



## CHAPTER III

### LEVY AND COLLECTION OF TAX

#### Section 4: Levy and collection of IGST

- a. IGST shall be levied on all interstate supplies of goods and/or services
- b. Rate of IGST specified in the schedule
- c. IGST shall be levied on every taxable person in accordance with the provisions of this Act.
- d. CG may by notification specify categories of goods and/or service on which tax is payable by recipient under RCM
- e. No tax is payable on supplies of goods and/or services specified in Schedule - **:blank:-** to the Act subject to conditions as may be notified.

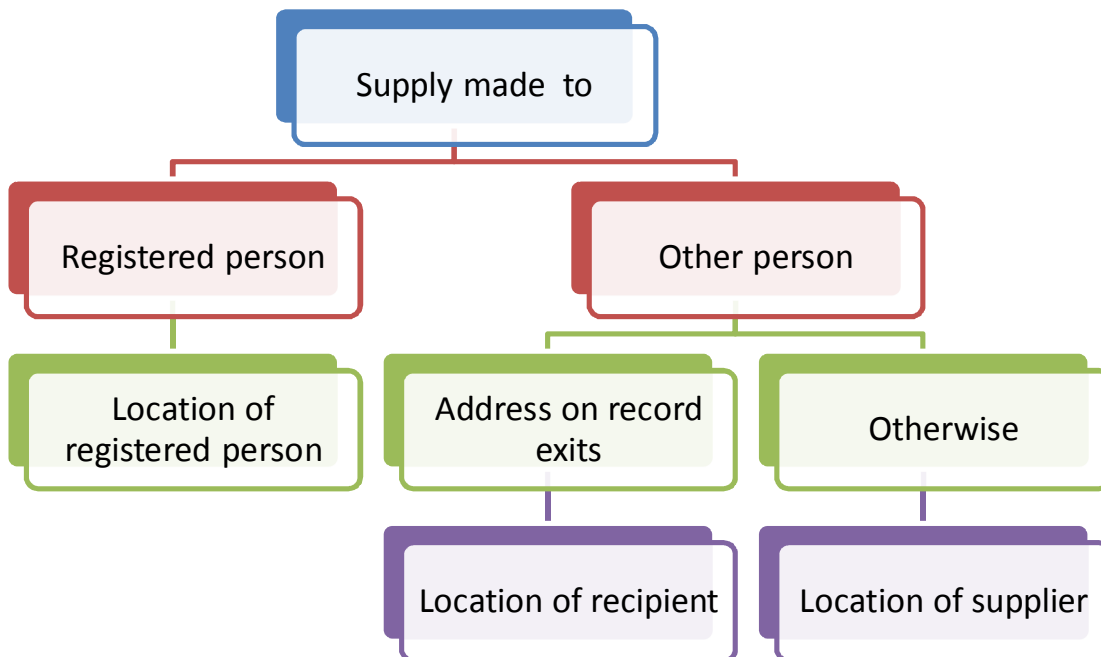
**CHAPTER IV  
PLACE OF SUPPLY OF GOODS AND/OR SERVICES**

**Section 5: Place of supply of goods**

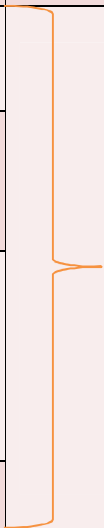
<u>Situation</u>	<u>Place of supply</u>
<b>A] Supply involve movement of goods</b>	
1. by supplier or recipient or any other person	Location of goods at which movement of goods terminates for delivery too recipient
2. where goods are delivered by supplier to recipient or any other person on direction of a third party	Principal place of business of third party
<b>B] Supply does not involve movement of goods</b>	
1. by supplier or recipient or any other person	Location of goods at the time of delivery to the recipient
<b>C] Goods are assembled/installed at site</b>	Location of site
<b>D] Where goods are supplied on board or conveyance</b>	Location at which goods are taken on Board
<b>E] Place of supply cannot be determined by (A) to (D)</b>	Determined by law made by Parliament on recommendations of GST Council

**Section 6: Place of supply of services**

**A] GENERAL RULES**



## B] SPECIAL CASES

Situation	Place of supply
<b>A] Services in relation to immovable property</b>	
1. By architects, interior decorators, surveyors, engineers, estate agents, rights to use immovable property	 <p>Location at which the immovable property or boat or vessel is located</p>
2. By way of lodging accommodation by a hotel, inn, guest house, homestay, club or campsite, house boat, vessel	
3. By way of accommodation in any immovable property for organizing any marriage, reception, official, social, cultural, religious, business or other function and service w.r.t. such functions at such property	
4. Any service ancillary to above services	
<b>NOTE:</b> If the immovable property or boat or vessel is located in more than one state then proportionate value of supply of services made to each state shall be determined as per contract or agreement entered into and in absence of such contract or agreement, on other reasonable basis as may be prescribed.	
<b>B] Restaurant &amp; catering services, personal grooming, fitness beauty treatment, health service including cosmetic &amp; plastic surgery</b>	Location where such services are actually performed
<b>C] Services in relation to training &amp; performance appraisal provided to</b>	
1. Registered person	Location of such person
2. Other Person	Location where services actually performed
<b>D] Service by way of admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereof</b>	Location where the event is actually held or where the park or such other place is located
<b>E] Service by way of organizing a cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar events and service ancillary thereof provided to</b>	
1. Registered Person	Location of such person
2. Other Person	Location where the event is actually held
<b>NOTE:</b> If the event is held in more than one state and a consolidated amount is charged then proportionate value of supply of services made to each state shall be	

determined as per contract or agreement entered into and in absence of such contract or agreement, on other reasonable basis as may be prescribed.	
<b>F] Services by way of transportation of goods including by courier or mail provided to</b>	
1. Registered Person	Location of such person
2. Other Person	Location at which such goods are handed over for such transportation
<b>G] Service by way of transportation of passengers to</b>	
1. Registered person	Location of such person
2. Other Person	Location of embarkation of passenger on the conveyance for a continuous journey
<b>NOTE:</b>	
1. In case where right to passage is given for future use and the point of embarkation is not known, the place of supply shall be determined as per <b>GENERAL RULES</b>	
2. For the purpose of this, return journey shall be treated as separate journey even of right to passage for outward & return is given at the same time	
<b>H] Service on board conveyance such as vessel, aircraft, train or motor vehicle</b>	Location of first scheduled point of departure of that conveyance for the journey
<b>I] Telecommunication services including data transfer, broadcasting, cable and DTH television service to any person</b>	
1. Service by way of fixed telecommunication line, leased circuits, internet leased circuit, cable, or dish antenna	Location where such fixed telecommunication line, leased circuits, internet leased circuit, cable, or dish antenna is installed
2. In case of mobile connection for telecommunication and internet services provided on postpaid basis	The location of billing address of the recipient in records of the supplier
3. In case of mobile connection for telecommunication and internet services provided on pre-payment basis through vouchers or other means	Location where such prepayment is received or vouchers are sold
<b>NOTE:</b> If prepaid service is availed or recharge is made through internet banking or other electronic mode then the location of the recipient of services in records of supplier shall be place of supply of service.	
<b>J] Banking and other financial services including stock broking service to any person</b>	Location of service recipient in the records of supplier of service
<b>NOTE:</b> If the service is not linked to the account of service recipient then the place of supply shall be the place of supplier of service	
<b>K] Insurance Service provided to</b>	
1. Registered person	Location of such person
2. Other person	Location of service recipient in the records of supplier of service

<b>L] Advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for identifiable states</b>	State for which it is identifiable
<b>NOTE:</b> Value of such supplies specific to each state shall be determined in accordance with proportionate amount attributed to service provided by way of dissemination (spreading of something) in respective state as per terms of contract or agreement and in absence of such contract or agreement on such other reasonable basis as may be prescribed	

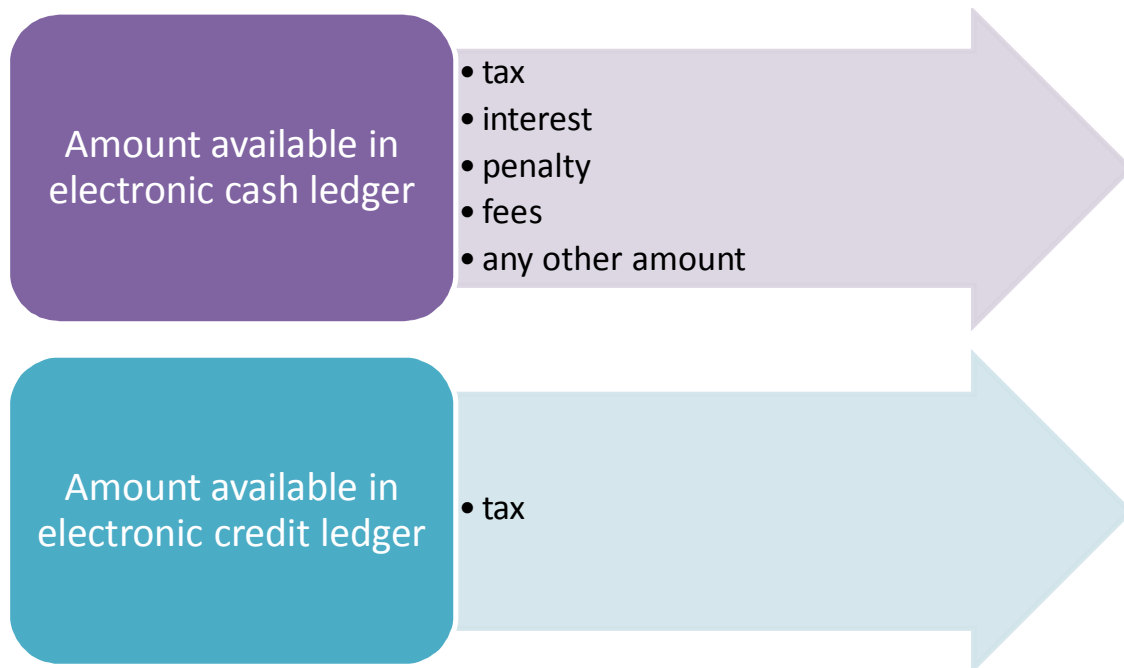


## CHAPTER-V PAYMENT OF TAX

### Section 7: Payment of tax, interest, penalty and other amounts

#### 1. Modes of payment

- a.** Internet Banking
  - b.** Debit/Credit Card
  - c.** NEFT
  - d.** RTGS
  - e.** Any other mode
2. Amount paid shall be credited to the electronic cash ledger of a taxable person
  3. Date of deposit: Date of credit to account of appropriate Government in the authorized bank.
  4. Self-assessed Input tax credit shall be credited to Electronic Credit Ledger of taxable person.
  - 5.



## 6. Manner of utilization of ITC

### a. IGST:



### b. CGST:



### c. SGST:



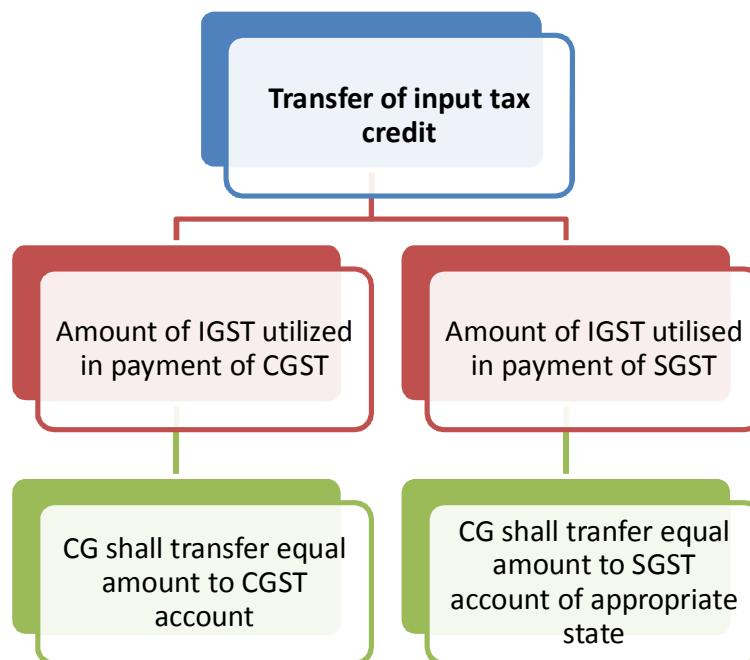
7. The balance in credit or cash register after payment may be refunded in accordance with provisions of section 38 of CGST Act, 2016
8. All liabilities of a taxable person under this Act shall be recorded & maintained in an electronic register
9. **Order for discharging tax liability:**
  - a. Self-assessed tax & other dues of previous tax periods
  - b. Self-assessed tax & other dues of current tax periods
  - c. Any other amount payable including demand determined under section 51.
10. Every person who has paid tax on goods and/or services under this Act shall unless provided contrary by him, deemed to have passed on the full incidence of such tax to the recipient of such goods and/or services.

## CHAPTER VI INPUT TAX CREDIT

### Section 8: Claim of Input Tax Credit, provisional acceptance, matching, reversal and reclaim thereof

1. Every taxable person entitled to take credit of input tax on self-assessment basis and such credit shall be credited to his Electronic Credit Ledger.
2. Section 29 of CGST Act, 2016 relating to matching, reversal and reclaim of input tax credit shall mutatis mutandis apply to input tax credit under IGST Act.

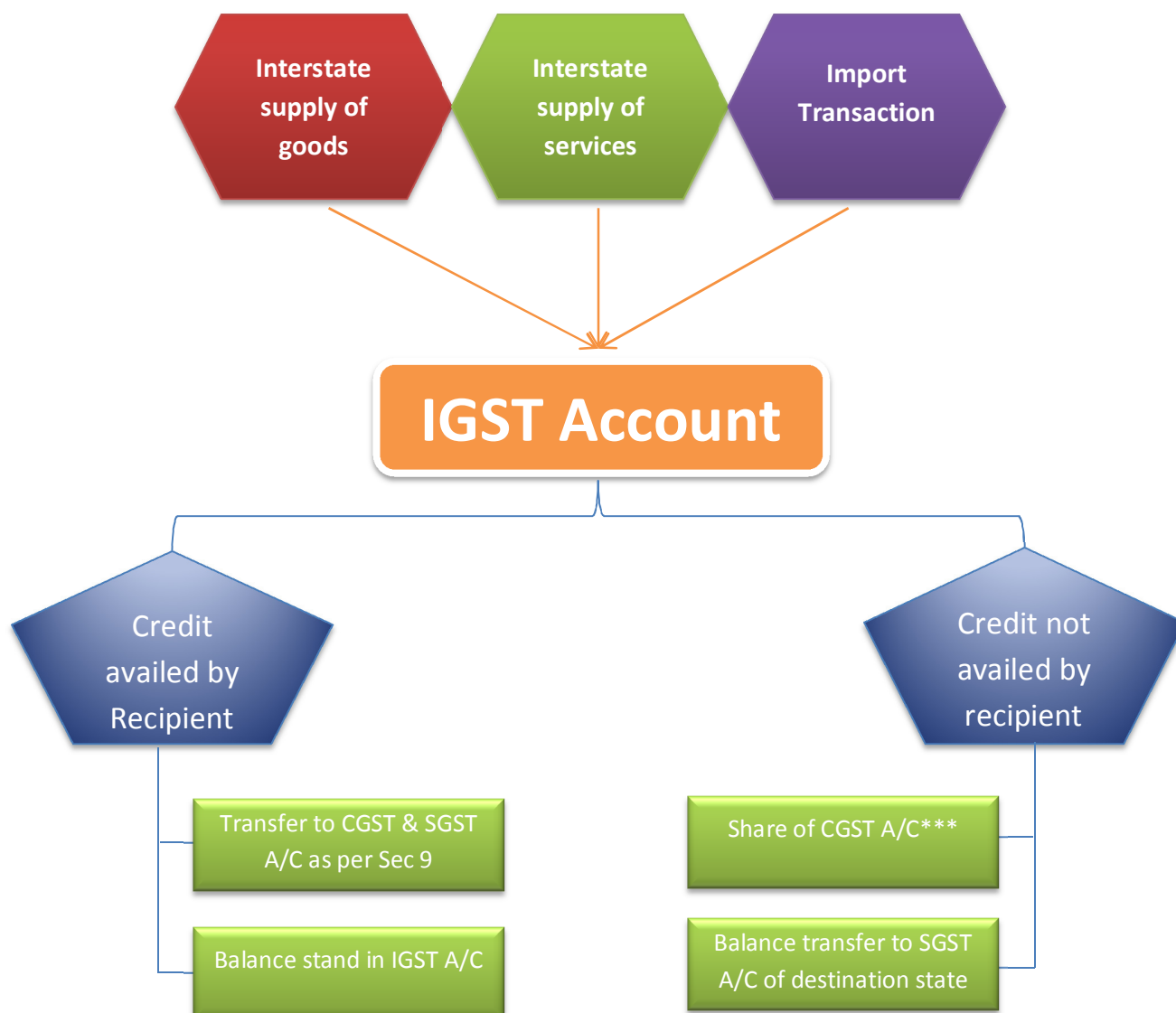
### Section 9: Transfer of Input Tax Credit



## CHAPTER VII

### APPROPRIATION OF TAX AND SETTLEMENT OF FUNDS

#### Section 10: Appropriation of tax collected under the Act and settlement of funds



**\*\*\*Share of CGST A/C:** The amount of tax calculated at the rate similar equivalent to the CGST on similar intra state supply

#### Possible reasons for not availing credit of IGST by recipient:

- Recipient is unregistered taxable person
- Recipient registered under Section 8 of CGST Act
- Recipient is not eligible for input tax credit or he does not availed credit within specified time limit

**Same shall be applicable for apportionment of interest, penalty realized.**

**CHAPTER - VIII  
SETTLEMENT OF CASES**

**(Will be discussed separately)**

**CHAPTER IX**  
**MISCELLANEOUS**

**Section 27: Application of certain provisions of CGST Act**

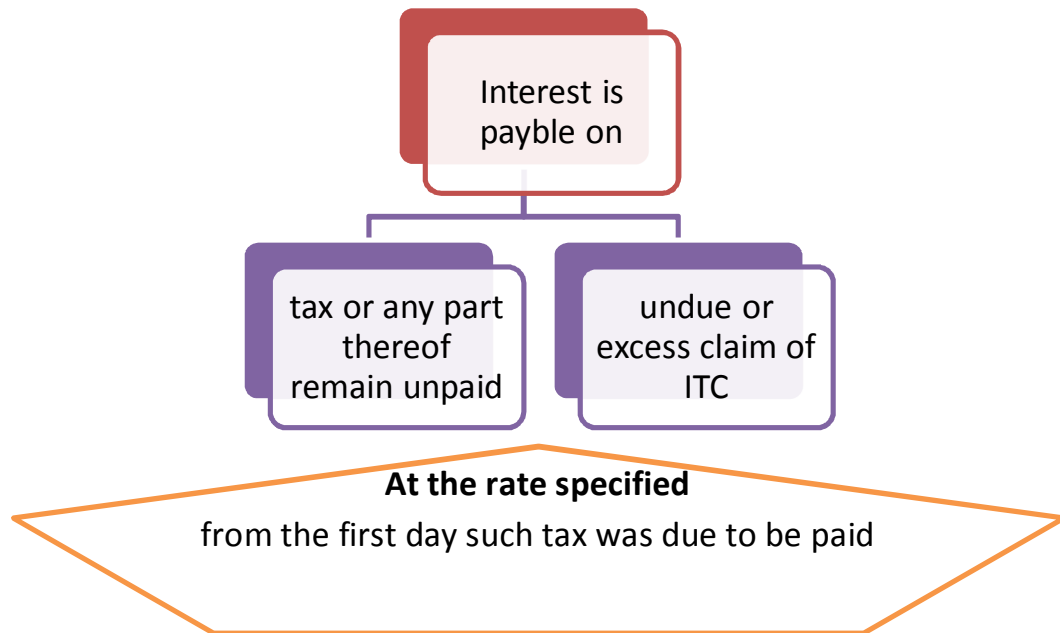
**Following provisions of CGST Act shall apply to levy of tax under IGST Act:**

- a. Registration
- b. Valuation
- c. Time of supply of goods
- d. Time of supply of service
- e. Change in rate of tax in respect of supply of service
- f. Exemption from payment of tax
- g. Input tax credit and utilization
- h. Accounts and records
- i. Payment
- j. Return
- k. Audit
- l. Assessment
- m. Adjudication
- n. Demand
- o. Refund
- p. Interest
- q. Recovery of tax
- r. Offences & penalties
- s. Inspection
- t. Search & seizure
- u. Prosecution and power of arrest
- v. Appeals
- w. Review
- x. Advance ruling
- y. Compounding

**Section 28: Power to make Rules**

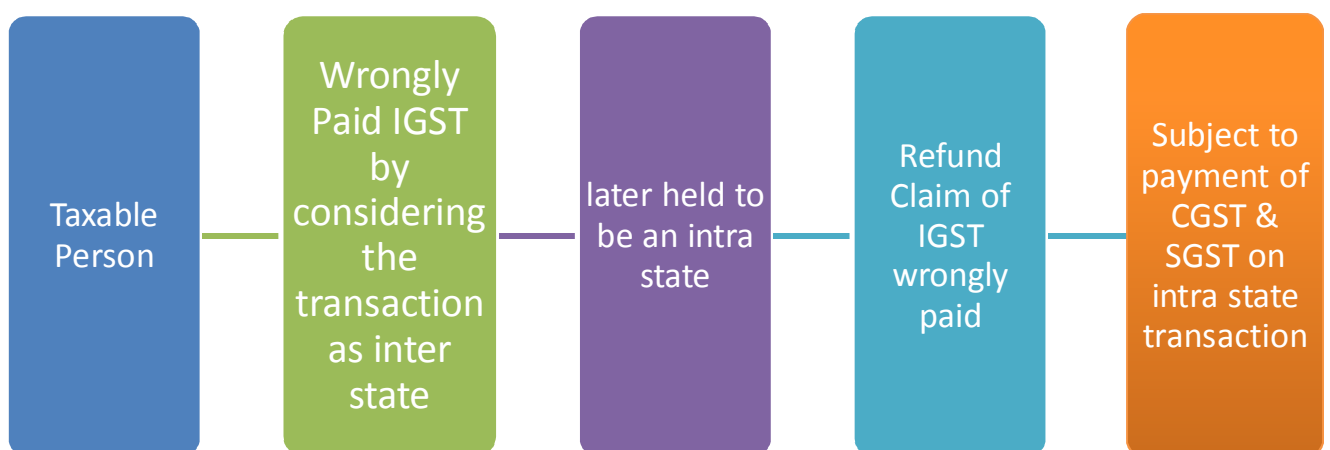
- 1. CG on recommendations of GST Council, by notification make rules under this Act**
- 2. Such rules may—**
  - a. provide for settlement of cases according to chapter VIII
  - b. provide for all or any of the matter which under any provision of this Act required to be prescribed or to be provided

## Section 29: Interest on delayed payment of tax



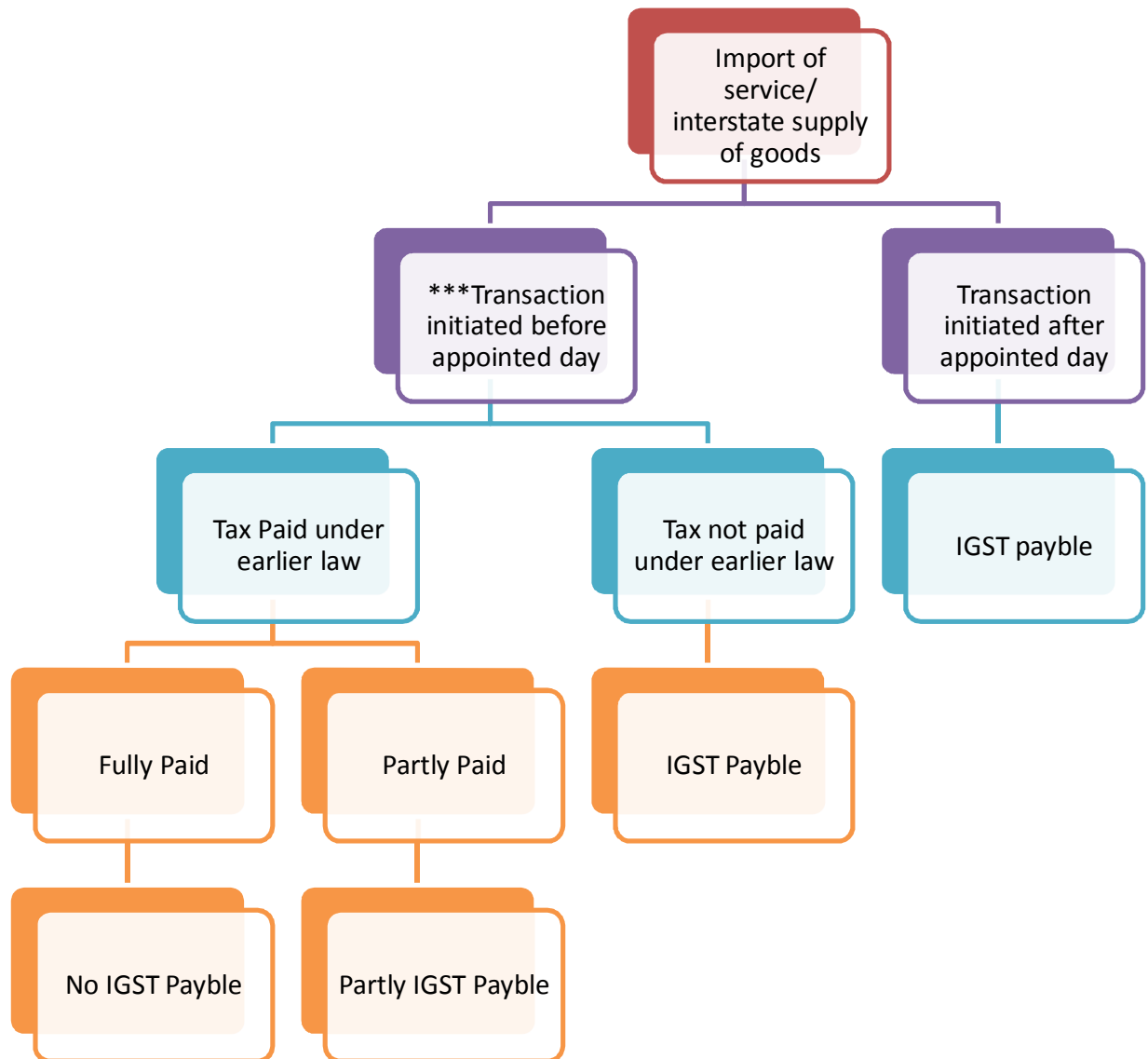
Interest shall also be payable on undue or excess CLAIM of input tax credit under sec 29(10) of CGST Act.

## Section 30: Tax wrongfully collected and deposited with the Central or a State Government



## CHAPTER – X TRANSITIONAL PROVISIONS

### Section 31: Import of services or inter-state supply of goods and/or services made on or after the appointed day



\*\*\*Transaction initiated before appointed day:

- a. Invoice in relation to such supply made before appointed day
- b. Payment made or received either in full or part before appointed day



**CHAPTER-XI  
ADMINISTRATION**

**Section 32: Classes of officers under the Integrated Goods and Services Tax Act, 2016**

<b>Principal Chief Commissioners of IGST or Principal Directors General of IGST</b>
<b>Chief Commissioners of IGST or Directors General of IGST</b>
<b>Principal Commissioners of IGST or Principal Additional Directors General of IGST</b>
<b>Commissioners of IGST or Additional Directors General of IGST</b>
<b>First Appellate Authority</b>
<b>Additional Commissioners of IGST or Additional Directors of IGST</b>
<b>Joint Commissioners of IGST or Joint Directors of IGST</b>
<b>Deputy Commissioners of IGST or Deputy Directors of IGST</b>
<b>Assistant Commissioners of IGST or Assistant Directors of IGST</b>
<b>such other class of officers</b>

**Section 33: Appointment of officers under IGST Act, 2016**

