



Topics

Model CGST/SGST Act, 2016

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Model IGST Act, 2016

Section No.	Particulars
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Levy and Collection of Central/State Goods and Services Tax- S. 8

- ❑ **Section 8(1)** → There shall be levied a tax called the Central/State Goods and Services Tax (**CGST/SGST**) on all Intra-State supplies of goods and/or services on value determined under Section 15 & at such rates as may be notified by CG/SG in this behalf, but not exceeding 14%, on recommendation of GST Council and collected in such manner as may be prescribed.
- ❑ **Section 8(2)** → The CGST/SGST shall be paid by every taxable person in accordance with the provisions of the GST Act.

Summarized provisions: Transaction within the State (Intra- State transactions)

CGST	SGST
To be levied by Centre	To be levied by State
Implemented through single statute	Implemented through multiple statutes
Paid to the account of CG	Paid to the account of SG
Maximum rate: 14%	Maximum rate: 14%

Illustration: Intra- State Supply

'A' sold to 'B' of Mumbai		'B' sold to consumer in Mumbai	
Particulars	Rs.	Particulars	Rs.
Sale price	1,000	Sale price	2,000
CGST @ 9%	90	CGST @ 9%	180
SGST @ 9%	90	SGST @ 9%	180
Total price	1,180	Total price	2,360
Collected by Central Government	90	Collected by Central Government = (Rs. 180 - Rs. 90)	90
Collected by State Government	90	Collected by State Government = (Rs. 180 - Rs. 90)	90

Note: Standard rate of 18% has been taken from the four-tier rate structure finalised by the GST Council in its meeting held on 03-11-2016. 9% CGST and 9% SGST is being assumed.

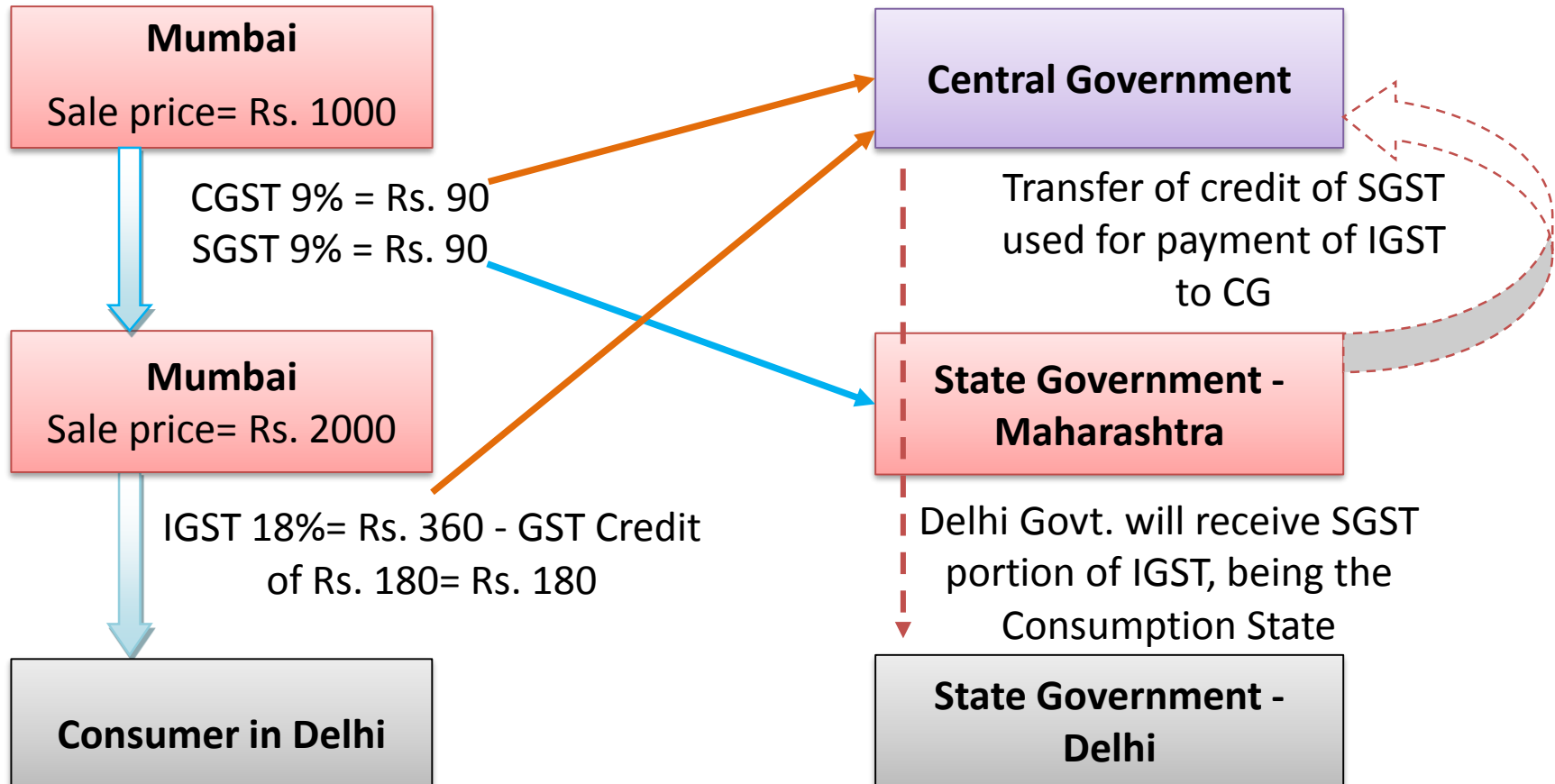
Levy and Collection of Integrated Goods and Services Tax-

S. 5 of Model IGST Act

- ❑ **Section 5(1)** → There shall be levied a tax called the Integrated Goods and Services Tax (**IGST**) on all supplies of goods and/or services made in the course of Inter-State trade or commerce on the value determined under Section 15 of CGST Act, 2016 and at such rates as may be notified by the CG in this behalf, but not exceeding 28%, on the recommendation of GST Council and collected in such manner as may be prescribed.
- ❑ IGST shall be paid by every taxable person in accordance with the provisions of GST Act.

Summarized provisions: Inter- State transactions
IGST
To be levied by Centre
Implemented through single statute
Paid to the account of CG
$IGST = CGST + SGST$
Maximum rate: 14%

Illustration: Inter- State Supply



Reverse Charge Mechanism under GST

Section 8(3) of the Model CGST/SGST Act, 2016 read with Section 5(2) of the Model IGST Act, 2016 empowers the CG/SG (CG in Model IGST Act, 2016) to specify, on the recommendation of the GST Council, by notification, categories of supply of goods and/or services, **the tax on which shall be payable on reverse charge basis i.e. the tax thereon shall be paid by the recipient of such goods and/or services.** It has been further provided that all the provisions of the GST Act shall apply to such person as if he is the person liable for paying the tax in relation to such goods and/or services

Note: Reverse charge concept for specified goods would certainly be a new concept unlike the present regime. Further, as per Schedule V, no threshold exemption would be applicable when liability to pay GST is under reverse charge.

Specified services supplied through operators which shall be covered under normal taxation provisions

In terms of Section 8(4) of the Model CGST/SGST Act, 2016 read with Section 5(3) of the Model IGST Act, 2016, the CG/SG (CG in Model IGST Act, 2016) may, on the recommendation of the GST Council, by notification, specify categories of services the **tax on which shall be paid by the e- commerce operator if such services are supplied through it**, and all the provisions of this Act shall apply to such e- commerce operator as if he is the person liable for paying the tax in relation to the supply of such services:

Provided that where an e- commerce operator does not have a physical presence in the taxable territory, **any person representing such e- commerce operator for any purpose in the taxable territory shall be liable to pay tax.**

Provided Further that where an e- commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such **e- commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.**

Taxable person under GST- S.10

Section 10(1)→ Taxable person means a person who is registered or liable to be registered under Schedule V of the Model GST Law.

Deemed Distinct Persons under GST:

- ☐ **Section 10(2)**→ A person who has obtained or is required to obtain more than one registration, whether in one state or more than one state, shall, in respect of each such registration, be treated as distinct persons.
- ☐ **Section 10(3)** →An establishment of a person who has obtained or is required to obtain registration in a state, and any of his other establishments in another state shall be treated as establishments of distinct persons.

Persons required to be Registered under GST (Schedule V)

Every supplier shall be liable to be registered under GST Act in State from where he makes a taxable supply of goods and/or services if his aggregate turnover in a financial year exceeds the following-

INR 20 lakhs

- A person making taxable supply of goods and/or services in a state excluding:
→ States specified in Article 279A(4)(g) of the constitution i.e. Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand [**“other than special categories states”**]; and
→ **Special category states** (not yet specified)

INR 10 lakhs

- A person making taxable supply of goods and/or services in ‘other than special categories states’ and ‘special category states’

What is Aggregate Turnover?

Particulars	Amount
All taxable supplies excluding non-taxable supplies	XXXX
Exempt supplies	XXXX
Exports of Goods and/or Services	XXXX
Inter-State supplies	XXXX
(of a person having the same PAN, to be computed on all India basis)	
Excludes:	
Taxes charged under the CGST Act, SGST Act and IGST Act	XXXX
Shall not include:	
Value of inward supplies on which tax is payable under Section 8(3) of the Model CGST/SGST Act, 2016	XXXX
Value of inward supplies	XXXX
Net Total (Aggregate Turnover)	XXXX

- Supplies made on his own account or on behalf of principals also includible
- Registered Job worker supplies of Goods to be treated as supply of Goods by principal and not by job worker

Compulsory Registration irrespective of any Threshold Amount

Persons making any Inter-State taxable supply

Casual taxable persons

Persons who are required to pay tax under reverse charge

Non-resident taxable persons

Persons who are required to pay tax under Section 8(4) i.e. specified categories of services, tax on which shall be paid by the e-commerce operator if such services are supplied through it

Every electronic commerce operator

Persons who are required to deduct tax (TDS deductor), whether or not separately registered under the GST Act

Persons who are required to collect tax under Section 56 “collection of tax at source - e-commerce,” whether or not separately registered under the GST Act

Compulsory Registration irrespective of any Threshold Amount

Input service distributor (ISD), whether or not separately registered under the GST Act.

Every person supplying online information and database access or retrieval (OIDAR) services from place outside India to a person in India, other than a registered taxable person.

Person who supply goods and/or services, other than supplies specified under Section 8(4), through e-commerce operator, who is required to collect tax at source.

Person who supply goods and/or services on behalf of other taxable persons whether as an agent or otherwise.

Such other person or class of persons as may be notified

Schedule V: Other Important provisions

☐ **No registration shall be required for the following persons:**

- ❖ Any person engaged exclusively in the business of supplying goods and/or services that are non- taxable or wholly exempted under GST; and
- ❖ Agriculturist, for the purpose of agriculture

☐ Every person who is already registered under earlier law i.e. present indirect tax laws viz. Excise, VAT/CST, Service tax etc. shall be liable to take registration under GST.

☐ **Transferee or successor of a going concern business** shall be liable to be registered w.e.f. the date of transfer or successor.

☐ **Transferee pursuant to scheme of amalgamation/de-merger** of two or more companies by an order of a High Court shall be liable to be registered under GST.

Composition scheme under GST- S. 9

- ☐ A registered taxable person having aggregate turnover in a preceding financial year upto INR 50 lakh can opt for Composition scheme.
- ☐ **Minimum rate of tax under Composition scheme:** Prescribed rate of tax under Composition scheme shall not be less than:

For manufacturer – 2.5% of the turnover in a state during the year i.e. 5% for both CGST/SGST

Others - 1% of the turnover in a state during the year i.e. 2% both CGST/SGST

- ☐ Compounding dealers cannot enter into credit chain.
- ☐ Tax cannot be collected from the recipient on supplies made by the Composition dealer.
- ☐ Permission to opt for Composition scheme shall stand withdrawn from the day on which aggregate turnover during a financial year exceeds INR 50 lakh.
- ☐ Composition scheme to be adopted uniformly by all the registered taxable persons having the same PAN.

Composition scheme not available in following cases

No permission for Composition scheme shall be granted to a taxable person [First Proviso to section 9(1)]:

(a) who is engaged in the **supply of services**; or

(b) who makes **any supply of goods which are not leviable to tax** under GST Act; or

(c) who makes any **Inter-State outward** supplies of goods; or

(d) who makes any supply of goods **through an electronic commerce operator** who is required to collect tax at source under section 56; or

(e) who is a **manufacturer of such goods as may be notified** on the recommendation of the Council

No Composition scheme in case of reverse charge liability.

Power to grant exemption from tax- S.11

☐ **Exemption from payment of tax**

The CG/SG are empowered to grant exemption from tax, if it is necessary in public interest so to do, on recommendation of the GST Council, by way of issuance of-

- ❖ **Notification:** The CG/SG may, on recommendation of GST Council, by notification exempt generally either absolutely or subject to such conditions as may be specified in notification, goods and/or services of any specified description **from whole or any part of tax leviable thereon with effect from date of issue of notification or any date subsequent thereto as may be specified.**
- ❖ **Special Order:** The CG/SG may, on recommendation of the GST Council, by special order in each case, exempt **from payment of tax under circumstances of an exceptional nature to be stated in such order, any goods and/or services on which tax is leviable.**

- ☐ No need to pay tax on goods and/or services on which absolute exemption granted.
- ☐ The CG/SG are empowered to insert an explanation within 1 year of issuance of a notification or order.



Thank You !