

II M.COM – Basis of GST

UNIT-1

GST-The Road begins-Draft model-GST law-positives-negatives-LEVY-Territorial jurisdiction of GST-taxable event-consideration-levy and collection of GST-composition levy-place and time of supply-Definition of Goods and Services – Time of supply.

INTRODUCTION OF GST

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.

In other words,Goods and Service Tax (GST) is levied on the supply of goods and services. Goods and Services Tax Law in India is a **comprehensive, multi-stage, destination-based tax** that is levied on every **value addition**. GST is a single domestic indirect tax law for the entire country.

The Goods and Services Tax (GST) is a uniform indirect tax levied on goods and services across the country. GST, as an umbrella tax, replaced central taxes like central excise, service tax, additional duties of excise & customs, special additional duty of customs, besides cesses and surcharges, on supply of goods and services.

CERTAIN TERMS USED IN GST

1.) “**business**” includes –

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to (a) above;
- (c) any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;
- (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;
- (f) admission, for a consideration, of persons to any premises; and
- (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- (h) services provided by a race club by way of totalisator or a licence to book maker in such club;

2. “**CGST**” means the tax levied under the Central Goods and Services Tax Act, 2016;

3. **“goods”** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

4. **“government”** means Central Government and its departments, a State Government and its departments and a Union territory and its departments, but shall not include any entity, whether created by a statute or otherwise, the accounts of which are not required to be kept in accordance with Article 150 of the Constitution or the rules made thereunder;

5. **“IGST”** means the tax levied under the Integrated Goods and Services Tax Act, 2016;

6. **“input”** means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;

7. **“input service”** means any service used or intended to be used by a **“input tax”** in relation to a taxable person, means the IGST, including that on import of goods, CGST and SGST charged on any supply of goods or services to him and includes the tax payable under sub-section (3) of section 8, but does not include the tax paid under section 9;

8. **“input tax credit”** means credit of ‘input tax’ as defined in sub-section **“money”** means Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;

9. **“person”** includes—

(a) an individual;

(b) a Hindu undivided family;

(c) a company;

(d) a firm;

(e) a Limited Liability Partnership;

(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;

(g) any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013);

(h) any body corporate incorporated by or under the laws of a country outside India;

(i) a co-operative society registered under any law relating to cooperative societies;

(j) a local authority;

- (k) government;
- (l) society as defined under the Societies Registration Act, 1860 (21 of 1860);
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the preceding sub-clauses;

10. **“place of business”** includes

- (a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, provides or receives goods and/or services; or
- (b) a place where a taxable person maintains his books of account; or
- (c) a place where a taxable person is engaged in business through an agent, by whatever name called;

11. **“SGST”** means the tax levied under the State Goods and Services Tax Act, 2016;

12. **“supplier”** in relation to any goods and/or services shall mean the person supplying the said goods and/or services and shall include an agent acting as such on behalf of such supplier in relation to the goods and/or services supplied;

13. **“supply”** shall have the meaning as assigned to it in section 3; **“tax”** means goods and services tax levied on the supply of goods and/or services under this Act and includes any amount payable under section 9 or subsection (10) of section 18;

14. **“tax period”** means the period for which the return is required to be filed;

15. **“taxable person”** shall have the meaning as assigned to it in section 10;

16. **“taxable supply”** means a supply of goods and/or services which is chargeable to tax under this Act;

17. **“non-taxable supply”** means a supply of goods or services which is not chargeable to tax under this Act;

18. **“time of supply of goods”** shall have the meaning as assigned to it in section 12 ;

19. **“time of supply of services”** shall have the meaning as assigned to it in section 13;

20. **“to cultivate personally”** means to carry on any agricultural operation on one’s own account.

TYPES OF GST

- **Central GST (CGST):** GST paid on each transaction is divided into two equal parts: the part for the Centre is termed as CGST.
- **State GST (SGST):** The part of a state's share of GST, when a transaction takes place within the state, is called SGST.
- **Union territory GST (UGST):** When a transaction takes place within a union territory (UT) without a legislature, the part of GST that the UT gets is called UGST.
- **Integrated GST (IGST):** When a transaction takes place between two states/UTs or between a state/UT and any foreign territory, IGST is levied without any bifurcation on the applicable GST rate.

What items are not taxed or covered under GST?

There are a few products, which were not under the purview of GST till long after its launch.

- Alcohol for human consumption: On alcohol, the power to tax remains with the states.
- Petroleum products: GST was not imposed on five petroleum products — crude oil, diesel, petrol, natural gas and ATF.
- Tobacco: Along with GST, the Central Government has the power to levy additional excise duty on tobacco products.
- Entertainment tax: The power to decide on entertainment tax levied by local bodies remains with the states.

Features of GST

- 1) GST envisages all transactions and processes to be done only through the electronic mode, to achieve a non-intrusive administration. This minimises the taxpayer's physical interaction with tax officials.
- 2) GST provides for the facility of auto-populated monthly returns and annual return.
- 3) It also facilitates taxpayers by prescribing grant of refund within 60 days, and provisional release of 90 per cent refund to exporters within 7 days.
- 4) Further facilitation measures include interest payment if refund is not sanctioned in time, and refund to be directly credited to bank accounts.
- 5) Comprehensive transitional provisions for ensuring smooth transition of existing taxpayers to GST regime, credit for available stocks, etc.
- 6) Other provisions include system of GST compliance rating, etc.
- 7) Anti-profiteering provisions for protection of consumer rights: Any benefit by way of reduction in rate of tax or increase in input tax credit arising due to introduction of GST are passed on to customers (through reduction in sale price) by way of commensurate reduction in prices.

- 8) Under the GST regime, exports are zero-rated in entirety, unlike the earlier system where refund of some of the taxes did not take place due to fragmented nature of indirect taxes between the Centre and states.
- 9) GST is largely technology-driven and reduces the human interface to a great extent
- 10) GST is believed to have improved ease of doing business in India.

What are the positive and negative impacts of GST?

POSITIVE IMPACT OF GST:

1. **Increase in Foreign Investment-** With GST, India is now a unified market and the foreign investment has increased in India. The goods that are manufactured within India because of their reduced costs have become more competitive in international market leading to growth in export. The implementation of Goods & Services tax puts India in the line of international tax standards, making it easier for Indian businesses to sell in the global market.
2. **Fewer Tax-** GST has two constituents: The central GST and the State GST. The Central GST will replace - Service Tax, Central Excise Duty, and Custom Duty etc. The State GST will replace - State VAT, Central Sales Tax, Tax on Advertisements, Luxury Tax, Purchase Tax, Entertainment Tax etc. Before GST, there were so many taxes and now they have replaced all these taxes and duties with Central GST and State GST.
3. **Reduce the cost of doing business-** GST has changed VAT all over India. Now we do not need to pay different amounts of taxes in different states. It is one tax system for all states of India and so we have already got rid of various taxes and duties on our businesses.
4. **Transparency-** The tax administration has started working corruption free. Also enabling sales invoices to show the tax applied has resulted in transparency.

NEGATIVE IMPACT OF GST:

1. **Dual Control -** GST is being referred to as a single taxation system but in reality it is a dual tax because both the state and centre both will collect separate tax on a single transaction of sale and service.
2. **Incumbent increase of the cost of some commodities -** The tax rate has been increased for many products, thus increasing their costs.
3. **Some sector are at a loss-** Sectors like Textile, Media, Pharma, Dairy Products, IT and Telecom are bearing the brunt of a higher tax. Also the price of commodities has increased like jewellery, mobile phones and credit cards.

4. **Real Estate Market affected** - Economists are of the opinion that GST in India has already had a negative impact on the real estate market. It has added up to 8 percent to the cost of new homes and reduced demand by about 12 percent.

There are approximately 140 countries where GST has already been implemented by Australia, Germany, Japan, and Pakistan. India is one of the most stable economies of the world and we have proved to be quite adept at adjusting to major economic renovations.

As the coin has two sides, same way implementation of GST impacts a nation both ways, positively and negatively. If we ignore the negative aspects and consider the positive effect, then it is a way to reduce the black money. GST is having a few initial problems, but with time, we will be able to see the bigger picture and it will surely result in an economic integration.

LEVY OF, AND EXEMPTION FROM, TAX

Levy and Collection of Central/State Goods and Services Tax

(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 the value determined under section 15 and at such rates as may be notified by the Central/State Government in this behalf, but not exceeding fourteen percent, on the recommendation of the Council and collected in such manner as may be prescribed.

(2) The CGST/SGST shall be paid by every taxable person in accordance with the provisions of this Act.

(3) The Central or a State Government may, on the recommendation of the Council, by notification, specify categories of supply of goods and/or services the tax on which is payable on reverse charge basis and the tax thereon shall be paid by the recipient of such goods and/or services and all the provisions of this Act shall apply to such person as if he is the person liable for paying the tax in relation to the supply of such goods and/or services.

(4) The Central or a State Government may, on the recommendation of the Council, by notification, specify categories of services the tax on which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic 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 electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax: PROVIDED FURTHER that where an electronic 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 electronic 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.

Composition Levy

(1) Notwithstanding anything to the contrary contained in the Act but subject to subsection (3) of section 8, on the recommendation of the Council, the proper officer of the Central or a State Government may, subject to such conditions and restrictions as may be prescribed, permit a registered taxable person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not less than two and a half percent in case of a manufacturer and one percent in any other case, of the turnover in a State during the year:

PROVIDED that no such permission shall be granted to a taxable person-

- (a) who is engaged in the supply of services; or
- (b) who makes any supply of goods which are not leviable to tax under this 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:

PROVIDED FURTHER that no such permission shall be granted to a taxable person unless all the registered taxable persons, having the same PAN as held by the said taxable person, also opt to pay tax under the provisions of this sub-section.

(2) The permission granted to a registered taxable person under sub-section (1) shall stand withdrawn from the day on which his aggregate turnover during a financial year exceeds fifty lakh rupees.

(3) A taxable person to whom the provisions of sub-section (1) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

(4) If the proper officer has reasons to believe that a taxable person was not eligible to pay tax under sub-section (1), such person shall, in addition to any tax that may be payable by him under other provisions of this Act, be liable to a penalty and the provisions of section 66 or 67, as the case may be, shall apply *mutatis mutandis* for determination of tax and penalty

Taxable person

(1) Taxable Person means a person who is registered or liable to be registered under Schedule V of this Act.

(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 for the purposes of this Act.

(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 for the purposes of this Act.

11. Power to grant exemption from tax

(1) If the Central or a State Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the Council, by notification, exempt generally either absolutely or subject to such conditions as may be specified in the notification, goods and/or services of any specified description from the whole or any part of the tax leviable thereon with effect from the date of issue of notification or any date subsequent thereto as may be specified in the said notification.

Explanation.- Where an exemption in respect of any goods and/or services from the whole of the tax leviable thereon has been granted absolutely, the taxable person providing such goods and/or services shall not pay the tax on such goods and/or services.

(2) If the Central or a State Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the 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.

(3) The Central or a State Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

(4) Every notification issued under sub-section (1) or sub-section (3) and every order issued under sub-section (2) shall

(a) unless otherwise provided, come into force on the date of its issue by the Central or a State Government for publication in the Official Gazette or from any date subsequent to the date of its issue as may be specified therein; and

(b) be made available on the official website of the department of the Central or a State Government.

TIME AND VALUE OF SUPPLY

Time of supply of goods

(1) The liability to pay CGST / SGST on the goods shall arise at the time of supply as determined in terms of the provisions of this section.

(2) The time of supply of goods shall be the earlier of the following dates, namely,-
(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 28, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

PROVIDED that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice.

Explanation 1.- For the purposes of clauses (a) and (b), the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2.- For the purpose of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of accounts or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely—

(a) the date of the receipt of goods, or

(b) the date on which the payment is made, or

PROVIDED that where it is not possible to determine the time of supply under clause (a), (b) or (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

Explanation.- For the purpose of clause (b), “the date on which the payment is made” shall be the date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier.

(4) In case of supply of vouchers, by whatever name called, by a supplier, the time of supply shall be-

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases

(5) In case it is not possible to determine the time of supply under the provisions of sub-section (2), (3) or (4) the time of supply shall

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed, or

(b) in any other case, be the date on which the CGST/SGST is paid.

Time of supply of services

(1) The liability to pay CGST/SGST on services shall arise at the time of supply, as determined in terms of the provisions of this section.

(2) The time of supply of services shall be the earlier of the following dates, namely:-

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 28, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

PROVIDED that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice.

Explanation 1.- For the purposes of clauses (a) and (b), the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2.- For the purpose of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of accounts or the date on which the payment is credited to his bank account, whichever is earlier.

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely-

(a) the date on which the payment is made, or

(b) the date immediately following sixty days from the date of issue of invoice by the supplier:

PROVIDED that where it is not possible to determine the time of supply under clause (a) or (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

PROVIDED FURTHER that in case of ‘associated enterprises’, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

Explanation.- For the purpose of clause (a), “the date on which the payment is made” shall be the date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier.

(4) In case of supply of vouchers, by whatever name called, by a supplier, the time of supply shall be-

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases;

(5) Where it is not possible to determine the time of supply of services in the manner specified in sub-sections (2), (3) or (4), the time of supply shall

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the CGST/SGST is paid.

Change in rate of tax in respect of supply of goods or services

Notwithstanding anything contained in section 12 or section 13, the time of supply, in cases where there is a change in the rate of tax in respect of goods or services, shall be determined in the following manner, namely:-

(a) in case the goods or services have been supplied before the change in rate of tax –

(i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or

(ii) where the invoice has been issued prior to change in rate of tax but the payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or

(iii) where the payment is received before the change in rate of tax, but the invoice for the same has been issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;

(b) in case the goods or services have been supplied after the change in rate of tax - (i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or

(ii) where the invoice has been issued and the payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or

(iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice:

PROVIDED that the date of receipt of payment shall be the date of credit in the bank account when such credit in the bank account is after four working days from the date of change in the rate of tax.

Explanation.- For the purpose of this section, “the date of receipt of payment” shall be the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account, whichever is earlier:

Value of taxable supply

(1) The value of a supply of goods and/or services shall be the transaction value, that is the price actually paid or payable for the said supply of goods and/or Page services where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include:

(a) any taxes, duties, cesses, fees and charges levied under any statute, other than the {SGST Act/the CGST Act} and the Goods and Services Tax (Compensation to the States for Loss of Revenue) Act, 2016, if charged separately by the supplier to the recipient;

(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods and/or services;

(c) incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, as the case may be, supply of the services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central and State governments;

Explanation.- The amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) The value of the supply shall not include any discount that is given:

(a) before or at the time of the supply provided such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, provided that:

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit has been reversed by the recipient of the supply as is attributable to the discount on the basis of document issued by the supplier.

(4) Where the value of the supply of goods or services cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Central or a State Government in this behalf on the recommendation of the Council shall be determined in such manner as may be prescribed.

Levy and Collection of GST under CGST Act, IGST Act and UTGST Act.

Section 9 of CGST Act/SGST Act and Section 5 of IGST Act are the Charging Sections for the purposes of levy of GST. CGST and SGST shall be levied on all intra-state supplies of goods and/or services and IGST shall be levied on all inter-state supplies of goods and/or services respectively.

1.. Levy and Collection of GST Under CGST Act. (Section 9)

1. Levy of central goods and service tax [Section 9(1)]:

Under CGST Act, central tax called as the central goods and services tax (CGST) shall be levied on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption. It shall be levied on the value determined under section 15 and at such rates, not exceeding 20%, as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person. [Similar rates have been prescribed under SGST/UTGST]

2. Central tax on petroleum products to be levied from the date to be notified [Section 9(2)]:

The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date

as may be notified by the Government on the recommendations of the Council.

3. Tax payable on reverse charge basis [Section 9(3)]:

The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both.

Further, all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

4. Tax payable on reverse charge if the supplies are made to a registered person by unregistered person [Section 9(4)]:

The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. [Section 9(4) has been deferred till 30.6.2018]

5. Tax payable on intra-State supplies by the electronic commerce operator on notified services [Section 9(5)]

As per section 2(45) of the CGST Act, 2017, “electronic commerce operator” means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. Further, “electronic commerce” means the supply of goods or services or both, including digital products over digital or electronic network.

Thus, Electronic Commerce Operators (ECO), like flipkart, uber, makemy-trip, display products as well as services which are actually supplied by some other person to the consumer, on their electronic portal. The consumers buy such goods/services through these portals. On placing the order for a particular product/service, the actual supplier supplies the selected product/service to the consumer. The price/consideration for the product/service is collected by the ECO from the consumer and passed on to the actual supplier after the deduction of commission by the ECO.

The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator (ECO), if such services are supplied through it.

Further, all the provisions of this Act shall apply to such electronic commerce operator (ECO) as if he is the supplier liable for paying the tax in relation to the supply of such services.

However, where an electronic commerce operator (ECO) does not have a physical presence in the taxable territory, any person representing such electronic commerce operator (ECO) for any purpose in the taxable territory shall be liable to pay tax.

Where an electronic commerce operator (ECO) does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic 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.

The Government vide Notification No. 17/2017 CT (R) dated 28.06.2017 has notified the following categories of services supplied through ECO for this purpose—

1. services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;
2. services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.

B. Levy and Collection of GST Under IGST Act. (Section 5)

The provisions under section 5 of the IGST Act are similar to section 9 of CGST Act except—

1. the word CGST has been substituted by IGST under IGST Act
2. under IGST Act, tax called integrated tax is to be levied on all interState supplies and on goods imported into India.
3. maximum rate under section 5(1) of the IGST Act is 40% (i.e. 20% CGST + 20% UTGST).

C. Levy and Collection of GST Under UTGST Act. (Section 7)

The provisions under section 7 of the UTGST Act are similar to section 9 of CGST Act except—

1. the word CGST has been substituted by the word UTGST under the UTGST Act.
2. under UTGST Act, tax called UT tax is be levied on all intra-State supplies,
3. maximum rate 7(1) of UTGST Act is 20%.

REFERENCES: From WEBSITE; WWW.gst.gov.in