

## FAQ ON IGST MODEL LAW (PART 1)

### 1. What are the transactions in goods which would attract IGST ?

- IGST is applicable to all transactions between parties when location of supplier and Place of Supply are in different states.
- Import of goods will be treated as interstate transaction till they cross customs frontiers of India.
- When supplier is in India and place of supply is outside India, transaction shall be supply of goods or service in course of inter state trade or commerce.
- Supply of goods to or by SEZ or unit shall be deemed to be supply in course of inter state trade or commerce.
- A supply which is happening within taxable territory, if not an intra state supply and not covered elsewhere in Section 3 shall be deemed as in interstate trade or commerce

### 2. When would supply of a service be treated as chargeable to IGST

- Supply of service is liable to IGST when such supply of service is between parties where location of supplier and place of supply are in different states
- Supply of services in the course of import into the territory of India is liable for IGST
- Supply of service when supplier is in India and place of supply is outside India (export)
- Supply of services to or by SEZ developer or unit
- Any supply of service, which is not intra state supply of service is liable for IGST

### 3. What is intra state supply of goods?

- Intrastate Supply of goods happens when supplier and place of supply are in same State;

### 4. Are there any exclusions for Intra State supply of goods?

- YES. Supply of goods to or by a SEZ developer or to or by an SEZ unit even when both parties are within same state is treated as liable for IGST.
- Supply of goods brought into India in the course of import till they cross the customs frontiers of India is excluded from purview of intra state supply

### 5. What is intra state supply of service?

- In respect of supply , if the location of the supplier and the place of supply are in the same State transaction is intra state supply.
- Intra-State supply of services shall not include supply of services to or by a SEZ developer or to or by an SEZ unit.

### 6. When and where is IGST chargeable

- IGST is leviable on all supplies of goods and services made in course of interstate trade or commerce.
- IGST is chargeable on value as per Section 15 of CGST Act (Transaction Value)
- Charging section also provides by way of Explanation that
- *-Establishment of a person in India and outside India, establishment in State/other State shall be treated as establishments of distinct persons.*
- *-A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.*

### 7. What is the rate of IGST ?

- The rate of IGST is prescribed by government but not exceeding 28%. Rate of IGST for any supply would be Rate of SGST + RATE of CGST

**8. What is the value of IGST on imports?**

- IGST on imports is to be levied and collected as per Section 3 of Customs Tariff Act. IGST is leviable at point when customs duties are levied

**9. Whether there will be separate Exemptions under IGST**

- All exemptions under CGST Act shall apply for transactions under IGST as well.
- Central government can grant conditional or absolute exemption to goods and services. When exemption is absolute there is no power to collect tax.
- Power to grant exemption is as per recommendation of GST council

**10. What is the relevance of Place of Supply of goods**

- The place of supply determines the location where tax is payable on a supply. Different points of supply are prescribed for goods depending on mode of supply.

**11. Where is place of supply in respect of goods which are physically removed**

- Place of supply in respect of goods physically removed is location of goods when movement terminates for the purpose of delivery to recipient.

**12. Where is the place of supply when there are more than two parties involved in sale**

- When goods are delivered by supplier to recipient /other person on the direction of a third person (who can be an agent or otherwise) place of supply is deemed to be at the place of business of such person .

**13. What is place of supply of goods which does not involve movement of goods?**

- Place of supply in such cases is location of goods at the time of delivery to recipient

**14. What is the criteria for determining place of supply for goods requiring assembling/installation at site**

- In respect of Supply of goods requiring assembling or installation at site the Place of supply is place of such installation or supply

**15. What are the other scenarios contemplated place of supply of goods?**

- Supply of goods on board a conveyance as vessel, aircraft, train or motor vehicle , place of supply shall be location at which such goods are taken on board.
- For determining place of supply for goods other than those above, the manner for determining place of supply shall be determined by central government.

**16. How to determine Place of Supply for Imports and Exports?**

- Place of supply for imports – location of importer
- Place of supply for exports – location outside India.