

Law and Provisions under IGST

CHAPTER VIII - APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS

8.1 Apportionment of tax and settlement of funds [Section 17]

17(1)	01.07.2017 to till date	<p>Out of the integrated tax paid to the Central Government,—</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act;</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit;</td> </tr> <tr> <td style="text-align: center;">(c)</td> <td>in respect of inter-State supply of goods or services or both made in a financial year to a registered person, where he does not avail of the input tax credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was made;</td> </tr> <tr> <td style="text-align: center;">(d)</td> <td>in respect of import of goods or services or both by an unregistered person or by a registered person paying tax under section 10 of the Central Goods and Services Tax Act;</td> </tr> <tr> <td style="text-align: center;">(e)</td> <td>in respect of import of goods or services or both where the registered person is not eligible for input tax credit;</td> </tr> <tr> <td style="text-align: center;">(f)</td> <td>in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received,</td> </tr> </table> <p>the amount of tax calculated at the rate equivalent to the central tax on similar intra-State supply shall be apportioned to the Central Government.</p>	(a)	in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act;	(b)	in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit;	(c)	in respect of inter-State supply of goods or services or both made in a financial year to a registered person, where he does not avail of the input tax credit within the specified period and thus remains in the integrated tax 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 of goods or services or both by an unregistered person or by a registered person paying tax under section 10 of the Central Goods and Services Tax Act;	(e)	in respect of import of goods or services or both where the registered person is not eligible for input tax credit;	(f)	in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received,
(a)	in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act;													
(b)	in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit;													
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(f)	in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for furnishing of annual return for such year in which the supply was received,													
17(2)	01.07.2017 to till date	<p>The balance amount of integrated tax remaining in the integrated tax account in respect of the supply for which an apportionment to the Central Government has been done under sub-section (1) shall be apportioned to the,—</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>State where such supply takes place; and</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>Central Government where such supply takes place in a Union territory:</td> </tr> </table>	(a)	State where such supply takes place; and	(b)	Central Government where such supply takes place in a Union territory:								
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Proviso	01.07.2017 to till date	<p>Provided that where the place of such supply made by any taxable person cannot be determined separately, the said balance amount shall be apportioned to,—</p>												

		<table border="1"> <tr> <td>(a)</td> <td>each of the States; and</td> </tr> <tr> <td>(b)</td> <td>Central Government in relation to Union territories,</td> </tr> </table> <p>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 financial year:</p>	(a)	each of the States; and	(b)	Central Government in relation to Union territories,
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(b)	Central Government in relation to Union territories,					
Proviso	01.07.2017 to till date	Provided further that where the taxable person making such supplies 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, Union territory tax, by the respective State or, as the case may be, by the Central Government during the immediately preceding financial year.				
¹ [17(2A)]	01.02.2019 to till date	<p>The amount not apportioned under sub-section (1) and sub-section (2) may, for the time being, on the recommendations of the Council, be apportioned at the rate of fifty per cent. to the Central Government and fifty per cent. to the State Governments or the Union territories, as the case may be, on ad hoc basis and shall be adjusted against the amount apportioned under the said sub-sections.]</p> <table border="1"> <tr> <td>1.</td> <td>Inserted w.e.f. 01.02.2019 vide section 7 of the Integrated Goods and Services Tax (Amendment) Act, 2018 and has come into force vide Notification No. 01/2019 – Integrated Tax, Dated 29th January, 2019.</td> </tr> </table>	1.	Inserted w.e.f. 01.02.2019 vide section 7 of the Integrated Goods and Services Tax (Amendment) Act, 2018 and has come into force vide Notification No. 01/2019 – Integrated Tax, Dated 29th January, 2019.		
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17(3)	01.07.2017 to till date	The provisions of sub-sections (1) and (2) relating to apportionment of integrated tax shall, <i>mutatis mutandis</i> , apply to the apportionment of interest, penalty and compounding amount realised in connection with the tax so apportioned.				
17(4)	01.07.2017 to till date	Where an amount has been apportioned to the Central Government or a State Government under sub-section (1) or sub-section (2) or sub-section (3), the amount collected as integrated tax shall stand reduced by an amount equal to the amount so apportioned and the Central Government shall transfer to the central tax account or Union territory tax account, an amount equal to the respective amounts apportioned to the Central Government and shall transfer to the State tax account of the respective States an amount equal to the amount apportioned to that State, in such manner and within such time as may be prescribed.				
17(5)	01.07.2017 to till date	Any integrated tax apportioned to a State or, as the case may be, to the Central Government on account of a Union territory, if subsequently found to be refundable to any person and refunded to such person, shall be reduced from the amount to be apportioned under this section, to such State, or Central Government on account of such Union territory, in such manner and within such time as may be prescribed.				

8.2 Transfer of certain amounts [Section 17A]

1[17A	01.01.2020 to till date	<p>Where any amount has been transferred from the electronic cash ledger under this Act to the electronic cash ledger under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, the Government shall transfer to the State tax account or the Union territory tax account, an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time, as may be prescribed.]</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p style="text-align: center;">Notes</p> <p>1. Inserted w.e.f. 01.01.2020 vide section 114 of the Finance (NO. 2) Act, 2019 (NO. 23 of 2019) and has come into force vide Notification No. 01/2020 – Integrated Tax, Dated 1st January, 2020.</p> </div>
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8.3 Transfer of input tax credit [Section 18]

18	01.07.2017 to till date	<p>On utilisation of credit of integrated tax availed under this Act for payment of,—</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center; vertical-align: top;">(a)</td> <td style="padding: 5px;">central tax in accordance with the provisions of sub-section (5) of section 49 of the Central Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the central tax account in such manner and within such time as may be prescribed;</td> </tr> <tr> <td style="text-align: center; vertical-align: top;">(b)</td> <td style="padding: 5px;">Union territory tax in accordance with the provisions of section 9 of the Union Territory Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the Union territory tax account in such manner and within such time as may be prescribed;</td> </tr> <tr> <td style="text-align: center; vertical-align: top;">(c)</td> <td style="padding: 5px;">State tax in accordance with the provisions of the respective State Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the appropriate State Government in such manner and within such time as may be prescribed.</td> </tr> </table>	(a)	central tax in accordance with the provisions of sub-section (5) of section 49 of the Central Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the central tax account in such manner and within such time as may be prescribed;	(b)	Union territory tax in accordance with the provisions of section 9 of the Union Territory Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the Union territory tax account in such manner and within such time as may be prescribed;	(c)	State tax in accordance with the provisions of the respective State Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the appropriate State Government in such manner and within such time as may be prescribed.
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(c)	State tax in accordance with the provisions of the respective State Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the appropriate State Government in such manner and within such time as may be prescribed.							

Explanation	01.07.2017 to till date	For the purposes of this Chapter, “appropriate State” in relation to a taxable person, means the State or Union territory where he is registered or is liable to be registered under the provisions of the Central Goods and Services Tax Act.
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**8.4 Tax wrongfully collected and paid to Central Government or State Government
 [Section 19]**

19(1)	01.07.2017 to till date	A registered person who has paid integrated tax on a supply considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall be granted refund of the amount of integrated tax so paid in such manner and subject to such conditions as may be prescribed.
19(2)	01.07.2017 to till date	A registered person who has paid central tax and State tax or Union territory tax, as the case may be, on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable.