

Law and Provisions under IGST

Chapter 3 – LEVY AND COLLECTION OF TAX

3.1 Levy and collection [Section 5]

5(1)	01.07.2017 to till date	Subject to the provisions of sub-section (2), there shall be levied a tax called the integrated goods and services tax on all inter-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, not exceeding forty per cent., 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:
Proviso	01.07.2017 to 30.09.2023	Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.
	01.10.2023 to till date	Provided that the integrated tax on goods ¹ [other than the goods as may be notified by the Government on the recommendations of the Council] imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.
		<p>1. Inserted vide Section 3 of the Integrated Goods and Services Tax (Amendment) Act, 2023 which has come into force w.e.f. 01.10.2023 as the Central Government has appointed the 1st day of October, 2023, as the date on which the provisions of the said Act, have come into force vide Notification No. 02/2023 – Integrated Tax dated 29.09.2023.</p>
5(2)	01.07.2017 to till date	The integrated 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.
5(3)	01.07.2017 to till date	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 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.
5(4)	01.07.2017 to 31.01.2019	The integrated 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.
	01.02.2019 to till date	¹ [The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, 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 such supply of goods or services or both.]
Notes		
<p>1 Substituted w.e.f. 01.02.2019 vide section 3 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.</p>		
5(5)	01.07.2017 to till date	The Government may, on the recommendations of the Council, by notification, specify categories of services, the tax on inter-State supplies of 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 supplier liable for paying the tax in relation to the supply of such services:
Proviso	01.07.2017 to till date	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:
Proviso	01.07.2017 to till date	Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also 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.

3.1.1.1 Departmental Notifications — Levy and collection of Tax

1. **IGST Rate Schedule for Goods.**— [Notification No. 1/2017-Integrated Tax \(Rate\)](#).

[dated 28-6-2017](#) as [amended from time to time](#)

2. The Central Government has issued many Notifications in pursuance of the provisions of Section 5(3) of the IGST Act 2017 from time to time, These Notifications are just a klick away to be viewed – [Notifications issued in pursuance of Section 5\(3\) of the UTGST Act 2017](#).
3. The Central Government has issued many Notifications in pursuance of the provisions of Section 5(4) of the IGST Act 2017 from time to time, These Notifications are just a klick away to be viewed – [Notifications issued in pursuance of Section 5\(4\) of the UTGST Act 2017](#).
4. The Central Government has issued many Notifications in pursuance of the provisions of Section 5(5) of the IGST Act 2017 from time to time, These Notifications are just a klick away to be viewed – [Notifications issued in pursuance of Section 5\(5\) of the UTGST Act 2017](#).
5. **IGST Rate Schedule for Services** - [Notification No. 8/2017-Integrated Tax \(Rate\), dated 28-6-2017](#) as [amended from time to time](#)

3.1.2.1 Departmental Clarifications — Clarification on Inter-state movement of various modes of conveyance, carrying goods or passengers or for repairs and maintenance-

[Circular No. 1/1/2017-IGST dated 7th of July, 2017](#) - The issue relating to levy of IGST exemption on inter-state movement of various modes of conveyance, carrying goods or passengers or for repairs and maintenance, between distinct persons as specified in section 25(4) of the Central Goods and Services Tax Act, 2017, carrying goods or passengers or both; or for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] has been examined.

In the above context, the legal provisions in GST laws are as under:

- a) As per section 24 (1) (i) of the Central Goods and Services Tax Act, 2017, persons making any inter-State taxable supply shall be required to be registered under this Act.
- b) As per section 25(4) of the said Act a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.
- c) Schedule I to the said Act specifies situations where activities are to be treated as supply even if made without consideration which also includes supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business
- d) Section 7 (2) envisages that activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Against the above background, the issue of inter-state movement of goods like movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the said Act, not involving further supply of such conveyance, including

- i. Trains,
- ii. Buses,
- iii. Trucks,
- iv. Tankers,
- v. Trailers,
- vi. Vessels,
- vii. Containers,
- viii. Aircrafts,

(a) carrying goods or passengers or both; or (b) for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] was discussed in GST Council's meeting held on 11th June, 2017 and the Council recommended that such inter-state movement shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST.

In view of above, it is hereby clarified that "the inter-state movement of goods like movement of various modes of conveyance, between distinct persons as specified in section 25(4) of the Central Goods and Services Tax Act, 2017, including the ones specified at (i) to (viii) of para 3, may not be treated as supply and consequently IGST will not be payable on such supply.

However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done for such conveyance.

3.1.2.2 Departmental Clarifications — Applicability of Integrated Goods and Services Tax (integrated tax) on goods supplied while being deposited in a customs bonded warehouse

[Circular No. 3/1/2018-IGST dated 25th May, 2018](#) - Attention is invited to Circular No. 46/2017-Customs dated 24.11.2017 whereby the applicability of integrated tax on goods transferred/sold while being deposited in a warehouse (hereinafter referred to as the "warehoused goods") was clarified.

Various references had been received by the Board on the captioned issue which has now been re-examined by the Board.

It is seen that the "transfer/sale of goods while being deposited in a customs bonded warehouse" is a common trade practice whereby the importer files an into-bond bill of entry and stores the goods in a customs bonded warehouse and thereafter, supplies such goods to another person who then files an ex-bond bill of entry for clearing the said goods from the customs bonded warehouse for home consumption.

It may be noted that as per sub-section (2) of section 7 of the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as the "IGST Act"), the supply of goods imported into

the territory of India, till they cross the customs frontiers of India, is treated as a supply of goods in the course of inter-State trade or commerce. Further, the proviso to subsection (1) of section 5 of the IGST Act provides that the integrated tax on goods imported into India would be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 (hereinafter referred to as the “CTA”). Thus, in case of supply of the warehoused goods, the point of levy would be the point at which the duty is collected under section 12 of the Customs Act, 1962 (hereinafter referred to as the “Customs Act”) which is at the time of clearance of such goods under section 68 of the Customs Act.

It may also be noted that sub-section (8A) has been inserted in section 3 of the CTA vide section 102 of the Finance Act, 2018, with effect from 31st March, 2018, so as to provide that the valuation for the purpose of levy of integrated tax on warehoused imported goods at the time of clearance for home consumption would be either the transaction value or the value as per sub-section (8) of section 3 of the CTA (i.e. valuation done at the time of filing the into-bond bill of entry), whichever is higher.

It is therefore, clarified that integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption i.e., at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which the integrated tax would be payable at the time of clearance of the warehoused goods for home consumption. In other words, the supply of goods before their clearance from the warehouse would not be subject to the levy of integrated tax and the same would be levied and collected only when the warehoused goods are cleared for home consumption from the customs bonded warehouse.

This Circular would be applicable for supply of warehoused goods, while being deposited in a customs bonded warehouse, on or after the 1st of April, 2018.

Further, [Circular No. 04/01/2019-IGST dated 1st February, 2019](#) - The provisions of the CGST (Amendment) Act, 2018 and SGST Amendment Acts of the respective States have been brought into force w.e.f. 01.02.2019. Schedule III of the CGST Act, 2017 has been amended vide section 32 of the CGST (Amendment) Act, 2018 so as to provide that the “supply of warehoused goods to any person before clearance for home consumption” shall be neither a supply of goods nor a supply of services.

Accordingly, [Circular No. 3/1/2018-IGST dated 25th May, 2018](#) has been rescinded to be effective from 01.02.2019.

3.1.3.1 Key Judicial Observations

3.2 Power to grant exemption from tax [Section 6]

6(1)	01.07.2017 to till date	Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.
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6(2)	01.07.2017 to till date	Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.
6(3)	01.07.2017 to till date	The 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 <i>Explanation</i> 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 <i>Explanation</i> shall have effect as if it had always been the part of the first such notification or order, as the case may be.
Explanation	01.07.2017 to till date	For the purposes of this section, where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate, on such supply of goods or services or both.

3.2.1.1 Departmental Notifications – EXEMPTION / CONCESSIONAL RATE NOTIFICATIONS FOR GOODS – Section 6

1. **Exemption to specified goods of Chapter 1 to 98 from IGST - Nil rated goods.—**
[Notification No. 2/2017-Integrated Tax \(Rate\)](#), dated 28-6-2017 as amended from time to time
2. **Concessional rate of IGST for supplies of goods required in connection with specified petroleum operations under taken under petroleum exploration licenses or mining leases or specified contracts or specified contracts under various policies—**[Notification No. 3/2017-Integrated Tax \(Rate\)](#), dated 28-6-2017.
3. **Refund of 50% of IGST on all inward supplies of goods received by Canteen Stores Department (CSD) for the purposes of subsequent supply of such goods to the Unit Run Canteens of the CSD or to the authorized customers of the CSD.—**[Notification No. 6/2017-Integrated Tax \(Rate\)](#), dated 28-6-2017.
4. **Exemption to Supplies of Goods by Canteen Stores Department (CSD) to Unit Run Canteens and Supplies of Goods by CSD/Unit Run Canteens to authorized customers. —**[Notification No. 7/2017-Integrated Tax \(Rate\)](#), dated 28-6-2017.
5. **Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution undertaken by the Central Government or**

State Government or any local authority in which they are engaged as public authority shall be treated neither as a supply of goods nor as a supply of services.—[Notification No. 11/2017-Integrated Tax \(Rate\), dated 28-6-2017](#).

6. United Nations or a specified international organisation and Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein, entitled to claim a refund of taxes paid on supplies of goods or services or both received by them.— [Notification No. 13/2017-Integrated Tax \(Rate\), dated 28-6-2017](#).
7. Exemption on supply of heavy water and nuclear fuels falling in Chapter 28 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) by the Department of Atomic Energy to the Nuclear Power Corporation of India Ltd - [Notification No. 26/2017-Integrated Tax \(Rate\) dated 21st September, 2017](#)
8. Exemption on inter-State supplies of Skimmed milk powder, or concentrated milk When supplied to a distinct person as per section (4) of section 25 of the Central Goods and Services Tax Act, 2017 (12 of 2017), for use in production of milk [distribution through dairy cooperatives] and not for further supply of skimmed milk powder, or concentrated milk as such. - [Notification No. 30/2017-Integrated Tax \(Rate\) dated 22nd September, 2017](#).
9. Concessional rate of Tax till 30.06.2020 on Leasing of Motor Vehicles before 1st July 2017 where the supplier of Motor Vehicle is a registered person and Such supplier (the lesser) had purchased the Motor Vehicle prior to 1st July, 2017 and has not availed input tax credit of central excise duty, Value Tax or any other taxes paid on such vehicles - [Notification No. 38/2017- Integrated Tax \(Rate\) dated 13th October, 2017](#).
10. Concessional rate of Tax on supplies of Food preparations put up in unit containers and intended for free distribution to economically weaker sections of the society under a programme duly approved by the Central Government or any State Government. - [Notification No. 40/2017-Integrated Tax \(Rate\) dated 18th October, 2017](#)
11. Exemption to intra-State/inter-State supply of taxable goods by a registered supplier to a registered recipient for export from so much of the tax leviable in excess of the amount calculated at the rate of 0.05 per cent.— [Notification No. 41/2017-Integrated Tax \(Rate\), dated 23-10-2017](#)
12. Exemption on supply of Scientific and technical instruments, apparatus, equipment, accessories, parts, consumables and live animals, computer software, Compact Disc-Read Only Memory (CD-ROM), recorded magnetic tapes, microfilms, microfiches and Prototypes etc. to certain institutions for experimental and research purposes.—[Notification No. 47/2017-Integrated Tax \(Rate\), dated 14-11-2017](#) Please note that the Central Government, on the recommendations of the Council, has rescinded these notifications vide [Notification](#)

[No. 11/2022-Integrated Tax \(Rate\) dated 13.07.2022](#) to withdraw the exemption.

13. **Exemption to Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.** [Notification No. 9/2017-Integrated Tax \(Rate\), dated 28-6-2017](#) as amended by [Notification No. 2/2018-Integrated Tax \(Rate\) dated 25th January, 2018](#).
14. **Concessional rate of Tax on supplies of Old and used motor vehicles on the value that represent margin of the supplier, on supply of such goods. -** [Notification No. 9/2018 – Integrated Tax \(Rate\) dated 25th January, 2018](#)
15. **Concessional rate of Tax on specified “handicraft goods” predominantly made by hand even though some tools or machinery may also have been used in the process; such goods are graced with visual appeal in the nature of ornamentation or in-lay work or some similar work of a substantial nature; possess distinctive features, which can be aesthetic, artistic, ethnic or culturally attached and are amply different from mechanically produced goods of similar utility. -** [Notification No. 22/2018 - Integrated Tax \(Rate\) dated 26th July, 2018](#).
16. **Exemption on supply of gold in heading 7108 when supplied by Nominated Agency under the scheme for "Export against Supply by Nominated Agency" as referred to in paragraph 4.41 of the Foreign Trade Policy to a registered person. -** [Notification No. 27/2018- Integrated Tax \(Rate\) dated 31st December, 2018](#).
17. **Refund of applicable Tax to retail outlets established in the departure area of an international airport, beyond the immigration counters, making tax free supply of goods to an outgoing international tourist, paid on inward supply of such goods. —**[Notification No. 10/2019-Integrated Tax \(Rate\), dated 29-6-2019](#).
18. **Exemption from the integrated tax leviable under section 5 of the Integrated Goods and Services Tax Act, 2017 on supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist, —** [Notification No. 11/2019-Integrated Tax \(Rate\), dated 29-6-2019](#).
19. **Exemption of goods supplied to Food and Agricultural Organisation (FAO) of the United Nations for execution of specified projects. —**[Notification No. 18/2019-Integrated Tax \(Rate\), dated 30-9-2019](#).
20. **Service by way of grant of alcoholic liquor licence, against consideration in the**

form of licence fee or application fee or by whatever name it is called shall be treated neither as supply of goods nor as supply of services.— [Notification No. 24/2019-Integrated Tax \(Rate\), dated 30-9-2019.](#)

21. **Exemption on specified Covid-19 relief supplies up to and inclusive of the 30th September, 2021.** - [Notification No. 05/2021-Integrated Tax \(Rate\) dated 14th June, 2021.](#)
22. **Exemption on specified medicines used in COVID-19, up to 31st December, 2021** - [Notification No. 12/2021-Integrated Tax \(Rate\) dated 30th September, 2021.](#)
23. **Concessional rate on intra state supply of Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks subject to credit of input tax charged on goods or services used exclusively in supplying such goods has not been taken;** – Exemption on the intra-state supplies of goods from so much of the central tax leviable thereon under section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017) as is in excess of the amount calculated at the rate of 3%. [Notification No. 02/2022-Integrated Tax \(Rate\) dated 31st March, 2022.](#)
24. **Concessional rate on intra state supply of Bricks of fossil meals or similar siliceous earths, Building bricks and Earthen or roofing tiles subject to credit of input tax charged on goods or services used exclusively in supplying such goods has not been taken;** – Exemption on the intra-state supplies of goods from so much of the central tax leviable thereon under section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017) as is in excess of the amount calculated at the rate of 3%. [Notification No. 02/2022-Integrated Tax \(Rate\) dated 31st March, 2022.](#)

3.2.1.1 Departmental Notifications – EXEMPTION / CONCESSIONAL RATE NOTIFICATIONS FOR SERVICES – Section 6
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1. **Exemption to specified Services from IGST - Nil rated Services.**—[Notification No. 9/2017-Integrated Tax \(Rate\), dated 28-6-2017](#) as [amended from time to time](#)