

Law and Provisions under IGST
CHAPTER VII - ZERO RATED SUPPLY

7.1 Zero rated supply [Section 16]

16(1)	01.07.2017 to 30.09.2023	<p>“zero rated supply” means any of the following supplies of goods or services or both, namely:—</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>export of goods or services or both; or</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.</td> </tr> </table>	(a)	export of goods or services or both; or	(b)	supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
	(a)	export of goods or services or both; or				
(b)	supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.					
	01.10.2023 to till date	<p>“zero rated supply” means any of the following supplies of goods or services or both, namely:—</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>export of goods or services or both; or</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>supply of goods or services or both ¹[for authorised operations] to a Special Economic Zone developer or a Special Economic Zone unit.</td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted vide Clause (a) of the Section 123 of The Finance Act 2021 and 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 have come into force vide Notification No. 27/2023–Central Tax dated 31.07.2023.</p> </div>	(a)	export of goods or services or both; or	(b)	supply of goods or services or both ¹ [for authorised operations] to a Special Economic Zone developer or a Special Economic Zone unit.
(a)	export of goods or services or both; or					
(b)	supply of goods or services or both ¹ [for authorised operations] to a Special Economic Zone developer or a Special Economic Zone unit.					
16(2)	01.07.2017 to till date	Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.				
16(3)	01.07.2017 to till date	<p>¹[A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.]</td> </tr> </table>	(a)	he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or	(b)	he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.]
(a)	he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or					
(b)	he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.]					

	<p>01.10.2023 to till date</p>	<p>¹[A registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed: Provided that the registered person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable interest under section 50 of the Central Goods and Services Tax Act within thirty days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 for receipt of foreign exchange remittances, in such manner as may be prescribed. 42 of 1999.]</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>1. Substituted vide Clause (b) of the Section 123 of The Finance Act 2021 and 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 have come into force vide Notification No. 27/2023–Central Tax dated 31.07.2023. read as - ²[(3) A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—</p> <p>(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or</p> <p>(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.]</p> </div>
<p>16(4)</p>	<p>01.10.2023 to till date</p>	<p>The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify—</p> <p>(i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;</p> <p>(ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid.</p>

		<ol style="list-style-type: none">1. Inserted vide section 123 the Finance Act, 2021 (13 of 2021) and 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 have come into force vide Notification No. 27/2023–Central Tax dated 31.07.2023.
--	--	--