

Bill Summary

The Integrated Goods and Services Tax Bill, 2017

- The Integrated Goods and Services Tax Bill was introduced in Lok Sabha on March 27, 2017. The Bill provides for the levy of the Integrated Goods and Services Tax (IGST) by the centre on inter-state supply of goods and services.
- **Levy of IGST:** The centre will levy IGST in the case of (i) inter-state supply of goods and services, (ii) imports and exports, and (iii) supplies to and from special economic zones. Supply includes sale, transfer, exchange and lease made for a consideration to further a business. In addition, IGST will be levied on any supply which will not fall under the purview of the Central and State GST Acts.
- **Tax rates:** IGST will be levied at a rate recommended by the GST Council. The tax rate will be capped at 40%.
- **Exemptions from IGST:** The centre may exempt certain goods and services from the purview of IGST through a notification. This will be based on the recommendations of the GST Council.
- **Apportionment of IGST revenue:** The IGST revenue collected by the centre will be apportioned between the centre and to the state where the supply of goods or services was received. The collected revenue will be apportioned to the centre at tax rate specified in the CGST Act. The rest will be apportioned to the state.
- **Place of supply of goods:** The Bill provides separate rules for goods and services to determine the place (state) of their supply. In cases where a good has been physically moved, the place of supply will be the final destination of the good. In other cases, the place of supply will be where the good is received by the recipient.
- **Place of supply of services:** Provisions with respect to determining the place of supply of services vary depending upon the nature of services. For example, place of supply for immovable property (such as architects designing a building), will be the location of the immovable property. Specific provisions have also been made for supply of services such as catering, sporting events, transportation of goods, advertisement, telecommunications, among others.
- **Input tax credit:** Every taxpayer while paying taxes on output may take credit for taxes paid earlier by the supplier on inputs. However, this will not be applicable on supplies related to: (i) motor vehicles when used for personal consumption, (ii) supply of food, health services, etc. unless they are further used to make a supply.
- **Application of provisions of CGST:** The provisions of the CGST Act with respect to registration, valuation, time of supply of goods and services, returns, refunds, prosecution, appeals will be applicable to the IGST Act.

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