



**MODEL IGST LAW**

**GST COUNCIL SECRETARIAT**

**November, 2016**

## **THE INTEGRATED GOODS AND SERVICES TAX ACT, 2016**

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# THE INTEGRATED GOODS AND SERVICES TAX ACT, 2016

## CHAPTER– I

### PRELIMINARY

#### 1. Short title, extent and commencement

(1) This Act may be called the Integrated Goods and Services Tax Act, 2016.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

#### 2. Definitions

In this Act, unless the context otherwise requires,-

(1) "account" means an account bearing interest to the depositor, and includes a non-resident external account and a non-resident ordinary account;

(2) "appropriate State", in relation to a taxable person, means that State where he is registered or liable to be registered under section 23 of the Central Goods and Services Tax Act, 2016.

*Explanation:* For the purpose of this Act, "State" includes Union Territory with Legislature;

(3) "banking company" has the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934 (2 of 1934);

(4) "customs frontiers of India" means the limits of the area of a customs station as defined in section 2 of the Customs Act, 1962 (52 of 1962) in which imported goods are ordinarily kept before clearance by customs authorities;

(5) "export of goods" with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India;

(6) "export of services" means the supply of any service when

(a) the supplier of service is located in India,

(b) the recipient of service is located outside India,

(c) the place of supply of service is outside India,

(d) the payment for such service has been received by the supplier of service in convertible foreign exchange, and

(e) the supplier of service and recipient of service are not merely establishments of a distinct person in accordance with explanation 1 of section 5;

(7) "financial institution" has the meaning assigned to it in clause (c) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);

(8) "fixed establishment" means a place other than the place of business which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;

(9) "Government" means the Central Government;

(10) "import of goods" with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India;

- (11) "import of service" means the supply of any service, where
- (a) the supplier of service is located outside India,
  - (b) the recipient of service is located in India, and
  - (c) the place of supply of service is in India;
- (12) "India" means,-
- (a) the territory of the Union as referred to in clauses (2) and (3) of Article 1 of the Constitution;
  - (b) its territorial waters, continental shelf, exclusive economic zone or any other maritime zone as defined in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976);
  - (c) the seabed and the subsoil underlying the territorial waters;
  - (d) the air space above its territory and territorial waters; and
  - (e) the installations, structures and vessels located in the continental shelf of India and the exclusive economic zone of India, for the purposes of prospecting or extraction or production of mineral oil and natural gas and supply thereof;
- (13) "intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of a service (hereinafter called the 'main' service) or the supply of goods, between two or more persons, but does not include a person who supplies the main service or supplies the goods on his account;
- (14) "Integrated Goods and Services Tax" (IGST) means tax levied under this Act on the supply of any goods and/or services in the course of inter-State trade or commerce;
- (15) "input tax" in relation to a taxable person, means the Integrated Goods and Services Tax, including that on import of goods, Central Goods and Services Tax or State Goods and Services Tax, as the case may be, charged on any supply of goods and/or services to him and includes the tax payable under sub-section (2) of section 5, but does not include the tax paid under section 9 of the CGST/SGST Act;
- (16) "input tax credit" means credit of 'input tax' as defined in sub-section (15);
- (17) "location of the recipient of services" means:
- (a) where a supply is received at a place of business for which registration has been obtained, the location of such place of business;
  - (b) where a supply is received at a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;
  - (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
  - (d) in absence of such places, the location of the usual place of residence of the recipient;
- (18) "location of the supplier of services" means:

- (a) where a supply is made from a place of business for which registration has been obtained, the location of such place of business;
  - (b) where a supply is made from a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;
  - (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and
  - (d) in absence of such places, the location of the usual place of residence of the supplier;
- (19) "non-banking financial company" means-
- (a) a financial institution which is a company;
  - (b) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
  - (c) such other non-banking institution or class of such institutions, as the Reserve Bank of India may, with the previous approval of the Central Government and by notification in the Official Gazette specify;

(20) "non-taxable online recipient" means Government, a local authority, a governmental authority, an individual or any person not registered under section 23 of the CGST Act, 2016 receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory;

*Explanation:* For the purposes of this clause, "governmental authority" means an authority or a board or any other body:

- (i) set up by an Act of Parliament or a State legislature; or
- (ii) established by Government, with 90% or more participation by way of equity or control, to carry out any function entrusted to a municipality under article 243W of the Constitution;

(21) "online information and database access or retrieval services" means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology and includes electronic services such as,-

- (a) advertising on the internet;
  - (b) providing cloud services;
  - (c) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet;
  - (d) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network;
  - (e) online supplies of digital content (movies, television shows, music, etc.);
  - (f) digital data storage; and
  - (g) online gaming;
- (22) "place of business" includes

- (a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, provides or receives goods and/or services;
- (b) a place where a taxable person maintains his books of account; or
- (c) a place where a taxable person is engaged in business through an agent, by whatever name called;

(23) "special economic zone" shall have the meaning assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);

(24) "SEZ developer" means a person who, or a State Government which, has been granted by the Central Government a letter of approval under sub-section (10) of section 3 of the Special Economic Zones Act, 2005 (28 of 2005) and includes an Authority and a Co-Developer as defined under section 2 of the Special Economic Zones Act, 2005 (28 of 2005);

(25) "State" means-----

(26) "supply" has the same meaning as assigned to it in section 3 of the CGST Act, 2016;

(27) "tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes;

(28) "output tax" in relation to a taxable person, means the IGST chargeable under the Act on taxable supply of goods and/or services made by him or his agent and excludes tax payable by him on reverse charge basis;

(29) "zero-rated supply" shall have the meaning assigned to it under section 15; and

(30) Words and expressions not defined in this Act shall have the meaning assigned to them in the Central Goods and Service Tax Act, 2016.



## CHAPTER- II

### PRINCIPLES FOR DETERMINING SUPPLY OF GOODS AND/OR SERVICES IN THE COURSE OF INTER-STATE TRADE OR COMMERCE

#### **3. Supplies of goods and/or services in the course of inter-State trade or commerce**

(1) Subject to the provisions of section 7, supply of goods in the course of inter-State trade or commerce means any supply where the location of the supplier and the place of supply are in different States.

(2) Subject to the provisions of section 9, supply of services in the course of inter-State trade or commerce means any supply where the location of the supplier and the place of supply are in different States.

(3) Supply of goods in the course of import into the territory of India till they cross the customs frontiers of India shall be deemed to be a supply of goods in the course of inter-State trade or commerce.

(4) Supply of services in the course of import into the territory of India shall be deemed to be a supply of services in the course of inter-State trade or commerce.

(5) Supply of goods and/or services, when the supplier is located in India and the place of supply is outside India, shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

(6) Supply of goods and/ or services to or by a SEZ developer or an SEZ unit, shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

(7) Any supply of goods and/or services in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

#### **4. Supplies of goods and/or services in the course of intra-State trade or commerce**

(1) Subject to the provisions of section 7, intra-State supply of goods means any supply of goods where the location of the supplier and the place of supply are in the same State:

PROVIDED that the intra-State supply of goods shall not include:

- (i) supply of goods to or by a SEZ developer or to or by an SEZ unit;
- (ii) supply of goods brought into India in the course of import till they cross the customs frontiers of India.

(2) Subject to the provisions of section 9, intra-State supply of services means any supply of services where the location of the supplier and the place of supply are in the same State:

PROVIDED that the intra-State supply of services shall not include supply of services to or by a SEZ developer or to or by an SEZ unit.

## CHAPTER– III

### LEVY AND COLLECTION OF TAX

#### 5. Levy and collection of Integrated Goods and Services Tax

(1) There shall be levied a tax called the Integrated Goods and Services Tax on all supplies of goods and/or services made in the course of inter-State trade or commerce on the value determined under section 15 of CGST Act, 2016 and at such rates as may be notified by the Central Government in this behalf, but not exceeding twenty eight percent, on the recommendation of Council and collected in such manner as may be prescribed and shall be paid by every taxable person in accordance with the provisions of this Act.

PROVIDED that the Integrated Goods and Services 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 (51 of 1975) at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962 (52 of 1962), on a value as determined under the first mentioned Act.

(2) The Central Government may, on recommendation of the Council, by notification, specify categories of supply of goods and/or services the tax on which is payable on reverse charge basis and the tax thereon shall be paid by the recipient of such goods and/or services 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 and/or services.

(3) The Central Government may, on the recommendation of the Council, by notification, specify categories of services the tax on 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 person liable for paying the tax in relation to the supply of such services:

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:

PROVIDED FURTHER that where an electronic commerce operator does not have a physical presence in the taxable territory and also he 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.

*Explanation 1:* For the purposes of this Act,-

- (i) an establishment of a person in India and any of his other establishments outside India, or
- (ii) an establishment of a person in a State and any of his other establishments outside that State,

shall be treated as establishments of distinct persons.

*Explanation 2:* 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.

## 6. Power to grant exemption from tax

(1) Any exemption granted by the Central Government on the recommendation of the Council, under section 11 of the CGST Act in respect of intra-State supply of goods and/or services of any specified description, shall apply *mutatis mutandis* to inter-State supply of goods and/or services of the said description unless specifically provided otherwise.

(2) If the Central Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the Council, by notification, exempt generally either absolutely or subject to such conditions as may be specified in the notification, inter-State supply of goods and/or services of any specified description from the whole or any part of the tax leviable thereon.

*Explanation:* Where an exemption in respect of any goods and/or services from the whole of the tax leviable thereon has been granted absolutely, the taxable person providing such goods and/or services shall not pay the tax on such goods and/or services.

(3) Where the Central Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the Council, by special order in each case, exempt from payment of tax, under circumstances of an exceptional nature to be stated in such order, any goods and/or services on which tax is leviable.

(4) The Central 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 explanation 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 explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

(5) Every notification issued under sub-section (1) or sub-section (3) and every order issued under sub-section (2) shall

- (a) come into force on the date of its issue by the Central Government for publication in the Official Gazette or from any date subsequent to the date of its issue as may be specified therein; and
- (b) be made available on the official website of the department of the Central Government.

## CHAPTER– IV

### PLACE OF SUPPLY OF GOODS AND/OR SERVICES

#### **7. Place of supply of goods other than supply of goods imported into, or exported from India**

(1) The provisions of this section shall apply to determine the place of supply of goods other than supply of goods imported into, or exported from India.

(2) Where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

(3) Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

(4) Where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient.

(5) Where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly.

(6) Where the goods are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.

(7) Where the place of supply of goods cannot be determined in terms of sub-section (2), (3), (4), (5) or (6), the same shall be determined in a manner prescribed by the Central Government on the recommendation of the Council.

#### **8. Place of supply of goods imported into, or exported from India**

(1) The place of supply of goods imported into India shall be the location of the importer.

(2) The place of supply of goods exported from India shall be the location outside India.

#### **9. Place of supply of services where the location of supplier of service and the location of the recipient of service is in India**

(1) The provisions of this section shall apply to determine the place of supply of services where the location of supplier of service and the location of the recipient of service is in India.

(2) The place of supply of services, except the services specified in sub-sections (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14) and (15), made to a registered person shall be the location of such person.

(3) The place of supply of services, except the services specified in sub-sections (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14) and (15), made to any person other than a registered person shall be

(a) the location of the recipient where the address on record exists, and

- (b) the location of the supplier of services in other cases.
- (4) The place of supply of services, -
  - (a) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work, or
  - (b) by way of lodging accommodation by a hotel, inn, guest house, homestay, club or campsite, by whatever name called and including a house boat or any other vessel, or
  - (c) by way of accommodation in any immovable property for organizing any marriage or reception or matters related therewith, official, social, cultural, religious or business function including services provided in relation to such function at such property, or
  - (d) any services ancillary to the services referred to in clause (a), (b) and (c), shall be the location at which the immovable property or boat or vessel is located or intended to be located:

PROVIDED that if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient.

*Explanation:* Where the immovable property or boat or vessel is located in more than one State, the supply of service shall be treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

(5) The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.

(6) The place of supply of services in relation to training and performance appraisal to

- (a) a registered person, shall be the location of such person;
- (b) a person other than a registered person, shall be the location where the services are actually performed.

(7) The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, or entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located.

(8) The place of supply of services provided by way of—

- (a) organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of service in relation to a conference, fair, exhibition, celebration or similar events, or
- (b) services ancillary to organization of any of the above events or services, or assigning of sponsorship of any of the above events,
  - to
  - (i) a registered person, shall be the location of such person;
  - (ii) a person other than a registered person, shall be the place where the event is actually held:

PROVIDED that if the event is held outside India, the place of supply shall be the location of the recipient.

*Explanation:* Where the event is held in more than one State and a consolidated amount is charged for supply of services relating to such event, the place of supply of such services shall be taken as being in the each of the States in proportion to the value of services so provided in each State as ascertained from the terms of the contract or agreement entered into in this regard or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

(9) The place of supply of services by way of transportation of goods, including by mail or courier to,

- (a) a registered person, shall be the location of such person;
- (b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

(10) The place of supply of passenger transportation service to

- (a) a registered person, shall be the location of such person;
- (b) a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey:

PROVIDED that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in the manner specified in sub-sections (2) or (3), as the case may be.

*Explanation:* For the purposes of this sub-section, the return journey shall be treated as a separate journey even if the right to passage for onward and return journey is issued at the same time.

(11) The place of supply of services on board a conveyance such as vessel, aircraft, train or motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey.

(12) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall—

- (a) in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, be the location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;
- (b) in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on record of the supplier of services;
- (c) in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment through a voucher or any other means,
  - (i) through selling agent or a re-seller or a distributor of SIM card or re-charge voucher, shall be address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
  - (ii) by any person to the final subscriber shall be the location where such pre-payment is received or such vouchers are sold;
- (d) in other cases not covered in (b) and (c) above, shall be the address of the recipient as per records of the supplier of the service:

PROVIDED that where address of the recipient as per records of the supplier of service is not available, the place of supply shall be location of the supplier of service:

PROVIDED FURTHER that if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on record of the supplier of services shall be the place of supply of such service.

*Explanation:* Where the leased circuit is installed in more than one State and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the States in proportion to the value of services so provided in each State as ascertained from the terms of the contract or agreement entered into in this regard or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

(13) The place of supply of banking and other financial services including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services:

PROVIDED that if the location of the recipient of services is not on the records of the supplier, the place of supply shall be location of the supplier of services.

(14) The place of supply of insurance services shall:

(a) to a registered person, be the location of such person;

(b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

(15) The place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for identifiable States, shall be taken as located in each of such States and the value of such supplies specific to each State shall be in proportion to amount attributable to service provided by way of dissemination in the respective States as may be determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

#### **10. Place of supply of services where the location of the supplier or the location of the recipient is outside India**

(1) The provisions of this section shall apply to determine the place of supply of services where the location of the supplier of service or the location of the recipient of service is outside India.

(2) The place of supply of services except the services specified in sub-sections (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) and (13) shall be the location of the recipient of service:

PROVIDED that in case the location of the recipient of service is not available in the ordinary course of business, the place of supply shall be the location of the supplier of service.

(3) The place of supply of the following services shall be the location where the services are actually performed, namely:-

(a) services supplied in respect of goods that are required to be made physically available by the recipient of service to the supplier of service, or to a person acting on behalf of the supplier of service in order to provide the service:

PROVIDED that when such services are provided from a remote location by way of electronic means, the place of supply shall be the location where goods are situated at the time of supply of service:

PROVIDED FURTHER that this clause shall not apply in the case of a service supplied in respect of goods that are temporarily imported into India for repairs and are exported after repairs without being put to any use in India, other than that which is required for such repairs;

- (b) services supplied to an individual, represented either as the recipient of service or a person acting on behalf of the recipient, which require the physical presence of the receiver or the person acting on behalf of the recipient, with the supplier for the supply of the service.

(4) The place of supply of services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior decorators, shall be the place where the immovable property is located or intended to be located.

(5) The place of supply of services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission, shall be the place where the event is actually held.

(6) Where any service referred to in sub-sections (3), (4), or (5) is supplied at more than one location, including a location in the taxable territory, its place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided.

(7) Where the services referred to in sub-sections (3), (4), (5) or (6) are supplied in more than one State, the place of supply of such services shall be taken as being in each of the States in proportion to the value of services so provided in each State as ascertained from the terms of the contract or agreement entered into in this regard or, in absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

(8) The place of supply of following services shall be the location of the supplier of service:-

- (a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;
- (b) intermediary services;
- (c) services consisting of hiring of means of transport other than aircrafts and vessels except yachts, upto a period of one month.

Explanation.- For the purpose of this section, the expression "goods" shall include 'securities' as defined in sub-section (90) of section 2 of the CGST Act, 2016.

(9) The place of supply of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of the goods.

(10) The place of supply in respect of a passenger transportation service shall be the place where the passenger embarks on the conveyance for a continuous journey.

(11) Place of supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey.

- (12) (a) The place of supply of the "online information and database access or retrieval services" services shall be location of recipient of service.



- (b) For the purposes of this sub-section, person receiving such services shall be deemed to be located in the taxable territory if any two of the following non-contradictory conditions are satisfied, namely:-
- (i) the location of address presented by the recipient of service via internet is in taxable territory;
  - (ii) the credit card or debit card or store value card or charge card or smart card or any other card by which the recipient of service settles payment has been issued in the taxable territory;
  - (iii) the billing address of recipient of service is in the taxable territory;
  - (iv) the internet protocol address of the device used by the recipient of service is in the taxable territory;
  - (v) the bank of recipient of service in which the account used for payment is maintained is in the taxable territory;
  - (vi) the country code of the subscriber identity module (SIM) card used by the recipient of service is of taxable territory;
  - (vii) the location of the fixed land line through which the service is received by the recipient is in taxable territory.

(13) In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, the Central Government shall have the power to notify any description of service or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.

## CHAPTER-V

### PAYMENT OF TAX

#### 11. Payment of tax, interest, penalty and other amounts

(1) Every deposit made towards tax, interest, penalty, fee or any other amount by a taxable person by internet banking or by using credit/debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by any other mode, subject to such conditions and restrictions as may be prescribed in this behalf, shall be credited to the electronic cash ledger of such person to be maintained in the manner as may be prescribed.

*Explanation:* The date of credit to the account of the appropriate Government in the authorized bank shall be deemed to be the date of deposit in the electronic cash ledger.

(2) The input tax credit as self-assessed in the return of a taxable person shall be credited to his electronic credit ledger, in accordance with section 36 of the CGST Act, 2016 to be maintained in the manner as may be prescribed.

(3) The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(4) The amount available in the electronic credit ledger may be used for making any payment towards output tax payable under the provisions of the Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(5)(a) The amount of input tax credit on account of IGST available in the electronic credit ledger shall first be utilized towards payment of IGST and the amount remaining, if any, may be utilized towards the payment of CGST and SGST, in that order.

(b) The amount of input tax credit on account of CGST available in the electronic credit ledger shall first be utilized towards payment of CGST and the amount remaining, if any, may be utilized towards the payment of IGST.

(c) The amount of input tax credit on account of SGST available in the electronic credit ledger shall first be utilized towards payment of SGST and the amount remaining, if any, may be utilized towards the payment of IGST.

(6) The balance in the cash or credit ledger after payment of tax, interest, penalty, fee or any other amount payable under the Act or the rules made thereunder may be refunded in accordance with the provisions of section 48 of the CGST Act, 2016 and the amount collected as IGST shall stand reduced to that extent.

(7) All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register as may be prescribed.

(8) Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order:

(a) self-assessed tax, and other dues related to returns of previous tax periods;

(b) self-assessed tax, and other dues related to the return of the current tax period;

- (c) any other amount payable under the Act or the rules made thereunder including the demand determined under section 66 and 67 of the CGST Act, 2016.

(9) Every person who has paid the tax on goods and/or services under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods and/or services.

*Explanation:* For the purposes of this section, the expression "tax dues" means the tax payable under this Act and does not include interest, fee and penalty.

## **12. Special provision for payment of tax by a supplier of online information and database access or retrieval services located outside India to specified person in the taxable territory**

(1) On supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by non-taxable online recipient the supplier of service located in a non-taxable territory shall be the person liable for paying IGST:

PROVIDED that in case the supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by non-taxable online recipient, an intermediary located in the non-taxable territory, who arranges or facilitates provision of such service, shall be deemed to be receiving such services from the service provider in non-taxable territory and supplying such services to the non-taxable online recipient except when such intermediary satisfies all the following conditions, namely :-

- (a) the invoice or customer's bill or receipt issued or made available by such intermediary taking part in the supply clearly identifies the service in question and its supplier in non-taxable territory;
- (b) the intermediary involved in the supply does not authorise the charge to the customer or take part in its charge i.e. intermediary neither collects or processes payment in any manner nor is responsible for the payment between the non-assesse online recipient and the supplier of such services;
- (c) the intermediary involved in the supply does not authorise delivery;
- (d) the general terms and conditions of the supply are not set by the intermediary involved in the supply but by the service provider.

(2) The supplier of online information and database access or retrieval services referred in sub-section (1) shall, for payment of IGST, take a single registration under a Simplified Registration Scheme as may be prescribed:

PROVIDED that any person located in taxable territory representing such supplier for any purpose in the taxable territory shall take a registration and pay IGST on behalf of the supplier:

PROVIDED FURTHER that if such supplier does not have a physical presence or does not have a representative for any purpose in the taxable territory, he may appoint a person in the taxable territory for the purpose of paying IGST and such person shall be liable for paying IGST.

## CHAPTER– VI

### INPUT TAX CREDIT

#### **13. Claim of input tax credit, provisional acceptance, matching, reversal and reclaim of input tax credit or reduction in output tax liability**

(1) Every registered taxable person shall, subject to such conditions and restrictions as may be prescribed in this behalf, be entitled to take credit of input tax, as self-assessed, in his return and such amount shall be credited, on a provisional basis, to his electronic credit ledger to be maintained in the manner as may be prescribed.

(2) The credit referred to in sub-section (1) shall be utilized only for payment of self-assessed output tax liability as per the return referred to in sub-section (1).

(3) The provisions of section 37 and 38 of the CGST Act, 2016 relating to matching, reversal and reclaim of input tax credit or reduction in output tax liability shall apply *mutatis mutandis* to the matching, reversal and reclaim of input tax credit or reduction in output tax liability under this section.

#### **14. Transfer of input tax credit**

(1) On utilization of input tax credit availed under this Act for payment of tax dues under the CGST Act as per sub-section (5) of section 11, the amount collected as IGST shall stand reduced by an amount equal to the credit so utilized and the Central Government shall transfer an amount equal to the amount so reduced from the IGST account to the CGST account in the manner and time as may be prescribed.

(2) On utilization of input tax credit availed under this Act for payment of tax dues under the SGST Act as per sub-section (5) of section 11, the amount collected as IGST shall stand reduced by an amount equal to the credit so utilized and shall be apportioned to the appropriate State government and the Central Government shall transfer the amount so apportioned to account of the appropriate State Government in the manner and time as may be prescribed.

## CHAPTER- VII

### APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS

#### 15. Apportionment of tax collected under the Act and settlement of funds

(1) Out of the IGST paid to the Central Government in respect of inter-State supply of goods and/or services to an unregistered person or to a taxable person paying tax under section 9 of the CGST Act, 2016 the amount of tax calculated at the rate equivalent to the CGST on similar intra-state supply shall be apportioned to the Central Government.

(2) Out of the IGST paid to the Central Government in respect of inter-State supply of goods and/or services where such taxable person is not eligible for input tax credit, the amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.

(3) Out of the IGST paid to the Central Government in respect of inter-State supply of goods and/or services made in a year to a registered taxable person, where he does not avail of the said credit within the specified period and thus remains in the IGST account after expiry of the due date for filing of annual return for such year in which the supply was made, the amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.

(4) Out of the IGST paid to the Central Government in respect of import of goods and / or services by an unregistered person or by a taxable person paying tax under section 9 of the CGST Act, 2016 the amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.

(5) Out of the IGST paid to the Central Government in respect of import of goods and / or services, where the such taxable person is not eligible for input tax credit, the amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.

(6) Out of the IGST paid to the Central Government in respect of import of goods and / or services made in a year by a registered taxable person, where he does not avail of the said credit within the specified period and thus remains in the IGST account after expiry of the due date for filing of annual return for such year in which the supply was received, the amount of tax calculated at the rate equivalent to the CGST on similar intra-State supply shall be apportioned to the Central Government.

(7) The balance amount of tax remaining in the IGST account in respect of the supply for which an apportionment to the Central Government has been done under sub-section (1), (2), (3), (4), (5) or (6) shall be apportioned to the State where such supply takes place as per sections 7, 8, 9 or 10:

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 each of the States to which such taxable person has made supplies during the financial year in the proportion of the total supplies made to each of such States:

PROVIDED FURTHER that where the taxable person making such supplies cannot be determined, the said balance amount shall be apportioned to all States as per the order made by the President under clause (2) of Article 270.

(8) The provisions of sub-sections (1), (2), (3), (4), (5), (6) and (7) relating to apportionment of tax shall *mutatis mutandis* apply to the apportionment of interest, penalty and compounding amount realized in connection with the tax so apportioned.

(9) Where an amount has been apportioned to the Central Government or a State Government under sub-sections (1), (2), (3), (4), (5), (6), (7) and (8) the amount collected as IGST shall stand reduced by an amount equal to the amount so apportioned and the Central Government shall transfer to the CGST account an amount equal to an amount apportioned to the Central Government and shall transfer to the SGST account of the State an amount equal to an amount apportioned to that State, in the manner and time as may be prescribed.

(10) Any IGST amount apportioned to a State, if subsequently found refundable to any person and refunded to such person, shall be reduced from the amount apportioned to such State under this section or otherwise, in the manner and time as may be prescribed.

## Chapter VIII

### ZERO RATED SUPPLY

#### 16. Zero rated supply

(1) "zero rated supply" means any of the following taxable supply of goods and/or services, namely -

- (a) export of goods and/or services; or
- (b) supply of goods and/or services to a SEZ developer or an SEZ unit.

(2) Subject to provisions of sub-section (3) of section 17 of the CGST Act, 2016, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.

(3) A registered taxable person exporting goods or services shall be eligible to claim refund under one of the following two options, namely -

- (a) a registered taxable person may export goods or services under bond, subject to such conditions, safeguards and procedure as may be prescribed in this regard, without payment of IGST and claim refund of unutilized input tax credit in accordance with provisions of section 48 of the CGST Act, 2016 read with rules made thereunder;
- (b) a registered taxable person may export goods or services, subject to such conditions, safeguards and procedure as may be prescribed in this regard, on payment of IGST and claim refund of IGST paid on goods and services exported in accordance with provisions of section 48 of the CGST Act, 2016 read with rules made thereunder.

(4) The SEZ developer or SEZ unit receiving zero rated supply specified in clause (a) of sub-section (1) shall be eligible, subject to the conditions, safeguards and procedure as may be prescribed in this regard, to claim refund of IGST paid by the registered taxable person on such supply.





**CHAPTER– IX**  
**MISCELLANEOUS**

**17. Application of certain provisions of the CGST Act, 2016**

The provisions relating to registration, valuation, time of supply of goods, time of supply of services, change in rate of tax in respect of supply of goods or services, input tax credit and utilization thereof, distribution of input tax credit by an Input Service Distributor, job work, accounts and records, payment, tax deduction at source, return, tax collection at source, audit, assessment, adjudication, demands, refunds, interest, recovery of tax, offences and penalties, inspection, search and seizure, prosecution and power to arrest, appeals, review, advance ruling and compounding shall apply, so far as may be, in relation to the levy of tax under this Act as they apply in relation to levy of tax under the CGST Act, 2016:

Provided that in the case of tax deduction at source, the deductor shall deduct tax at the rate of two percent from the payment made or credited to the supplier:

Provided further that in the case of tax collection at source, the operator shall collect tax at the rate of two percent of the value of net supplies.

**18. Power to make rules**

(1) The Central Government may, on the recommendation of the Council, by notification, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may

- (a) provide for settlement of cases in accordance with Chapter XII of this Act;
- (b) provide for all or any of the matters which under any provision of this Act are required to be prescribed or to be provided for by rules.

**19. Tax wrongfully collected and deposited with the Central or a State Government**

(1) A taxable person who has paid IGST on a supply considered by him to be an inter-state supply, but which is subsequently found to be an intra-State supply, shall, be granted refund of the amount of IGST so paid in such manner and subject to such conditions as may be prescribed.

(2) A taxable person who has paid CGST / SGST on a transaction considered by him to be an intra-State supply, but which is subsequently found to be an inter-State supply, shall not be required to pay any interest on the amount of IGST payable.

**20. Refund of IGST paid on supply of goods to outbound tourist**

(1) The IGST paid on any supply of goods to outbound tourist shall be refunded, in the manner and subject to such conditions and safeguards as may be prescribed, if such goods are taken out of India.

(2) The refund under sub-section (1) shall be allowed only on such supply of goods that is procured from a registered taxable person who satisfies the conditions and complies with the requirement, including relating to issue of invoice in the prescribed manner.

**CHAPTER– X**  
**TRANSITIONAL PROVISIONS**

**21. Import of services or inter-State supply of goods and/or services made on or after the appointed day**

Notwithstanding anything contained in section 12 and 13 of the CGST Act, 2016 import of services or inter-State supply of goods and/or services made after the appointed day shall be liable to tax under the provisions of this Act regardless of whether the transactions for such import of services or inter-state supply had been initiated before the appointed day:

PROVIDED that if the tax on such import or inter-State supply had been paid in full under the earlier law, no tax shall be payable on such import or inter-state supply under this Act:

PROVIDED FURTHER that if the tax on such import of services had been paid in part under the earlier law, balance amount of tax shall be payable on such import or inter-state supply under this Act.

*Explanation:* For the purpose of this section, a transaction shall be deemed to have been initiated before the appointed day if either the invoice relating to such supply or payment, either in full or in part, has been received or made before the appointed day.

**CHAPTER- XI**  
**ADMINISTRATION**

**22. Classes of officers under the Integrated Goods and Services Tax Act, 2016**

(1) There shall be the following classes of officers under the Integrated Goods and Services Tax Act, 2016 namely;

- (a) Principal Chief Commissioners of IGST or Principal Directors General of IGST,
- (b) Chief Commissioners of IGST or Directors General of IGST,
- (c) Principal Commissioners of IGST or Principal Additional Directors General of IGST,
- (d) Commissioners of IGST or Additional Directors General of IGST,
- (e) Additional Commissioners of IGST or Additional Directors of IGST,
- (f) Joint Commissioners of IGST or Joint Directors of IGST,
- (g) Deputy Commissioners of IGST or Deputy Directors of IGST,
- (h) Assistant Commissioners of IGST or Assistant Directors of IGST, and
- (i) such other class of officers as may be appointed for the purposes of this Act.

**23. Appointment of officers under the Integrated Goods and Services Tax Act, 2016**

(1) The Board may appoint such persons as it may think fit to be officers under the Integrated Goods and Services Tax Act, 2016.

(2) Without prejudice to the provisions of sub-section (1), the Board may authorize a Principal Chief Commissioner/Chief Commissioner of Central Goods and Services Tax or a Principal Commissioner/Commissioner of Central Goods and Services Tax or an Additional/Joint or Deputy/Assistant Commissioner of Central Goods and Service Tax to appoint officers of Integrated Goods and Services Tax below the rank of Assistant Commissioner of Integrated Goods and Services Tax Act, 2016.

**[24. Appointment of Officers of SGST as proper officer in certain circumstances**

The officers appointed under the SGST Acts shall, to such extent and subject to such conditions, as may be prescribed in the rules made in this behalf, be the proper officers for the purposes of sections (.....) of this Act.]

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