

Goods & Services Tax

Integrated Goods & Services Tax Act, 2017

“Import & Export of Services”

**District Centre Janakpuri Study Circle
Of NIRC of ICAI**

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IGST

(Integrated Goods & Service Tax)

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Place of Supply Vis a vis ITC




Registered
Location of
recipient

The diagram consists of two large, dark red, 3D-style arrows pointing towards each other. The left arrow points right and contains the text 'Registered Location of recipient'. The right arrow points left and contains the text 'State in which Place of Supply falls'. The arrows are positioned horizontally in the center of the slide, with their tips meeting in the middle.

State in which
Place of Supply
falls

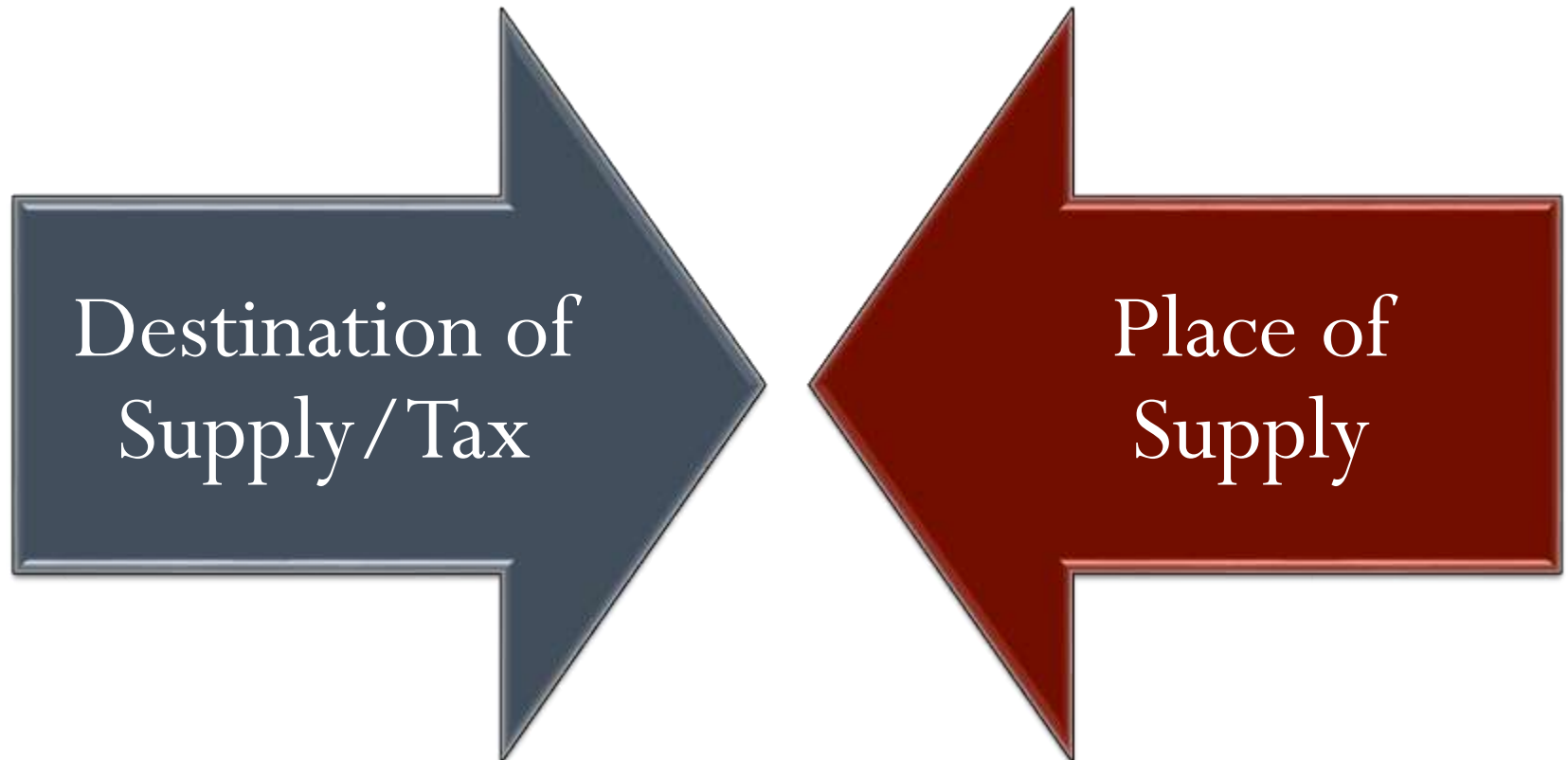
Invoice Rules

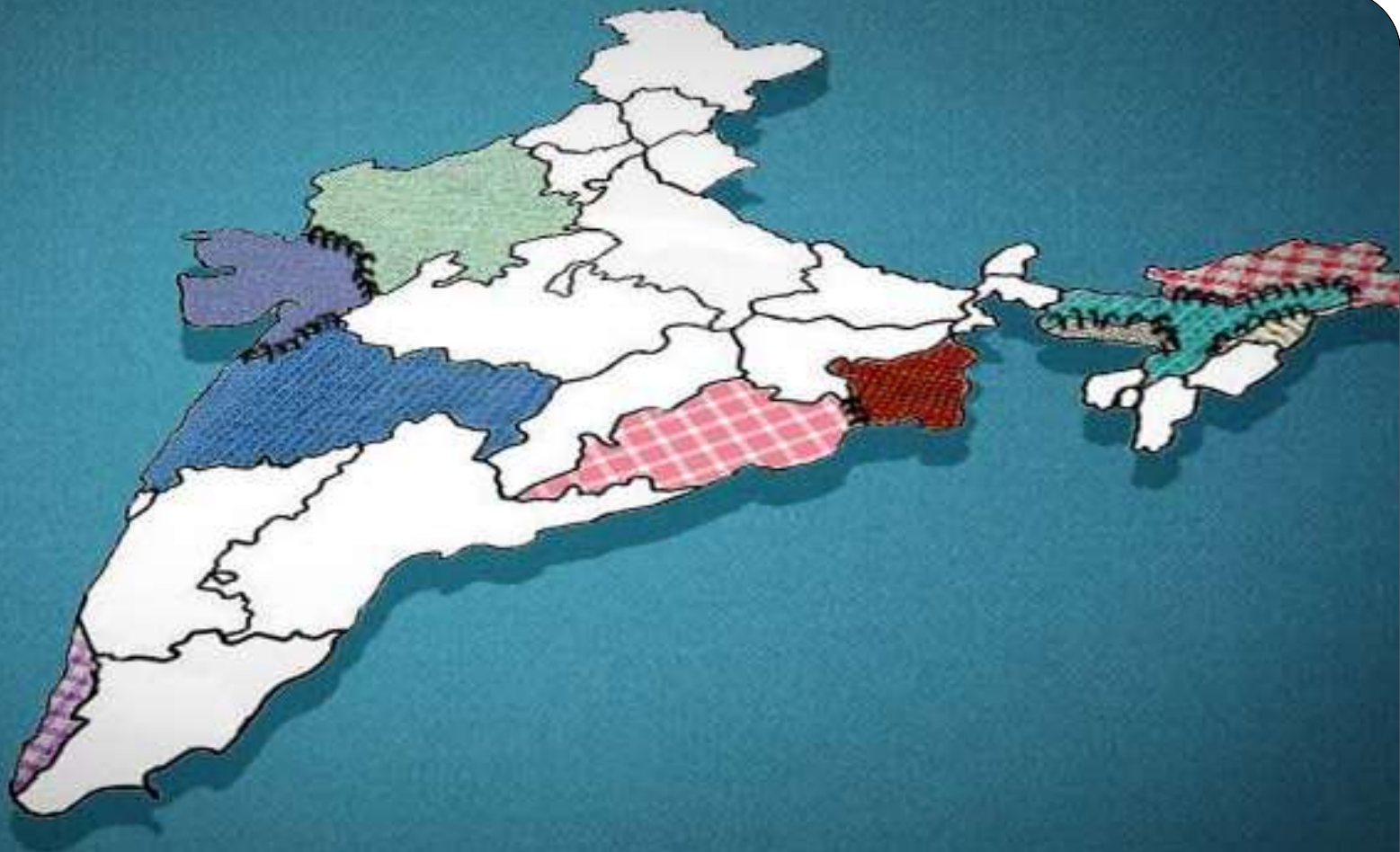
Rule-1 “Tax Invoice”



(m) place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce

Destination of “Supply”





“Inter State Supply” (Central)

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Two Most Important “Terms”



Location of
Supplier

Place of
Supply

Who is “Supplier”

Sec.2(105) of CGST

- “supplier” in relation to any goods or services or both, shall mean
- The person supplying the said goods or services or both
- and shall include
- an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied

“Location of Supplier”

Location of
Supplier of
“Services”

- Defined in Sec.2 (15) of IGST Act

Location of
Supplier of
“Goods”

- ? (Not Defined in GST Law)

Definitions: IGST Act, 2017

- **Se.2(15): “location of the supplier of services”** means:
 - (a) where a supply is made from a place of business for which the 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 (a fixed establishment elsewhere), the location of such fixed establishment;

Definitions: IGST Act, 2017

- (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

“Fixed Establishment”

Sec.2(7)/IGST Act

“fixed establishment” means

a place (other than the registered 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

Definitions: CGST Act, 2017

- **Sec.2 (2): “address of delivery”** means the address of the recipient of goods or services or both indicated on the tax invoice issued by a registered person for delivery of such goods or services or both
- **Sec.2 (3): “address on record”** means the address of the recipient as available in the records of the supplier

CST Act, 1956 Vs IGST Act, 2017

Sec. 3 of CST Act, 1956

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase- (a) occasions the movement of goods from one state to another, or....

Sec. 7 of IGST Act, 2017

where the location of the supplier and the place of supply are in two different states/UT, shall be treated as a supply of goods in the course of inter-State trade or commerce

What is Inter-State Supply ?

Inter-State Supply of “Services”

General Rule- Sec.7(3), (4)

Where location of supplier and place of supply are in different states/UT.
(Subject to Sec.12)

Supply of Services imported into the territory of India shall be Inter-State Supply of Services

What is Inter-State Supply ?

Inter-State Supply of “Goods and/ or
“Services”- Sec.7(5), (6) & (7)

When Supplier
is located in
India and Place
of Supply is
outside India,
shall be Inter-
State Supply

Supply to or by
SEZ
Developer/SEZ
Unit, shall be
Inter-State
Supply

Any Supply in
the taxable
territory other
than Intra-State
Supply, shall be
Inter-State
Supply



“Import of Services”

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Import of Services

Sec.2(11)

“import of services” means the supply of any service, where—

the supplier
of service is
located
outside India

the recipient
of service is
located in
India; and

the place of
supply of
service is in
India

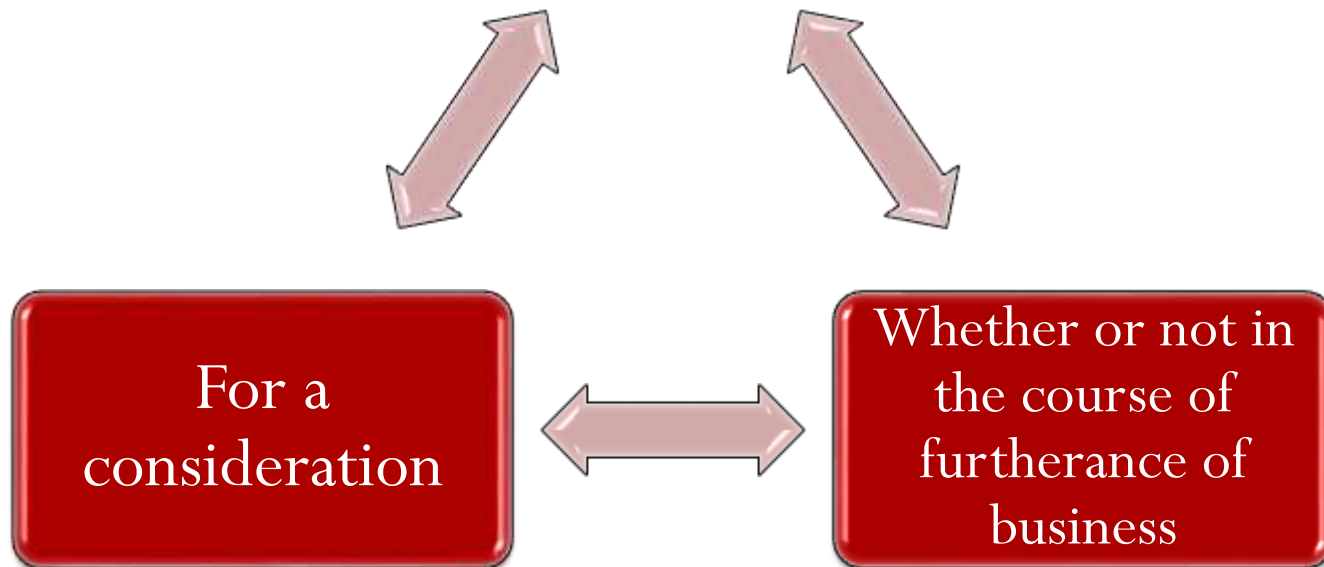
Import of Services



“Supply”

Sec.7(1)(b)

Importation of “Service”



“Supply”

Sec.7(1)(c)

A “Supply” specified in Schedule-I, made or agreed to be made without a consideration.

Supply of Goods/Services between related persons Or between distinct persons specified in Sec.25, when made in the course or furtherance of business. (except 50000/- in a year from employer to employee)

Permanent transfer/disposal of business assets where ITC has been availed

Supply of Goods by a principal to his Agent

Supply of Goods by an Agent to his Principal

Import of Service from related person or Branch for business

Reverse Charge on Import of Services- Notification No. 10/2017- Integrated Tax (Rate)

Supplier
of Service

- Any service supplied by any person who is located in a non-taxable territory to any person **other than non-taxable online recipient**

Recipient
of Service

- Any person located in the taxable territory other than non-taxable online recipient.

“Non-taxable online recipient”

Sec.2(16)/IGST Act

“non-taxable online recipient” means

any Government,
local authority,
governmental
authority, an
individual or any
other person not
registered

and 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.

Special Provisions Relating to OIDARS **Sec.14/IGST Act**

On supply of OIDARS by any person
located in a non-taxable territory



and received by a non-taxable online recipient



the supplier of services located in a non-taxable territory
shall be the person liable for paying integrated tax on
such supply of services

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“Export of Services”

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Export of Services

Sec.2(6)

“export of services” means the supply of any service when,—

the
supplier
of service
is located
in India

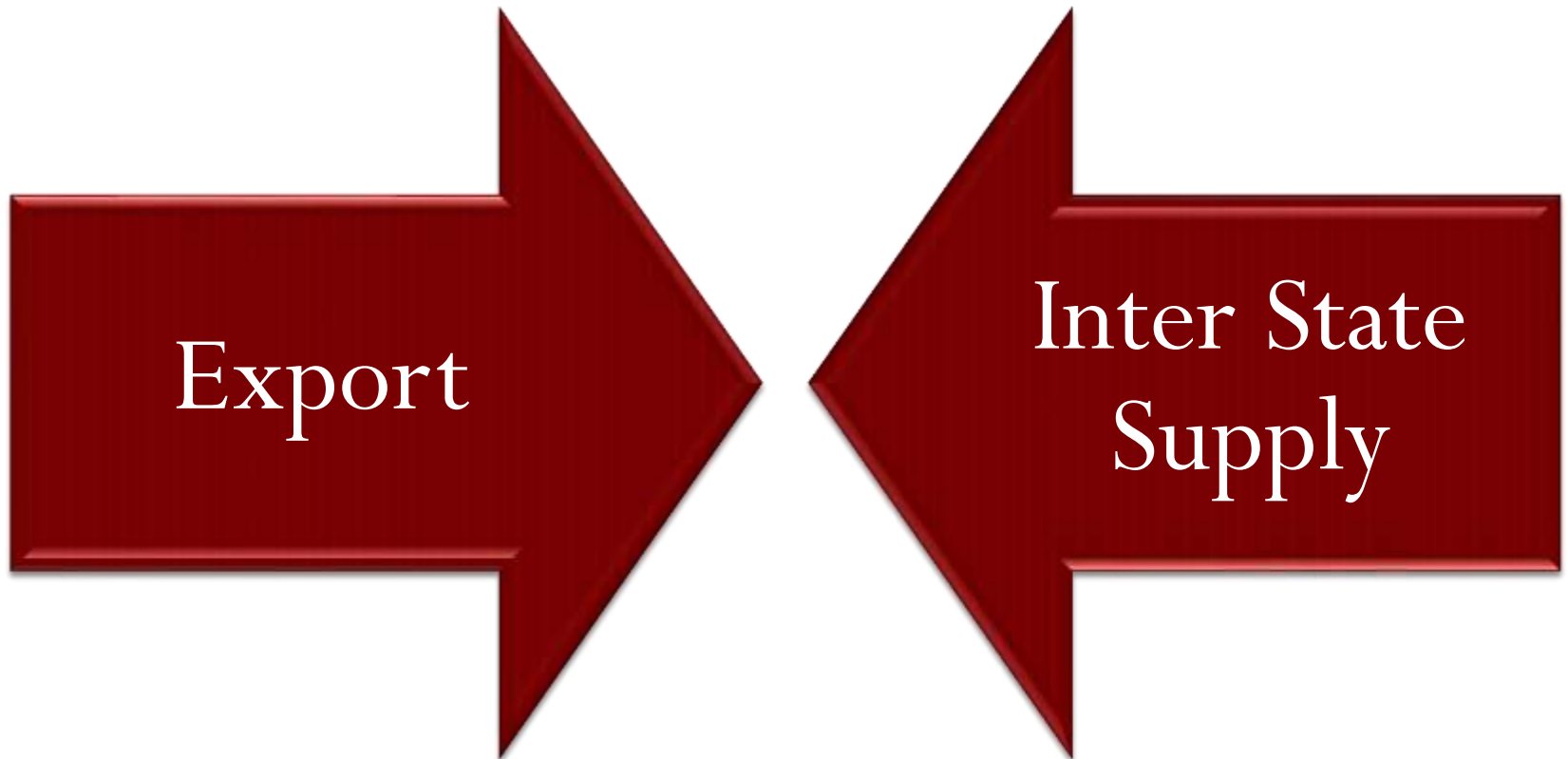
the
recipient
of service
is located
outside
India

the place
of supply
of service
is outside
India

The
payment
has been
received in
convertible
foreign
exchange

The
supplier
and
recipient
are not
merely
Distinct
Persons

“Export” is Inter-State Supply ?






“Place of Supply”- Import/Export of Services


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Place of Supply of “Services” - Import /Export of Services Sec.13

Where the location of the supplier of service or the location of the recipient of service is outside India



The place of supply of services except the services specified in subsections shall be the location of the recipient of service



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

Place of Supply of “Services”- Import /Export of Services Sec.13

Services on goods
physically made
available by
recipient

Sec.13(3)(a)

Where the
services are
performed

Services on
Goods
temporarily
imported

Proviso to
13(3)(a)

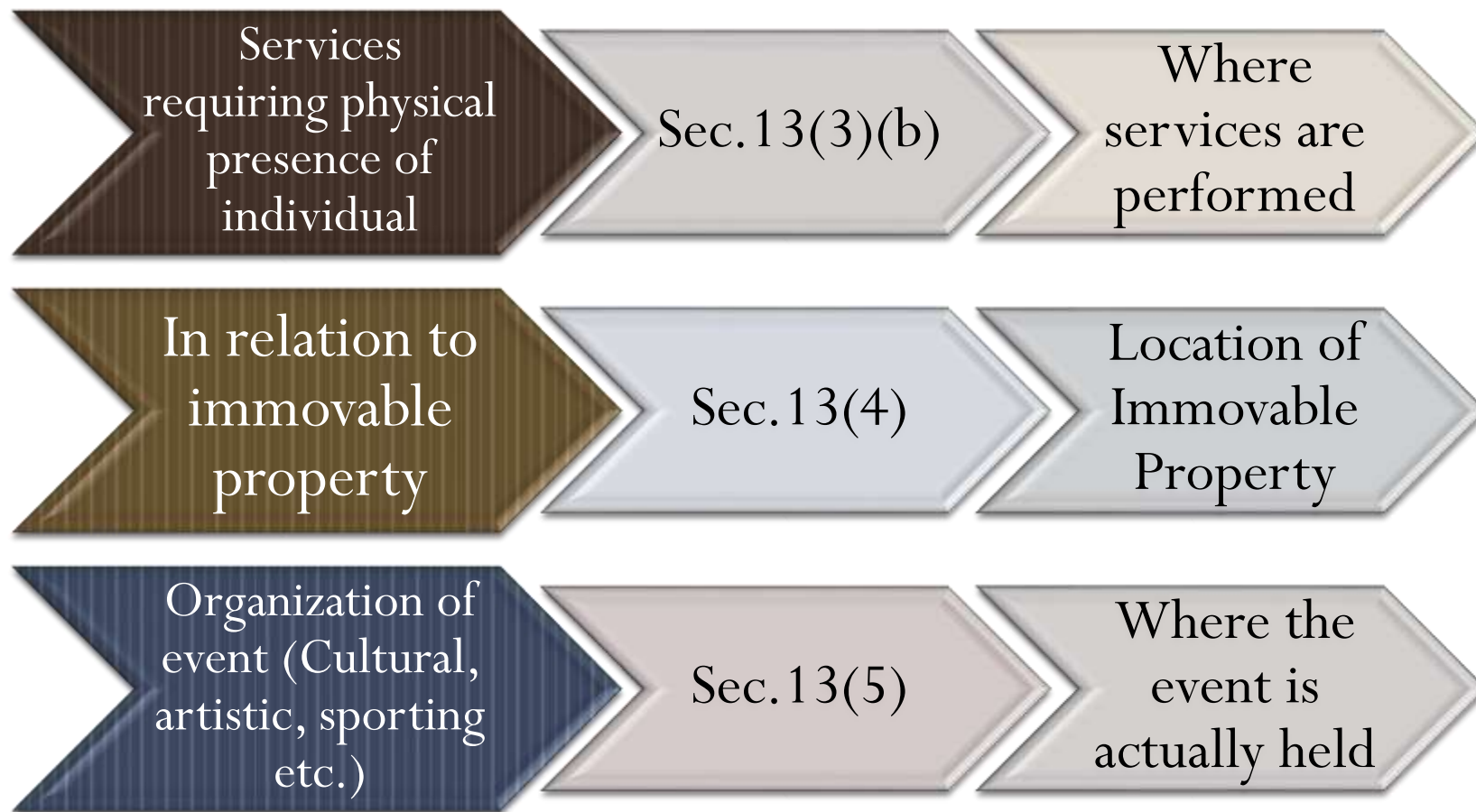
Recipient of
Service

Services provided
from Remote
Location

Proviso to
13(3)(a)

Location of
Goods

Place of Supply of “Services”- Import /Export of Services Sec.13



Place of Supply of “Services”- Import /Export of Services Sec.13

If above services
are provided in
taxable territory
also

Sec.13(6)

Location of
taxable
territory

If above services
are provided in
more than one
state

Sec.13(7)

Each such state
proportionately

Services provided
by Banks or
NBFC

Sec.13(8)

Location of
Supplier

Place of Supply of “Services”- Import /Export of Services Sec.13

Intermediary
Services

Sec.13(8)

Location
of Supplier

Hiring of
vehicles up to
one month

Sec.13(8)

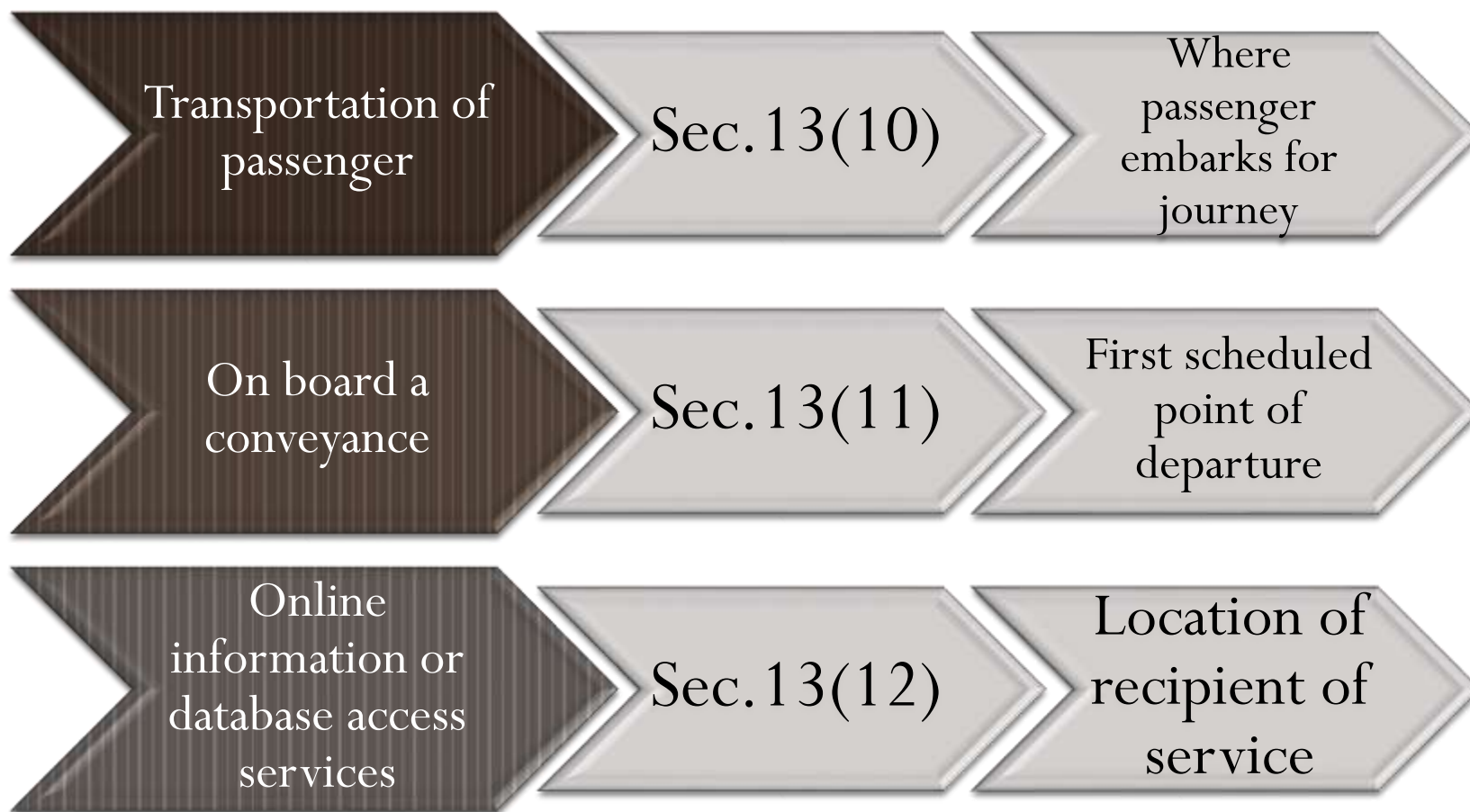
Location of
Supplier

Transportation
of Goods

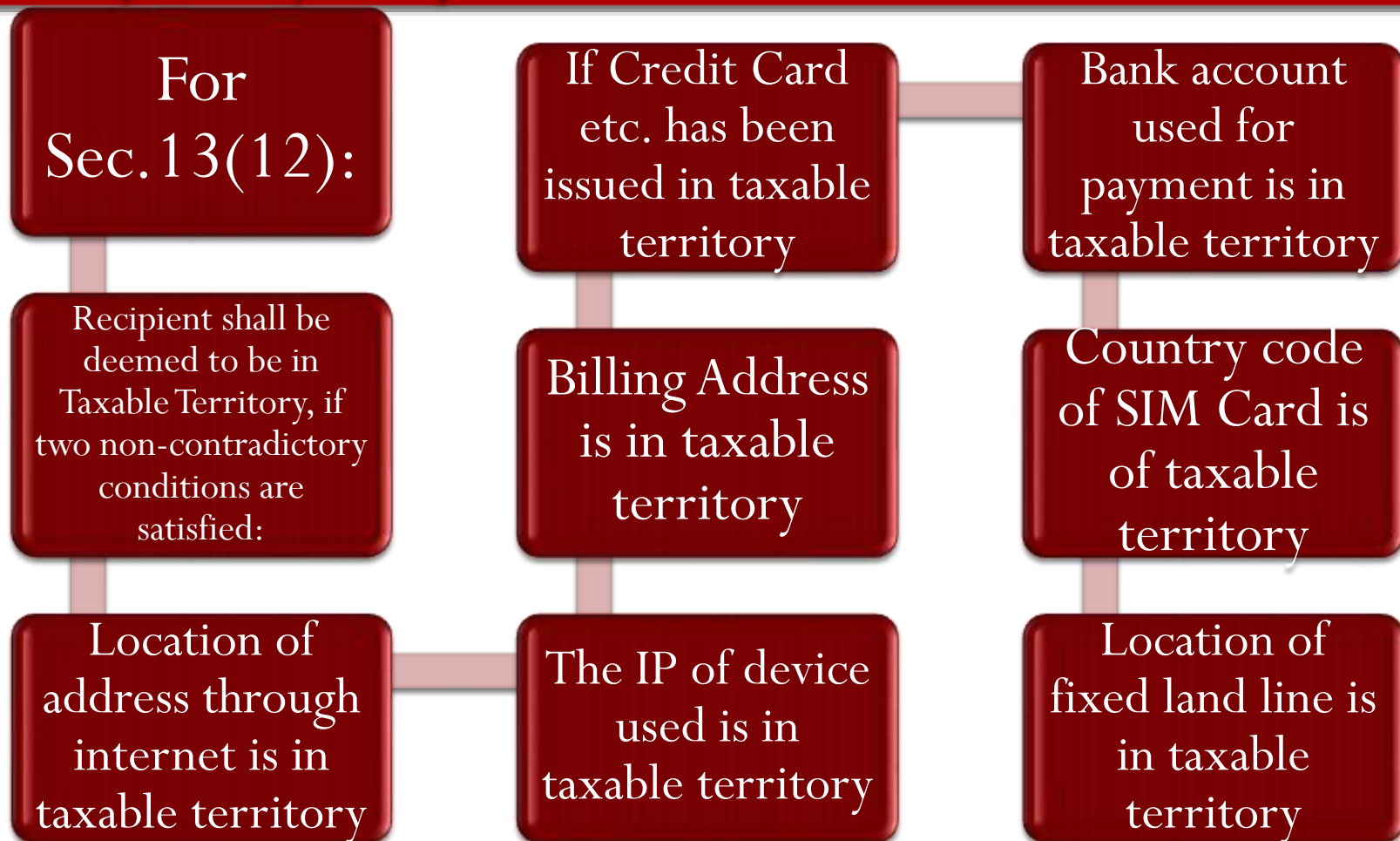
Sec.13(9)

Destination
of Goods

Place of Supply of “Services”- Import /Export of Services Sec.13



Place of Supply of “Services”- Import /Export of Services Sec.13



Place of Supply of “Services”- Import /Export of Services Sec.13

In order to prevent double taxation or non-taxation of the supply of a service
Or for the uniform application of rules

the Government shall have the power to notify any description of services or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service



“Zero Rated Supply”

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Zero-rated supply

Sec.2(23)

- “zero-rated supply” shall have the meaning assigned to it in section 16

Types of Supplies



Nil Rated Supply



Exempt Supply



Non-Taxable
Supply



Zero Rated
Supply

Zero rated supply

Sec.16



Export of
Goods and/or
Services

Supply of
Goods and/or
services to SEZ

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Zero rated supply

Sec.16

ITC

- ITC can be claimed for making zero rated supply even it may be exempt supply

Refund

- In case of export of goods/services under Bond, un-utilized ITC can be claimed as refund
- In case of export of goods/services with payment of IGST, refund can be claimed for tax paid on goods/services.

Options with the Exporter

Export/Supply
to SEZ

```
graph TD; A[Export/Supply to SEZ] --> B[With payment of IGST]; A --> C[Without payment of IGST under Bond/LUT];
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The diagram is a flowchart. At the top is a red box with the text 'Export/Supply to SEZ'. A line descends from this box and splits into two branches. The left branch leads to a brown box with the text 'With payment of IGST'. The right branch leads to a brown box with the text 'Without payment of IGST under Bond/LUT'.

With payment of
IGST

Without payment
of IGST under
Bond/LUT

Export/Supply to SEZ with Payment of IGST

With payment of IGST and ITC can be utilized



No need to file Bond/LUT



Refund of IGST paid from Customs Department with Shipping Bill

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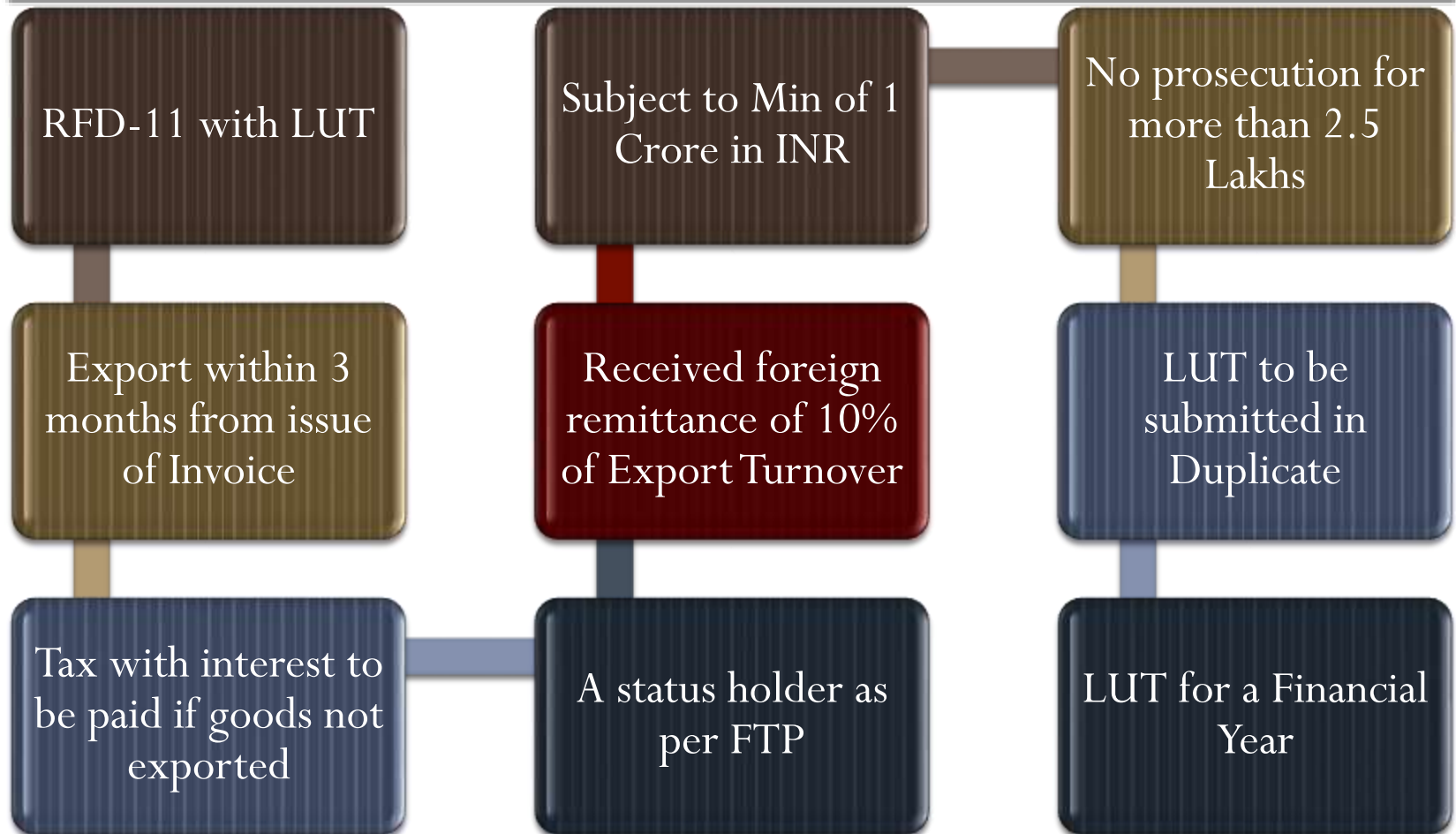
Export Without Payment of IGST

No need to pay
IGST

Bond with Bank
Guarantee up to
15% of Bond Value

Letter of
Undertaking
(LUT)


Conditions for filing LUT Rule-96A



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Export of Services to Nepal/Bhutan

Will not be treated as
export of services



No convertible foreign
exchange being received



Will not be treated as Zero
Rated Supply

Duty Drawback

Transitional Benefit available up to 30th
September 2017

Can claim composite
rate of drawback
without ITC and
carry forward of
Cenvat as ITC

Can claim lower rate
with the benefit of
ITC under GST and
carry forward of
Cenvat as ITC

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Thank You

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