

4.1 Levy of CGST [sec 9 of CGST Act, 2017]

CGST is levied on intra-state supplies of goods & services u/s 9 of the CGST Act. The key provisions are:

4.1.1 Section 9(1) - General levy of CGST

- CGST is levied on all-~~intra~~ intra-state supplies of goods and/or services.
- Exception: GST does not apply to alcoholic liquor for human consumption.
- The tax is levied on the value determined u/s 15 (Transaction Value).
- The maximum tax rate under CGST cannot exceed 20%.

Example :

A Delhi trader sells a Refrigerator to a customer in Delhi. Since both supplier & POS are in the same state, CGST & SGST will apply.

4.1.2

Section 9(2) - Exclusion of Certain Petroleum Products

- GST is not applicable on the following five petroleum products until notified:

- a) Petroleum crude
- b) High-speed diesel (HSD)
- c) Motor spirit (Petrol)
- d) Natural gas
- e) Aviation turbine fuel (ATF)

- The Government can notify the levy of GST on these products at a later date.

Example :

Petrol and diesel are not subject to GST as of now; they are taxed under state VAT & central excise. However, once notified, they may be included under GST.

4.1.3 Section 9(3) - Reverse Charge on Notified Suppliers

- The Government can specify certain G/s where the recipient will pay GST

instead of the supplier. This is called the RCM.

- The recipient must pay GST and comply with filing obligations.

Example :

If a registered company avails legal consultancy from an advocate, the co. must pay GST under RCM, not the advocate.

4.1.4 Section 9(4) - Reverse charge on Unregistered Supplier's Goods & Services

- If a registered person purchases goods or services from an unregistered supplier, the registered person must pay GST on reverse charge basis.
- However, only specific notified categories of goods are covered under this provision.

• Example :

A registered contractor purchases RM 1

from an unregistered vendor. If raw materials are notified under RCM, the contractor must pay GST instead of the vendor.

4.1.5 Section 9(s) - GST on E-commerce Operators [ECOs]

- The Government can specify services where GST will be paid by the ECO instead of the actual service provider.
- This applies to services supplied through ECOs, such as ride-sharing apps, hotel booking platforms, etc.

Notified Services (Tax payable by ECOs)

Service Type	ECO liable to pay GST?
Passenger Transport (Ola, Uber)	✓ Yes
Hotel bookings (Oyo, Airbnb)	✓ Yes, if hotel is unregistered
Housekeeping services (Urban claps)	✓ Yes, if provider is unregistered.

Restaurant Services (Swiggy, Zomato)	✓ Yes
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Example :

When a customer books a cab through Uber, Uber collects the fare and pays GST on behalf of the driver.

The driver does not charge GST separately.

4.2 Levy of IGST (section 5 of IGST Act, 2017)

IGST applies to inter-state supplies of G & S. The provisions are similar to CGST but apply to transactions across states.

4.2.1 section 5(1) - General levy of GST :

- IGST is levied on all inter-state supplies of goods / services (except ~~at~~ alcoholic liquor.)
- The maximum tax rate for IGST cannot exceed 40 %.

Example :

A manufacturer in Gujarat supplies steel to a builder in MH. Since it is an inter-state supply, IGST applies.

4.2.2 Section 5(2) - Exclusion of Certain Petroleum Products

- Just like CGST, petroleum crude, diesel, petrol, natural gas, and ATF are not under IGST until notified.

4.2.3 Section 5(3) - Reverse charge on Notified Supplies

- The Government may notify certain goods and services where the recipient pays GST instead of the supplier under RCM.

4.2.4 Section 5(4) - Reverse charge on Unregistered Supplier's Goods & Services

- If a registered business buys from an unregistered supplier, the business must pay IGST under reverse charge.

4.2.5 Section 5(5) - GST on ECOS on Inter-State Services

- ECOS must pay IGST on notified services like cab services, hotel bookings, etc.

4.3 Summary Table for Levy of GST:

Type of Supply	GST Type	Maximum Rate	Who pays GST?
Intra-state Supply	CGST + SGST / UTGST	20% (CGST) + 20% (SGST) = 40%	Supplier
Inter-state Supply	IGST	40%	Supplier
Alcoholic Liquor	Not covered under GST	X	State Taxes Apply
Petroleum Products	Not covered until notified	X	Excise & VAT Apply

Reverse charge
Mechanism
(RCM)

CGST / SGST

As per
notified rate

Recipient

ECO GST
Liability

CGST / IGST

As per
notified rate

ECO

4.4 Important Points to Remember:

- 1) CGST & SGST apply on intra-state supplies
IGST applies on inter-state supplies.
- 2) RCM shifts tax liability to the recipient instead of the supplier.
- 3) ECOS are liable for GST on certain notified services.
- 4) Petroleum & Alcohol are outside GST, but petroleum products may be included in the future.
- 5) IGST is the sum of CGST & SGST in inter-state transactions.

4.5 Mnemonic to Remember GST Levy Rules:

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- P - Petroleum products excluded until notified
- I - Inter state supply attracts IGST
(IGST = GST + SGST)
- R - Reverse charge mechanism (RCM) for specified goods / services.
- E - E-commerce Operators (ECOs) are liable for GST on certain services.

5.1 What is Reverse Charge Mechanism (RCM)?

Scenario	Who pays GST?
Normal GST	Supplier collects GST & deposits it to the government.
Reverse charge	The recipient of G/S deposits GST instead of the supplier.