TAXATION LAW

UNIT – IV
IGST, SGST, UTGST
& Related Taxes

Expanded 20+ Slides Edition

ROADMAP

UNIT-IV Full Coverage

1. IGST Concept	2. IGST Levy & Collection	3. Inter-State vs Intra-State
4. Place of Supply Rules	5. SGST Framework	6. UTGST
7. Power on Inter-State Supply	8. Apportionment of IGST	9. Impact on State Revenue
10. Compensation to States	11. GST Exemptions	12. Composition Scheme
13. Zero Rating & Exports	14. Securities Transaction Tax	15. STT Features
16. Key Distinctions	17. Exam Focus Areas	18. Key Takeaways

01 • IGST – CONCEPT

Integrated Goods and Services Tax

IGST is levied and collected by the Central Government on inter-State supplies of goods and services (including imports). It ensures that the tax accrues to the destination State while maintaining a seamless credit chain across India.

Taxable Event

Inter-State supply of goods or services or both.

Collected by

Central Government under IGST Act, 2017.

Import

Import of goods is treated as inter-State supply – IGST is levied.

Export

Export is zero-rated – no tax on outward supply; ITC can be claimed / refunded.

02 • INTER-STATE vs INTRA-STATE

Determining Nature of Supply

Intra-State

- Supplier and place of supply in same State/UT
- CGST + SGST (or UTGST) levied
- Credit stays within the State
- Most local B2B and B2C transactions

Inter-State

- Supplier and place of supply in different States
- IGST levied by Centre
- Includes import into India
- Export is zero-rated
- Credit can flow across India

03 • PLACE OF SUPPLY

Critical for Nature of Supply

Goods – General Rule

Location where goods are delivered to the recipient.

Bill-to Ship-to

Special rules when billing and delivery addresses differ.

Services – Default

Location of the recipient of service.

Specific Services

Immovable property, transportation, events, banking – special place of supply rules.

Import of Services

Place of supply is location of recipient in India (with conditions).

Exam Focus

Place of supply questions determine CGST+SGST vs IGST – very common in papers.

04 • SGST & UTGST

State and UT Component

SGST

State Goods and Services Tax – levied by State on intra-State supplies. Structure mirrors CGST.

UTGST

Union Territory GST – for UTs without legislature. Collected by Centre / UT administration.

Rate Parity

SGST rate is generally equal to CGST rate so that combined burden is the GST rate approved by Council.

Credit

SGST credit can be used against SGST and then IGST. Cannot be used against CGST.

Administration

State tax officers administer SGST. Cross-empowerment exists for certain functions.

Exam Tip

Emphasise that dual GST means both Centre and State tax the same base simultaneously.

Fiscal Impact

IGST Apportionment

Centre retains the ‘CGST portion’; ‘SGST portion’ is assigned to the destination State.

Destination Principle

Consuming States gain; producing States may lose compared to origin-based system.

Compensation

GST (Compensation to States) Act provided for compensation during transition for revenue loss.

Vertical Imbalance

States lost autonomous power to tax goods; share of GST and compensation became critical.

Horizontal Imbalance

Differences between producing and consuming States – political and fiscal sensitivity.

Current Position

Compensation period has ended / evolved; States now depend on GST share and own SGST.

06 • EXEMPTIONS & ZERO RATING

Policy Tools

Exempt Supplies

Supplies that attract Nil rate or are wholly exempt. No ITC on inputs used for exempt supplies (generally).

Common Exemptions

Unprocessed food, healthcare, education (specified), public services, etc.

Zero-Rated Supplies

Export of goods/services and supplies to SEZ. Tax rate is zero; ITC is available / refundable.

Difference

Exempt – no tax, no ITC. Zero-rated – no tax on output, but ITC allowed.

Composition

Small taxpayers – flat rate, no ITC, simplified returns. Cannot make inter-State outward supplies.

Exam Tip

Always distinguish exempt, Nil-rated and zero-rated clearly.

07 • SECURITIES TRANSACTION TAX

STT – Separate Levy

Securities Transaction Tax is a direct tax levied on the value of taxable securities transactions carried out on recognised stock exchanges. It is not part of GST. It is collected by the exchange / broker and paid to the Government.

Taxable Transactions

Delivery-based equity, equity derivatives, units of equity-oriented funds, etc.

Collection

Exchanges / brokers collect STT and deposit with Government.

Nature

Central tax under Finance Act. Separate from GST and Income Tax (though related to capital markets).

Credit

STT is generally not available as credit against GST. Limited treatment under Income Tax.

KEY TAKEAWAYS

UNIT-IV

01 **IGST on Inter-State**
Collected by Centre; destination State gets its share. Applies to imports.

02 **Nature of Supply**
Place of supply + location of supplier decide IGST vs CGST+SGST.

03 **SGST / UTGST**
State / UT component of dual GST on intra-State supplies.

04 **Fiscal Federalism**
Shift to destination-based tax changed State revenue patterns; compensation was transitional.

05 **Zero Rating vs Exemption**
Zero-rated allows ITC; exempt generally does not.

06 **STT**
Separate central tax on securities transactions – not GST.

End of UNIT – IV

IGST • SGST • UTGST • STT

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