



LIABILITY OF GST PAYABLE

UNIT - III

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- Purchase and Sales of Goods and Services in Inter State Sales;
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PURCHASE AND SALES OF GOODS IN INTRA STATE

- **Intrastate** business is business conducted within a particular state. So if a company and customer are in the same state, then you are conducting **intrastate** business
- Section 8 of the IGST Act provides that **intra-State** supply **means** any supply of goods and/or services where location of the supplier and place of supply are in the same **State** or same Union territory
- In Intra-State transactions, a seller has to collect **both CGST and SGST** from the buyer. The CGST gets deposited with Central Government and SGST gets deposited with State Government.
- For Example: ABC Company of Pune sale Goods to PQR Company of Nagpur then it is a intrastate supply under GST where purchase and sales are both within one state which is Maharashtra;
- For Example: Mrs. A hair stylist of Mumbai provides its services to Mrs. C in Pune then it is also a intrastate supply under GST;
- In both the cases vendor will charge CGST + SGST.



PURCHASE AND SALES OF GOODS IN INTER STATE

1. **Interstate** business is business conducted between two state. So if a company and customer are in two other state, then you are conducting **interstate** business
2. Section 7 of the IGST Act provides that following supplies will be inter-State supplies:
 - a) Supply of goods and/or services where location of the supplier and place of supply are in two different States; or two different Union territories; or a State and a Union territory
 - b) Supply of goods and/or services where location of the supplier is in India and the place of supply is outside India (normally referred to as exports).
 - c) Supply of goods imported into the territory of India, till they cross the customs frontier of India
 - d) Supply of services imported into the territory of India
 - e) Supply of goods and/or services to or by a SEZ developer or a SEZ unit
 - f) Any supply of goods and/or services in the taxable territory, not being an intra-State supply and not covered above (e.g. supply from a State to a place/ location to a place located in SEZ/ Continental shelf and vice-versa)
3. In Inter-State transactions, a seller has to collect **only IGST** from the buyer. The IGST gets deposited with Central Government.



PURCHASE AND SALES OF GOODS IN INTER STATE

- ABC Company of Nagpur supplies goods to Raj Traders of Jaipur of Rs. 1,00,000/- which is chargeable @ 18% GST then ABC will collect IGST of Rs. 18000/- from Raj Traders as it is a inter state transaction as seller and buyer both are in different states.

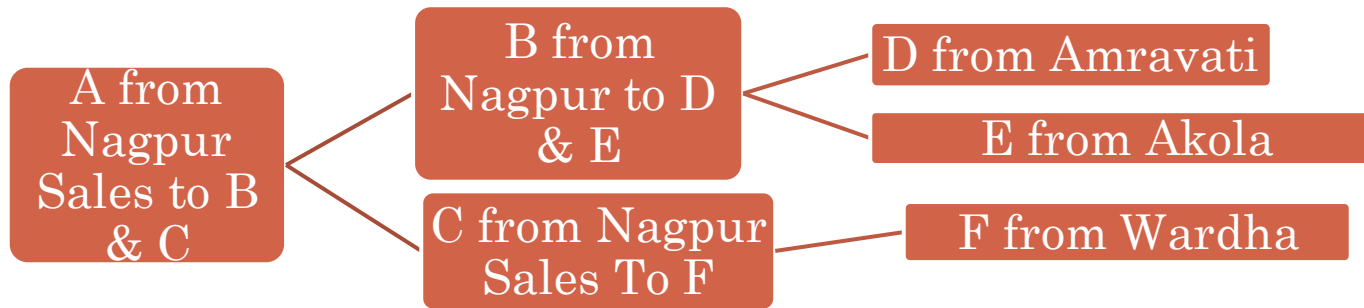
ABC of Nagpur
sold Goods of Rs.
100000/-

IGST to be
Collected by ABC
from Raj Traders
Rs. 18000/-

Raj Traders of
Jaipur Purchases
Goods from ABC
Nagpur

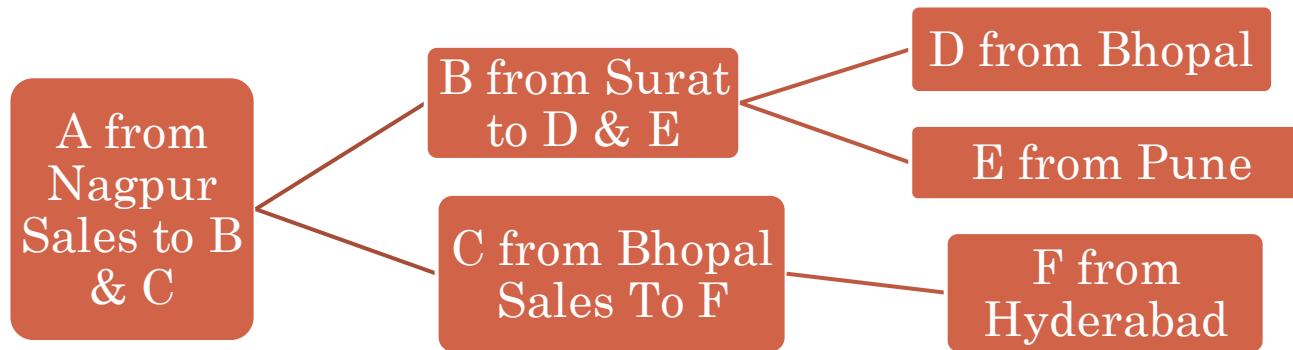


COMPUTATION OF LIABILITY OF GST IN INTRA STATE



Dealers	Purchases from	Sales to	Purchase Amount	Sales Amount	GST on Purchase (CGST+S GST)	GST on Sales (CGST+S GST)	Liability of Dealers (CGST+SGST Equal)
A	NA	B, C equal	00.00	20000.00	00.00	3600.00	3600.00
B	A	D, E equal	10000.00	12000.00	1800.00	2160.00	360.00
C	A	F	10000.00	12000.00	1800.00	2160.00	360.00
D	B	Customer	6000.000	6200.00	1080.00	1116.00	36.00
E	B	Customer	6000.000	6200.00	1080.00	1116.00	36.00
F	C	Customer	12000.00	12500.00	2160.00	2250.00	90.00

COMPUTATION OF LIABILITY OF GST IN INTRA STATE



Dealers	Purchases from	Sales to	Purchase Amount	Sales Amount	GST on Purchase IGST	GST on Sales IGST	Liability of Dealers IGST
A	NA	B, C equal	00.00	20000.00	00.00	3600.00	3600.00
B	A	D, E equal	10000.00	12000.00	1800.00	2160.00	360.00
C	A	F	10000.00	12000.00	1800.00	2160.00	360.00
D	B	Customer	6000.000	6200.00	1080.00	1116.00	36.00
E	B	Customer	6000.000	6200.00	1080.00	1116.00	36.00
F	C	Customer	12000.00	12500.00	2160.00	2250.00	90.00

COMPUTATION OF LIABILITY OF GST

A of Surat Purchase Goods from B of Surat of Rs. 10000/- in which GST Paid 1800/- (CGST 900 + SGST 900) and Sales to C of Pune of Rs. 12000/- and collected IGST 2160/-.

Liability of A from Surat Comes Rs. 360/-
IGST

C of Pune Purchases Goods from A of Surat of Rs 12000/- in which GST paid 2160/- and sold at Bhopal to E for Rs. 15000/- in which IGST Charged 2,700/-.

Liability of C of Pune Comes Rs. 540/-
IGST

GST Rate
assumed to
18%

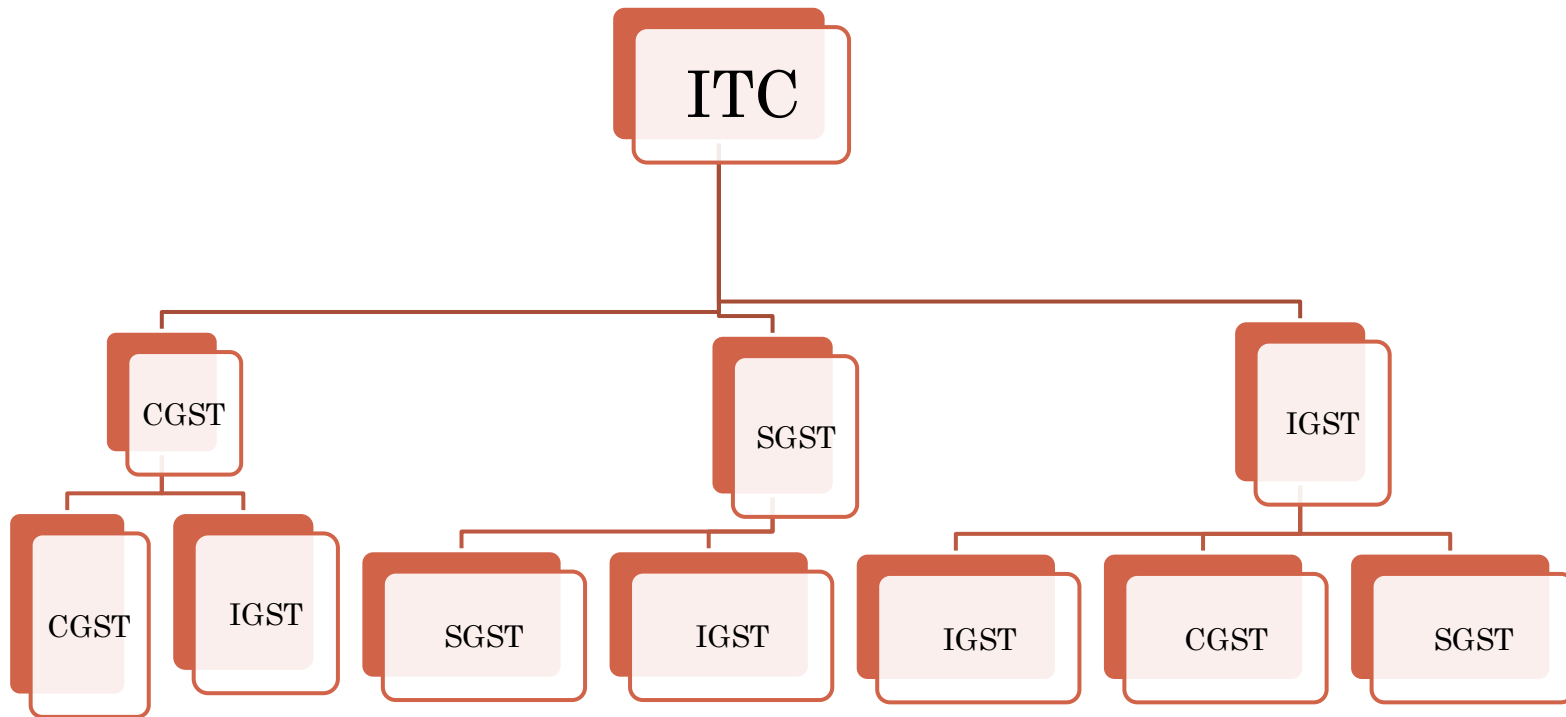
E from Bhopal purchases goods from C of Rs. 15000/- in which IGST was charged 2700/- and same was to final customer Akshay Kumar in Bhopal for Rs. 16000/- in which CGST + SGST 18% charged 2,880/-

Liability of E Comes to Rs. 180/- of SGST

As Akshay Kumar who is final customer has to pay the indirect tax of Rs. 2880/- to E of Bhopal as GST in indirect tax whose burden has to be collected from final customer.



UTILIZATION OF ITC (INPUT TAX CREDIT)



UTILIZATION OF ITC (INPUT TAX CREDIT)

ITC AVAILABLE	OUTPUT LIABILITY			
	IGST	CGST	SGST	UTGST
IGST	01 ST	02 ND	03 RD	04 TH
CGST	02 ND	01 ST	Not Allowed	Not Allowed
SGST	02 ND	Not Allowed	01 ST	Not Allowed
UTGST	02 ND	Not Allowed	Not Allowed	01 ST

In the Above Table utilization of ITC is shown as in which sequence it will be adjusted against the output tax liability



REVENUE GENERATION BY STATE AND CENTRAL GOVERNMENT

Particulars	Central Government	State Government
IGST	Revenue from IGST will go to Central Government	Not Allowed
CGST	Revenue from CGST will go to Central Government	Not Allowed
SGST	Not Allowed	Revenue from SGST will go to State Government
UTGST	Not Allowed	Revenue from UTGST will go to Union Territory

Apart from the above Central Government is also paying compensation to state government for some years. Also on petro and Liquor MVAT is there and no GST whose revenue goes to State Government Treasury.

