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Zero Rated Supply and consequences of charging IGST in place of CGST and SGST

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What is Zero rated supply and what is the benefit and implication of the such supply. Just look at the provision of the same provided in Revised GST Law and IGST Law

As per revised GST Law Zero rated Supply has been provided in Section 2(111)

" Zero rated supply " means supply of any goods and /or services in terms of section 15 of the IGST Act, 2016; and "

As per revised IGST Law how the Zero rated supply has been defined in Section-2(29) " Zero rated supply" shall have the meaning assigned to it under Section 15 ; and "

But there is typographical error in both the definitions under both laws as the "Zero rated Supply" is defined in Section 16 of the IGST Act,2016.

Zero Rated Supply [Section- 16]

1. It means that taxable supply of goods and/ or services namely ;

   - ✓ Export of goods and / or services
   - ✓ Supply of goods and/ or services to SEZ Developer or an SEZ unit.

2. Credit of input tax may be availed for zero rated supply irrespective that there is no output tax on the supplies.

3. Registered taxable person is eligible to claim refund on export of goods or services under the following two options ;

   - ✓ RTP may export of goods or services under bond without payment of IGST and can claim refund of unutilized credit in accordance with Section- 48 of the CGST Act,2016.

   - ✓ RTP may export the goods or services on payment of IGST and can claim refund of IGST as provided in Section- 48 of the CGST Act,2016

4. SEZ Developer or SEZ unit receiving zero rated supply , can claim refund of IGST if paid by supplier.

Consequences of Tax wrongly Deposited with Central or State Government.

- ✓ Taxable person who wrongly deposited the IGST on supply considered by him as inter-state supply instead of intra-state supply , shall be refunded IGST so paid by him wrongly subject to the condition as may be prescribed.
- ✓ Taxable person who considered the transaction as intra-state and later found to be inter State shall not be liable to pay any interest on the amount of IGST.

Law is silent on the first mistake where TP has paid tax under IGST and where he need to pay SGST and CGST . Whether he need to pay interest on amount of tax payable as SGST and CGST.

About the Author:

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