

B.Com

Sem 6

MJC 12

Meaning of Levy

Levy means the *imposition of tax* by the government.

Under **Section 9 of CGST Act, 2017**, GST is levied on:

- Supply of goods and/or services
- For consideration
- In the course or furtherance of business
- At notified rates
- Collected by Central/State Government

1 Meaning of Collection of GST

Collection of GST means the process by which GST is:

1. Charged by the supplier
2. Collected from the customer
3. Deposited with the Government

GST is collected at **each stage of supply chain**, but only on the **value added**, because Input Tax Credit (ITC) is available.

2 Who Collects GST?

✓ The **supplier of goods/services** collects GST from the customer.

✓ The supplier then deposits the tax to the government after adjusting Input Tax Credit. In some cases (Reverse Charge), the **recipient collects and pays GST**.

3 How GST is Collected?

◆ Step 1: Charging GST on Invoice

When a registered dealer sells goods/services:

- GST is added to the price.
- It is shown separately on the tax invoice.

Example:

Particulars	Amount
Value of goods	₹10,000
CGST (9%)	₹900
SGST (9%)	₹900
Total Invoice Value	₹11,800

Supplier collects ₹1,800 GST from buyer.

◆ Step 2: Adjustment of Input Tax Credit (ITC)

If supplier already paid GST on purchases, he can deduct that amount.

Example:

- GST collected on sale = ₹1,800
 - GST paid on purchase = ₹1,200
- Net GST payable to Government =
₹1,800 – ₹1,200 = ₹600
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◆ Step 3: Payment to Government

The supplier pays the net GST through:

- ✓ GST portal (online payment)
 - ✓ Monthly return filing (GSTR-3B)
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4 Collection Based on Type of Supply

A. Intra-State Supply (Within Same State)

Tax collected:

- CGST (Central GST)
- SGST (State GST)

Example:

Sale within Maharashtra → CGST + SGST collected.

Revenue sharing:

- CGST → Central Government
 - SGST → State Government
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B. Inter-State Supply (Between Two States)

Tax collected:

- IGST (Integrated GST)

Example:

Sale from Maharashtra to Gujarat → IGST collected.

Revenue sharing:

- IGST collected by Centre
 - Later distributed between Centre and State
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5 Collection Under Reverse Charge Mechanism (RCM)

Normally → Supplier collects GST.

Under RCM → Recipient pays GST directly to government.

Example:

- Legal services by advocate
- Import of services

In this case:

- ✓ Supplier does not collect GST
 - ✓ Recipient pays GST
 - ✓ ITC can be claimed (if eligible)
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6 Collection at Source

In case of e-commerce operators:

- ✓ Operator collects tax at source (TCS)
- ✓ Deposits it to government
- ✓ Seller claims credit of TCS

Example:

Amazon collects small % of GST and deposits.

7 Important Points About Collection of GST

- ✓ GST is collected only on supply
 - ✓ Only registered persons can collect GST
 - ✓ Must issue proper tax invoice
 - ✓ GST must be deposited before due date
 - ✓ Late payment attracts interest & penalty
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Flow of GST Collection (Simple Diagram Explanation)

Manufacturer → Wholesaler → Retailer → Consumer

At each stage:

- GST collected
 - ITC adjusted
 - Only value addition taxed
- Final burden = Consumer

Q. Explain the collection mechanism of GST in detail.