

**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.

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### **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**.

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### **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:

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

Supplier collects ₹1,800 GST from buyer.

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### ◆ 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.

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#### **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.