

DUAL GST INTER –STATE V/S INTRA-STATE SUPPLY

GST is destination based tax i.e. consumption tax, which means tax will be levied where goods and services are consumed and will accrue to that state. In general, the 'place of supply' for goods will be where the goods are consumed and the place of supply of services will be the location of the service recipient (the recipient needs to be a registered person). The place of supply determines whether a transaction is intra-state or inter-state. This in turn helps to decide which type of tax to apply — Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST), or Integrated Goods and Services Tax (IGST).

1

'Place of Supply' determines type of GST to be levied

2

Intra-State Supply of goods and services

The supply of goods and services which takes place within the state is called Intra- State Supply of goods and services.

Example: Supply of stationery products takes place between Mumbai and Nagpur i.e. within the same state. This will be 'Intra-State Supply of Goods' and hence (CGST + SGST) will be levied.

3

Inter-State Supply of goods and services?

The supply of goods and services which takes place between two states is called Inter-State Supply of Goods and Services.

Example: Supply of stationery products between Bangalore, Karnataka and Jaipur, Rajasthan. Here since the supplier and the recipient are located in different states i.e. Karnataka and Rajasthan, it will constitute an 'Inter-State Supply of Goods' and hence IGST shall be levied.

4

Which are the other Inter-State supplies?

All import and export transactions are treated as Inter-State supplies. Therefore, such transactions are subject to IGST.