***FAQs On Goods & Services Tax***

***2. Levy of and Exemption from Tax***

Q 1. Where is the power to levy GST derived from?

Ans. Article 246A of the Constitution, which was introduced by the Constitution (101st Amendment) Act, 2016 confers concurrent powers to both parliament and state legislatures to make laws with respect to GST. However, -clause 2 of Article 246A read with Article 269A provides exclusive power to the Parliament to legislate with respect to inter-state trade or commerce.

Q 2. What is the taxable event under GST?

Ans. Supply of goods and/or services . CGST & SGST will be levied on intra-state supplies while IGST will be levied on inter-state supplies. The charging section is section 7 (1) of CGST/SGST Act and Section 4(1) of the IGST Act.

Q 3. Is the reverse charge mechanism applicable only to services?

Ans. No, reverse charge applies to supplies of both goods and services.

Q 4. What will be the implications in case of purchase of goods from unregistered dealers?

Ans. The receiver of goods will not be able to get ITC. Further, the recipients who are registered under composition schemes would be liable to pay tax under reverse charge.

*Source:http://cbec.gov.in/resources//htdocscbec/deptt\_offcr/faqongst.pdf;jsessionid=825C7C194F0FC0652FFE5A809FE81F69*

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