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

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

Q 18. What is remission of tax/duty?

Ans. It means relieving the tax payer from the obligation to pay tax on goods when they are lost or destroyed due to any natural causes. Remission is subject to conditions stipulated under the law and rules made there under.

Q 19. Whether remission is allowed under GST law?

Ans. Yes, proposed section 11 of Model GST law permits remission of tax on supply of goods.

Q 20. Whether remission is allowed for goods lost or destroyed before supply?

Ans. Remission of tax will apply only when tax is payable as per law i.e. taxable event should have happened and tax is required to be paid as per law. Under GST Law, levy is applicable upon supply of goods. Where goods are lost or destroyed before supply, taxable event does not occur in order to pay tax. Accordingly, question of remission of tax does not rise.

Q 21. Whether remission is allowed on goods lost or destroyed for all reasons?

Ans. No, on plain reading of the language of proposed Section 11, remission is allowed only for those cases where supply of goods is found to be deficient in quantity due to natural causes.

Q 22. Does the model GST Law empower the competent government to exempt supplies from the levy of GST?

Ans. Yes. Under Section 10 of the Model GST Law, the Central or the State Government, on the recommendation of the GST council can exempt the supplies from the levy of GST either generally or subject to conditions.

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

===============