# AN ANALYSIS OF THE VARIOUS DEFINITIONS UNDER THE CGST ACT, 2017

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## Section 2(21) of the CGST Act

**"central tax"** means the central goods and services tax levied under section 9;

## Analysis of "Central Tax" under the CGST Act, 2017

### Definition Framework

The definition of "central tax" under Section 2(21) of the CGST Act, 2017 is structured with the following framework elements:

1. **Defined Term**: "Central tax"
2. **Definitive Phrase**: "means" (indicating an exhaustive definition)
3. **Full Descriptive Name**: "the central goods and services tax"
4. **Statutory Source**: "levied under section 9"
5. **Structural Format**: Concise definition with direct cross-reference to charging section



### Essential Components

1. **Central Government Tax Component**:

    1.1. Tax imposed by the Central Government

    1.2. Distinct from State/UT GST components

    1.3. Part of dual GST structure

2. **Section 9 Levy Authority**:

    2.1. Charging provision contained in Section 9

    2.2. Legal basis for tax collection

    2.3. Essential statutory foundation

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3. **Taxable Event Connection**:
    3.1. Triggered by taxable supplies as defined in Section 7
    3.2. Imposed on intra-state supplies of goods or services or both
    3.3. Value-based tax determined by Section 15

4. **Rate Structure Linkage**:
    4.1. Rates prescribed under Section 9(1)
    4.2. Follows rate schedule notified by government
    4.3. Applicable rate determined by HSN/SAC classification

5. **Consolidated Fund Destination**:
    5.1. Credited to Consolidated Fund of India
    5.2. Subject to collection and allocation mechanisms
    5.3. Part of overall fiscal structure



## Practical Examples

1. **Intra-State Supply of Goods**:
    1.1. Manufacturer in Delhi supplying goods to retailer in Delhi
    1.2. Value of supply: ₹100,000; Applicable rate: 18% (9% CGST + 9% SGST)
    1.3. CGST component of ₹9,000 constitutes "central tax"
    1.4. Collected by supplier, reported in GSTR-3B, paid to central government

2. **Intra-State Supply of Services**:
    2.1. Chartered Accountant in Mumbai providing services to client in Mumbai
    2.2. Invoice value: ₹50,000; Applicable rate: 18% (9% CGST + 9% SGST)
    2.3. CGST component of ₹4,500 represents "central tax"
    2.4. Distinct from SGST component going to state government



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3. **Reverse Charge Mechanism**:
   3.1. Services received from unregistered person in same state
   3.2. Value: ₹20,000; Applicable rate: 18% (9% CGST + 9% SGST)
   3.3. CGST of ₹1,800 paid directly by recipient under reverse charge
   3.4. Constitutes "central tax" despite different collection mechanism

4. **E-Commerce Transactions**:
   4.1. Consumer in Bangalore purchasing goods from seller in Bangalore via marketplace
   4.2. Order value: ₹10,000; Applicable rate: 12% (6% CGST + 6% SGST)
   4.3. CGST component of ₹600 collected through marketplace
   4.4. "Central tax" identifier in electronic cash ledger

5. **Composition Scheme Payments**:
   5.1. Small retailer in Jaipur operating under composition scheme
   5.2. Quarterly turnover: ₹15,00,000; Applicable rate: 1% (0.5% CGST + 0.5% SGST)
   5.3. CGST component of ₹7,500
   5.4. Simplified "central tax" payment without input tax credit



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