

REFRESHER COURSE ON GST

AT

ICAI JALANDHAR BRANCH

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CONCEPT OF SUPPLY

Section 7 - Meaning and scope of supply

Section 7(1)(a)	Section 7(1)(b)	Section 7(1)(c)
<p>All forms of supply of goods and/ or services,</p> <ul style="list-style-type: none">- for a consideration- in the course or furtherance of business <p>such as:</p> <ul style="list-style-type: none">- sale,- transfer,- barter,- exchange,- license,- rental,- lease or- disposal	<p>Importation of service,</p> <ul style="list-style-type: none">- for a consideration- whether or not in the course or furtherance of business	<p>Supplies specified*</p> <ul style="list-style-type: none">- To be treated as supplies <i>made without a consideration</i> <p><u>*Schedule I:</u></p> <ol style="list-style-type: none">1. Permanent transfer/ disposal of business assets for which ITC availed on such assets2. Supply of goods or services or both between related persons/ distinct persons in the course or furtherance of business Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.3. Supply of goods by principal (or agent) to agent (or principal)4. Importation of service by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Section 7 - Meaning and scope of supply

Contd.....

Amended retrospectively.....1.7.2017

~~7(1)(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.~~

(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II

Section 7 - Meaning and scope of supply

Contd.....

(2) Notwithstanding anything contained in sub-section (1),—
(a) activities or transactions specified in Schedule III; or
(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,
shall be treated neither as a supply of goods nor a supply of services.

Section 7 - Meaning and scope of supply

Contd.....

3) Subject to the provisions of **sub-sections (1), (1A) and (2)**, the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-

- (a) a supply of goods and not as a supply of services; or
- (b) a supply of services and not as a supply of goods.

SCHEDULE II OF GST Act.

1. Transfer

- (a) any transfer of the title in goods is a supply of **goods**;
- (b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of **services**;
- (c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of **goods**.

SCHEDULE II OF GST Act.

2. Land and Building

(a) any lease, tenancy, easement, licence to occupy land is a supply of services;

(b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

SCHEDULE II OF GST Act.

3. Treatment or process

Any treatment or process which is applied to another person's goods is a supply of services.

SCHEDULE II OF GST Act.

4. Transfer of business assets

(a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of **goods** by the person;

SCHEDULE II OF GST Act.

4. Transfer of business assets.....contd.....

(b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;

SCHEDULE II OF GST Act.

4. Transfer of business assets.....contd.....

(c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—

- (i) the business is transferred as a going concern to another person; or**
- (ii) the business is carried on by a personal representative who is deemed to be a taxable person.**

SCHEDULE II OF GST Act.

5. Supply of *services*

The following shall be treated as supply of service, namely:—

(a) renting of immovable property;

(b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

SCHEDULE II OF GST Act.

5. Supply of *services*..... Contd.....

Explanation - For the purposes of this clause—

(1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:—

- (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or
- (ii) a chartered engineer registered with the Institution of Engineers (India); or
- (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

SCHEDULE II OF GST Act.

5. Supply of *services*..... *Contd*.....

(2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;

SCHEDULE II OF GST Act.

5. Supply of *services*..... *Contd*.....

- (c) temporary transfer or permitting the use or enjoyment of any intellectual property right;**
- (d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;**
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and**
- (f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.**

SCHEDULE II OF GST Act.

6. Composite Supply

The following composite supplies shall be treated as a supply of services:—

- (a) works contract as defined in clause (119) of section 2; and
- (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

SCHEDULE II OF GST Act.

6. Composite Supply

The following composite supplies shall be treated as a supply of services:—

- (a) works contract as defined in clause (119) of section 2; and
- (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

SCHEDULE II OF GST Act.

7. Supply of Goods

The following shall be treated as a supply of **Goods**:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

SCHEDULE - III

NEGATIVE LIST



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Activities or transactions which shall be treated neither as a supply of goods nor as a supply of service

Services by an employee to the employer in the course of or in relation to his employment.



**Services by any court
or Tribunal
established under any
law for the time being
in force**



**Services by MP, MLA,
Panchayat Members,
Municipalities
Members and other
local authorities**



The duties performed
by any person who
holds any post in
pursuance of the
provisions of the
Constitution in that
capacity



The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central / State Government or local authority and who is not deemed as an employee before the commencement of this clause.



**Services of funeral,
burial, crematorium or
mortuary including
transportation of the
deceased.**



**Sale of land and,
subject to clause (b)
of paragraph 5 of
Schedule II, sale of
building**



**Actionable claims,
other than lottery,
betting and
gambling.**



Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.

(a) Supply of warehoused goods to any person before clearance for home consumption;
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.”;
‘Explanation 2.— For the purposes of paragraph 8, the expression “warehoused goods” shall have the same meaning as assigned to it in the Customs Act, 1962.

Composite and Mixed supply

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Concept of composite and mixed supply

Composite supply Sec 2(30)

Means

A supply

Made by a
taxable person to
a recipient

**Consisting two or more
taxable supplies** of goods
or services or both or any
combination thereof

Which are **naturally bundled** and supplied in conjunction with each other in
ordinary course of business

One of which is a **principal supply**.

Concept of composite and mixed supply

Taxability of Composite supply Sec 8 (a)

a composite supply comprising two or more supplies, one of which is a principal supply,

shall be treated as a supply of such principal supply.

What is principal supply? Sec 2(90)

- Means the supply of goods or services
- Which constitutes the predominant element of the composite supply and
- To which any other supply forming part of that composite supply is ancillary.

Concept of composite and mixed supply

Example: Composite supply Sec 2(30)

Goods are packed and transported with insurance

Supply of goods, packing materials, transport and insurance is a composite supply

In this case the supply of goods is the principal supply.

Concept of composite and mixed supply

Example: Composite supply Sec 2(30)



Concept of composite and mixed supply

Example: Composite supply Sec 2(30)

**Contract for manufacturing office
table and chairs**



Principal supply

Goods i.e. office table and chairs

Car services including labor, oil etc.



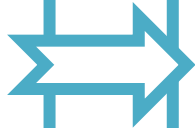
Principal supply

Car service

Concept of composite and mixed supply

Mixed supply Sec 2(74)

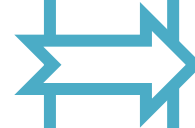
Means
Two or more
individual
supplies



Of goods or
services or any
combination
thereof



Made in
conjunction
with each
other by a
taxable person



For a single
price where
such supply
does not
constitute a
composite
supply.

Concept of composite and mixed supply

Taxability of Mixed supply Sec 8 (b)

a mixed supply
comprising two or more
supplies,

shall be treated as a
supply of that particular
supply which **attracts
highest rate of tax.**

Concept of composite and mixed supply

Example: Mixed supply Sec 2(74)

Supply of package consisting of:

- ❖ Canned foods
- ❖ Sweets
- ❖ Chocolates
- ❖ Cakes
- ❖ Dry fruits
- ❖ Aerated drinks
- ❖ Fruit juices



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It will be a mixed supply if single price is charged.

Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

Concept of composite and mixed supply

Example: Mixed supply Sec 2(74)

**Combo of Shirt and tie
Or
Combo of Shirt and wallet**

It will be treated as mixed supplies

Combo of Computer and printer

It will be treated as mixed supplies

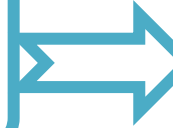
Concept of composite and mixed supply

Example: Composite and Mixed supply



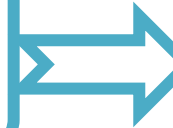
Hotel

**Accommodation +
Breakfast**



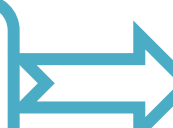
Composite supply

**Accommodation +
Breakfast + pick n drop**



Composite supply

**Accommodation +
Breakfast + pick n drop +
site scene**



Mixed supply



thank
you

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