Day 3: #Meaningandscopeofsupply #Section3

Hi All,

Coming back to charging section (Refer Day 1 #chargingsection) which says GST (CGST/SGST) will be charged on Supply of Goods & Services, it is important to understand the term 'Supply' which has been defined in Section 3 as Follows :

Sub-Section (1) Supply includes:
(a) ***all forms of supply of goods and/or services*** *such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business,*

(b) ***Importation of service****, whether or not for a consideration and whether or not in the course or furtherance of business, and*

(c) ***a supply specified in Schedule I****, made or agreed to be made without a consideration.*

Explanation by Admin (SC): The law provides an inclusive definition of supply as follows:

- ✓ All forms of Supply of goods **and/or** services
- ✓ Importation of Services (even for personal purpose, remember RCM will apply over and above a particular limit refer Day 2 #Taxableperson), further consideration may or may not be there (Valuation will be as per valuation rules)
- ✓ a supply specified in Schedule I (***MATTERS TO BE TREATED AS SUPPLY WITHOUT CONSIDERATION***)

Here are those matters: ***(These will be treated as supply of Goods/Services)***
1. Permanent transfer/disposal of business assets.
2. Temporary application of business assets to a private or non-business use.
3. Services put to a private or non-business use.
4. Assets retained after deregistration.
5. Supply of goods and / or services by a taxable person to another taxable or nontaxable person in the course or furtherance of business.

Provided that the supply of goods by a registered taxable person to a job-worker in terms of **section 43A** shall not be treated as supply of goods (**we will deal with section 43A latter**)

If the above supplies fulfill the charging section and not exempt otherwise, these will be chargeable to GST (CGST/SGST)

Sub-Section (2) Schedule II **(MATTERS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES)***, in respect of matters mentioned therein, shall apply for determining what is, or is to be treated as a supply of goods or a supply of services.*

Explanation by Admin (SC): Schedule II carries declared goods & Services**,** *currently declared services are defined under Section 66E of Finance Act, 1994. Similar list is now included in Schedule II.*

Sub-Section (2A) where a person acting as an agent who, for an agreed commission or brokerage, either supplies or receives any goods and/or services on behalf of any principal, the ***transaction between such principal and agent shall be deemed to be a supply****.*

Explanation by Admin (SC)*: Intermediary of Goods & Services transacting for commission or brokerage, such transaction will also be deemed as supply & GST will be levied on such commission or Brokerage*

Sub-Section (3) Subject to sub-section (2), the Central or a State Government may, upon recommendation of the Council, specify, by notification, the transactions that are to be treated as—
(i) a supply of goods and not as a supply of services; or
(ii) a supply of services and not as a supply of goods; or
(iii) neither a supply of goods nor a supply of services.

Explanation by Admin (SC): *The Government has retained its rights to declare any Supply as supply of Goods or Supply of Services or neither a supply of Goods nor a supply of Services to remove any ambiguity at the later stage.*

Sub-Section (4) Notwithstanding anything contained in sub-section (1), the supply of any branded service by an aggregator, as defined in section 43B, under a brand name or trade name owned by him shall be deemed to be a supply of the said service by the said aggregator.

Explanation by Admin (SC): *The same aggregator concept as currently applicable under service Tax law has been retained in the upcoming #GSTLaw*

Regards
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