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Composite Supply

Composite supply means a supply made by a taxable person to a recipient consisting of 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 the ordinary course of business, one of which is a principal supply.

Thus to Elaborate,

A supply will be regarded as a 'composite supply' if the following elements are present:

(a) The supply should consist of **two or more taxable supplies**;
(b) The supplies may be of **goods or services or both**;
(c) The supplies should be **naturally bundled**;
(d) They should be supplied in conjunction with each other **in the ordinary course of Business**;
(e) **One of the supplies should be a principal supply** (Principal supply means the predominant supply of goods or services of a composite supply and to which any other supply is ancillary).

The following aspects need to be noted:

- *The way the supplies are bundled must be examined. Mere conjoint supply of two or more goods or services does not constitute composite supply.*
- *The two (or more) supplies must appear natural when bundled and presented to the recipient.*
- *The ancillary supply becomes necessary only because of the acceptance of the predominant supply.*
- *The method of billing, assignment of separate prices etc. may not be relevant.*
- *The tax treatment of a composite supply would be as applicable to the principal supply.*

Illustrations of composite supply are as follows:
(a) Supply of laptop and carry case;
(b) Supply of equipment and installation of the same;
(c) Supply of repair services on computer along with requisite parts;
(d) Supply of health care services along with medicaments.

Mixed supply

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.

Illustration: – A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. 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;
When two (or more) goods, or two or more services, or a combination of goods and services, that each have individual identity and can be supplied separately, are deliberately supplied conjointly for a single consolidated price, the supply would be treated as a mixed supply. Most importantly, such a supply should not qualify as a composite supply

Applicable TAX Rate: Highest Rate of Tax applicable to goods forming part of Mixed Supply

The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply

Difference in Composite and Mixed Supply

Sr. No	Difference	Composite Supply	Mixed Supply
1	Naturally Bundled	YES	NO
2	Separate Supply	Not Possible	Possible
3	Tax Rate	Of Principal Supply	Of Highest rate tax Supply