CHAPTER - 2
SUPPLY UNDER GST

* Section 2(52): GOODS

Goods means every kind of movable property
- other than money and securities
- but includes actionable claims, growing crops, grass and things attached to or forming part of land which are agreed to be severed before supply or under a contract of supply.

* Section 2(31): CONSIDERATION.

In relation to goods/services or both includes:

a any payment made or to be made whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both,
- whether by the recipient or by any other person
- but shall not include any subsidy given by CG or SG.

b - the monetary value of any act or forbearance
- in respect of, in response to or for the inducement of, the supply of goods or services or both
- whether by the recipient or by any other person but shall not include any subsidy given by the CG or SG.

However a deposit given in respect of supply of goods or services or both shall not be considered as payment made for such supplies unless the supplier applies such deposit as consideration for the said supply.

* Section 2(75): MONEY

Money means the Indian legal tender or any foreign currency, cheque, promissory note, BOE, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognized by RBI when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value.

* Section 2(84): PERSON.

1. Individual
2. HUF
3. AOP / BOI
4. Co. / Govt co.
5. Firm / LLP
6. Artificial Juridical Person
7. Local authority
8. CG / SG
9. Trust
10. Co-op. societies

Section 2(102) : SERVICES

means anything other than goods, money & securities ;
- but includes
(a) activities relating to the use of money or its conversion by cash or by any other mode from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Section 7 : SUPPLY

(1) Supply includes —
(a) all forms of supply of goods or services or both 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 services, for a consideration whether or not in course or furtherance of business.

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

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

(2) Notwithstanding anything contained in subsection 1

(a) activities or trans^n specified in Schedule III or;
(b) such activities or trans^n undertaken by the CG, SG or any local authority in which they are engaged as public authorities, as may be notified by the ~~Council~~ Govt on recommendation of Council.

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to sub sections (1) & (2), the Govt may, on the recommendations of the Council, specify by notification, the trans^n that are to be treated as –
(a) a supply of goods & not as a supply of services or
(b) a supply of services & not as a supply of goods

Sch I Matters to be treated as supply even if made without consideration
Sch II Matters to be treated as supply of goods or as supply of services
Sch III Matters or trans^n which shall be treated neither as supply of goods nor as supply of services.

* 5 parameters of supply:
Supply should be of:
a) goods or services
b) made for consideration
c) made in the course of furtherance of business
d) made by a taxable person
e) a taxable supply.

* Analysis of Supply.

1 There must be a direct link b/w the supply & consideration.
2 Consideration may flow from any person
3 Consideration may be monetary or non monetary
4 Any activity without consideration is not supply
5 Payment recd is not a consideration when there is no supply of goods or services in return for the payment.

* Taxable Person
A taxable person is a person who is liable to registered or is registered u/s 22 or 24 of the Act

- A supply b/w two non taxable persons does not constitute taxable supply under GST

- The restriction of being a taxable person is only on the supplier whereas the recipient can either be taxable or non taxable

7(1)(c) Supply without consideration - Deemed Supply.
DRIP.

As per Schedule I, the foll. will be treated as Deemed Supply

1 Permanent trf / disposal of business assets on which ITC has been claimed.
- WIP & FG do not constitute business assets, as ITC would have been availed on RM & not WIP / FG

2 Supply b/w related persons or distinct persons as mentioned u/s 25, when made in the course or furtherance of business.
- Gifts < ₹50,000 by emp^r to emp^e will not be covered here. in a FY.
However where such services are provided free of charge to all emp^e, then it will not attract GST if it was paid properly by emp^r at the time of procurement
eg. Housing to all empl^e

(i) Related Persons [Section 15]
Persons shall be deemed to be related if
A COEFP (a) Officers / Directors of one another's business
(b) such persons are legally recognized partners
(c) they are emp^r & emp^e
(d) A third person owns ≥ 25% voting power (directly / indirectly) in both of them
(e) One of them controls (directly / indirectly) the other
(f) Such persons together control a third person
(g) they are members of same family.
(h) one of them is sole agent / distributor of other

(ii) Distinct Person [Section 25]

Within same state → Diff business verticles → diff regn

Outside state → regn for every state

each such regn will be considered as diff entity & transn b/w them will be treated as supply

3 Import of Services from a related person whether or not in the course of furtherance of business

eg. services should always be in course of furtherance of business.

eg. Services of a brother (architect in London) for new house - not taxable, not even under Sec 7(1)(b)

4 Principal - Agent transn

7(1)(d) Activities to be treated as supply of goods or supply of services. Schedule II

Schedule II

Supply of Goods

(i) Trf of title in goods.
(ii) Permanent trf of business assets
(iii) Supply of goods by unincorporated AOP/BOI.

JLR CPC

Supply of Services.

(i) Trf of rights without trf in title of goods.
(ii) Land & Building - Letting out.
(iii) Job work.
(iv) Personal use of business assets
(v) Composite supplies - works contract in relation to immovable property or catering trans^n.
(vi) Trf of a construction before issuance of completion certificate & entire consideration is recd

* Section 7(2): Negative list under CGST [Sch III]

ECM COFL

1 Emp^r - Emp^e relationship
2 Services by court or law or tribunal
3 (a) F^n performed by MP/MLA/Panchayat/Municipalities or other local bodies.
(b) Duties performed by any person who holds any post in pursuance of pro^v. of Constitution
(c) Duties performed by any person as a chairperson or a member or a Director in a body estb by CG/SG/Local Authority & who is not deemed as an emp^e before commencement of this clause

only lottery, betting & gambling are chargeable to GST out of all actionable claims

4 Services of funeral, burial, crematorium or mortuary incl. transportation of a deceased
5 Sale of a land & subject to para 5(b) of Sch II, Sale of Building
6 Actionable claims other than lottery, betting, gambling.

* Summary of Supply u/s 7 of CGST Act

Means: 7(1)(a)
S - Sale
E - Exchange
L - Lease
L - License
E - —
R - Rental
D - Disposal
E - —
B - Barter
T - Trf

Made or agreed to be made for consideration

In the course of furtherance of business

Includes

Sch I 7(1)(c)

Whether or not for consid^n

D - Disposal of busi-ness assets.
R - BPT
I - Import of services from related persons
P - Principal - agent

Sch II 7(1)(d)

Deemed goods.

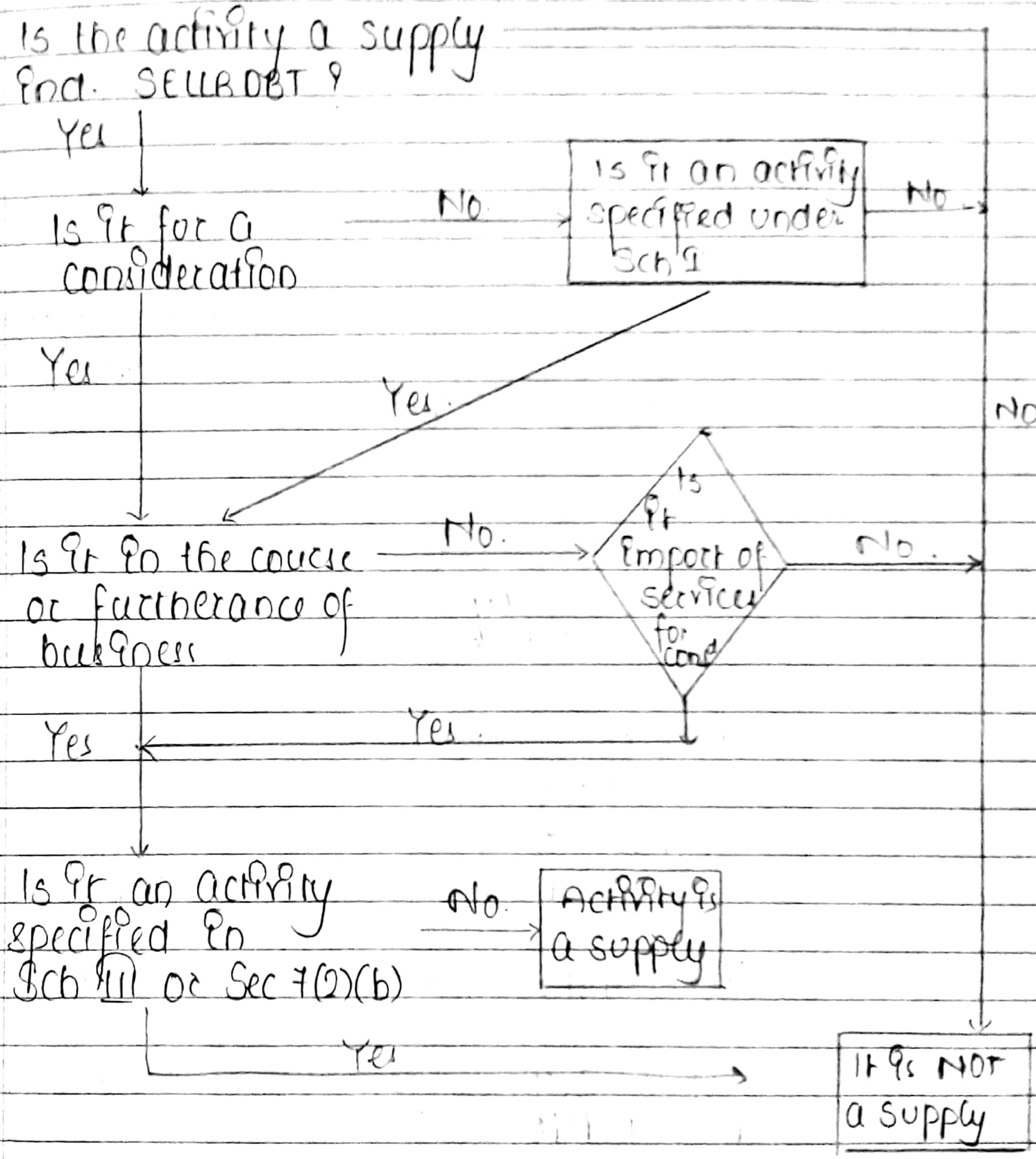
- Trf entire of goods
- Permanent trf of busi assets
- Supply of goods by Unc AOP/BOI

Excludes 7(2)(a)

S - Sovereign f^n
P - Positions
A - Actionable claims
D - Death
L - Legal fees
L - Land sale
E - Emp^e - Emp^r

Deemed Service
- trf of right with trf of title
- Land & building
- Job work
- Personal use
- Works contract

* Determination of Supply.



Section 8: Composite & Mixed Supplies

(a) a composite supply comprising of two or more supplies one of which is a ~~composite supply~~ principal supply shall be treated as a supply of such principal supply

(b) a mixed supply comprising of two or more supplies shall be treated as a supply of that particular supply that attracts the highest rate of tax.

2(30) Composite Supplies:
means a supply made by a taxable person to a recipient and;
- comprises two or more taxable supplies of goods or services or both, or any combination thereof
- are naturally bundled & supplied in conjunction with the other.
- one of which is a principal supply.

G/s are bundled owing to natural necessities.

2(90): Principal supply means the supply of G/s which constitutes the predominant element of a composite supply & to which any other supply forming part of that supply is ancillary.

2(74) Mixed Supplies means :
- two or more individual supplies of goods/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!

* Sections

7(1)(a) Supply of G/S/B for consideration in course of furtherance of business
7(1)(b) ~~Supply of G/S~~ Import of services for a consideration whether or not in course of furtherance of business
7(1)(c) Supply of G/S without consideration - Sch I
7(1)(d) Supply to be treated either as supply of goods or as supply of services - Sch II
7(2) Supply of services by CG/SG/LA as public authorities not to be treated as supply - Sch III
7(3) Govt may determine supply to be treated as:
(a) supply of goods & not as a supply of service
(b) supply of service & not as a supply of goods

8(a) Composite Supply
8(b) Mixed Supply!