Scope of Supply under GST in Brief

Considerations for a transaction to be a 'SUPPLY':

- All forms of supply including any sale, transfer, barter, exchange, license, rental, lease or disposal of goods or services or both
- The transaction is in the course or furtherance of business
- The transaction is for a consideration
- Import of services whether or not in the course or furtherance of business
- The transactions as specified in Schedule I even without consideration
- The transactions as specified in Schedule II

Activities which are not Supply of Goods or Services:

- Transactions as specified in Schedule III
- Transactions undertaken by Central, State Governments or any local authority

Note: Subject to the above provisions, the Government may, on the recommendations of the GST Council, specify, by notification, the transactions that are to be treated as –

- A supply of goods and not as a supply of services; or
- A supply of services and not as a supply of goods

Determination of Composite Supply or Mixed Supply:

- **Composite Supply** – Where a supply consists of two or more taxable supplies of goods or services or both, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business. One of which is a main supply is considered as principal supply. The tax rate of principal supply will apply to other supplies also. Ex. Goods supplied along with transportation services. Goods are the principal supply.

- **Mixed Supply** – Where a supply consists of two or more individual taxable supplies of goods or services or any combination thereof, made in conjunction with each other for a single price and which is not a composite supply. The highest tax rate of any supply in the mixed supply will apply for all the supplies. Ex. Gift boxes consists different products having different rates.

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