Differentiation of Supply of Goods or Services – Schedule II

Since GST has brought both Goods and Services under single tax bracket, it is necessary to differentiate the activities either as goods or services to determine the taxability of the same. Schedule II has differentiated the goods and services as below:

Activities considered as Supply of Goods

- Transfer of title in goods – **Ex.** Sale of goods
- Any transfer of title in goods under an agreement which stipulates that the goods shall pass at a future date upon payment of full consideration – **Ex.** When an agreement is drafted for Sale of goods at future date
- Transfer or disposal of any goods as assets of a business either with or without consideration – **Ex.** Disposal of an asset as scrap either for consideration or not
- Where any person is no longer a taxable person or ceases to be taxable person, the goods which form part of the assets of his business 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 –
    - The business is transferred as a going concern to another person or
    - The business is carried on by a personal representative who is deemed to be a taxable person

      Ex. Where B Co. ceases to be a taxable person and the goods as assets of the company will be deemed to be supplied unless the any of above two conditions is satisfied
- Goods supplied by an unincorporated association or body of persons to any of its member for consideration either by immediate cash or deferred payment

Activities considered as Supply of Services

- Transfer of right in goods or of undivided share in goods without transfer of title of such goods – **Ex.** Renting of Machinery
- Lease, tenancy, easement, licence to occupy land
- Lease or letting out of any commercial, industrial building and also residential complex if it is let or lease out for commercial purpose, either wholly or partly
- Job work service on principal's goods
- When the goods is held or used for the purpose of the business of a person, carrying on a business, is used for personal use or made available for other than business purpose, with or without consideration
- Renting of immovable property
- Construction of building, civil structure including a complex or building intended for sale to a buyer, except where the entire consideration is received after issuance of completion certificate or after its first occupation whichever is earlier – **Ex.** Sale of building after completion of construction is not considered as supply of service. Whereas sale of building during construction is considered as supply of services.
- Temporary transfer or permitting use of any intellectual property right – **Ex.** Music rights
- development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software
- Agreeing to the obligation to refrain from an act, to tolerate an act or situation or to do an act
- Transfer of the right to use any goods for any purpose for immediate cash or deferred payment or other valuable consideration – whether or not for a specified period
- Works contract services
- Supply, by way of service, of food or any drink for human consumption other than alcoholic liquor for consideration

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