GST
MEANING OF SUPPLY
(SHORT NOTES/ CHARTS)

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BY: CA CHITRESH VOHRA

(CHECK YOUTUBE CHANNEL "EDUC8URSELF" FOR DETAILED EXPLAINATION)

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GOODS AND SERVICES TAX

APPLICABLE W.E.F. 1ST JULY 2017

DEFINITION

ARTICLE 366 (12A)

TAX
ON
SUPPLY OF GOODS OR SERVICES OR BOTH
EXCEPT
ALCOHOLIC LIQUOR FOR HUMAN CONSUMPTION

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SUPPLY
DEFINED IN CGST ACT
SECTION 7

SECTION 7(1)

1(A) GENERAL DEFINITION

1(B) IMPORTATION OF SERVICE

CONSIDERATION

1(C) SPECIFIED ACTIVITIES (SCHEDULE I)

WITHOUT CONSIDERATION

SECTION 7(1A)

CLASSIFICATION/ TREATMENT OF ACTIVITIES AS SUPPLY OF GOODS OR SUPPY OF SERVICES

(SCHEDULE II)

SECTION 7(2)

ACTIVITIES WHICH ARE NOT TREATED AS SUPPLY

(ACTIVITIES SPECIFIED IN SCEDULE III & NOTIFIED GOVERNMENT SERVICES)

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SECTION 7(1)(A)
(GENERAL DEFINITION)

- ALL FORMS OF SUPPLY
- GOODS OR SERVICES OR BOTH
- MADE OR TO BE MADE
- FOR A CONSIDERATION
- BY A PERSON
- IN THE COURSE OR FURTHERANCE OF BUSINESS

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ALL FORMS OF SUPPLY

- SALE
- TRANSFER
- BARTER
- EXCHANGE
- LICENSE
- LEASE/ DISPOSAL
- RENTAL

GOODS OR SERVICES

MOVABLE PROPERTY

ANYTHING OTHER THAN GOODS

GOODS/ SERVICES

MADE OR AGREED TO BE MADE

- TRANSACTION ALREADY TAKEN PLACE
- TRANSACTION DECIDED BUT YET TO BE EXECUTED

FOR A CONSIDERATION

- MONETORY
- NON MONETORY
- AGREEING TO DO SOMETHING
- AGREEING NOT TO DO SOMETHING
- SOMETHING IN RETURN

BY A PERSON

TAXABLE PERSON UNDER GST

IN THE COURSE OR FURTHERANCE OF BUSINESS

- MUST BE A BUSINESS PURPOSE
- ACTIVITY INCIDENTAL/ ANCILLIARY
- NOT IN PERSONAL CAPACITY
- WIDER DEFINITION OF BUSINESS

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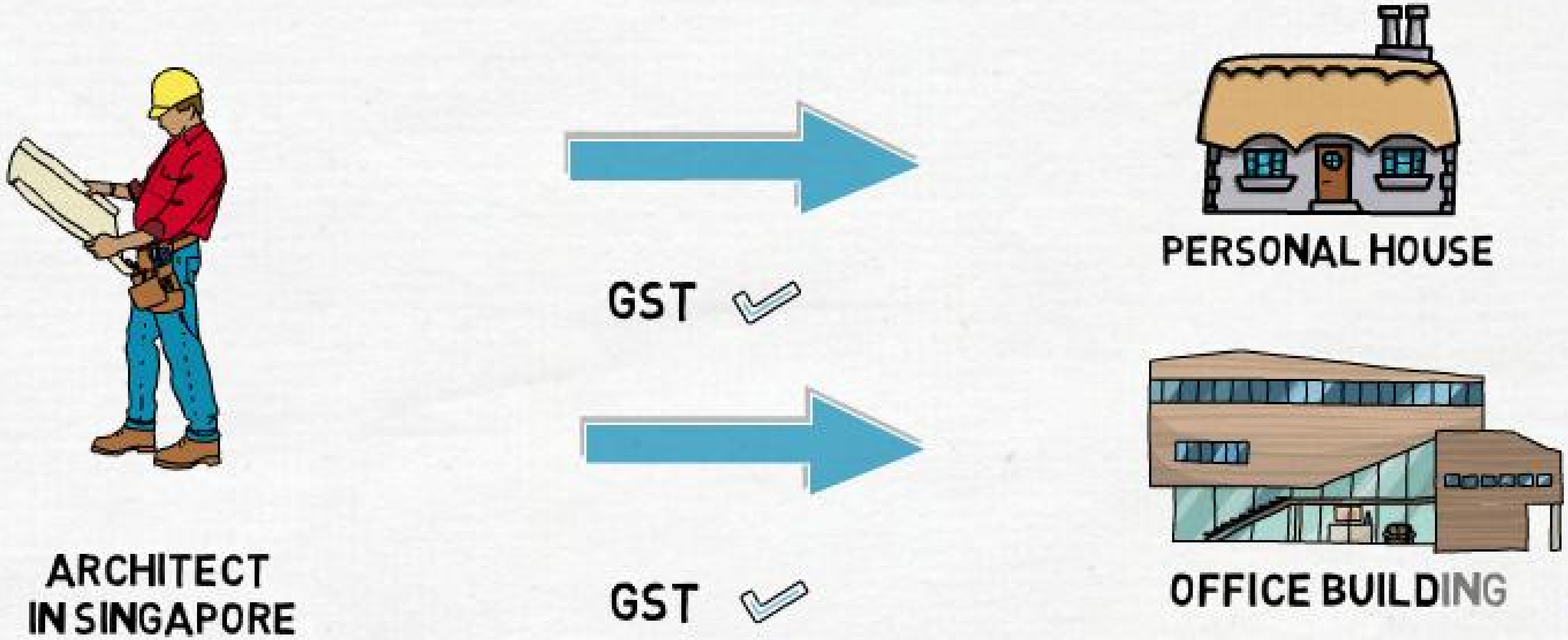
SECTION 7(1)(B)
IMPORT OF SERVICE

- IMPORT OF SERVICE
- FOR A CONSIDERATION
- WHETHER OR NOT IN THE COURSE OR FURTHERANCE OF BUSINESS



⇨ SECTION 7(1)(C): ACTIVITIES MADE OR AGREED TO BE MADE WITHOUT CONSIDERATION

(SCHEDULE I)

1

- PERMANENT
- TRANSFER/ DISPOSAL OF
- BUSINESS ASSETS

IF ITC AVAILED ON SUCH ASSETS

TRANSFER
- TO ANOTHER PERSON
- TO SELF FOR PERSONAL PURPOSE

DISPOSAL
- WRITE OFF
- DESTROYED
- LOST

2

SUPPLY BETWEEN

RELATED PERSONS

- PARTNERS
- CONTROL/ OWNERSHIP
- FAMILY MEMBERS
- EMPLOYER AND EMPLOYEE

GIFTS UPTO INR 50,000 IN A FINANCIAL YEAR BY EMPLOYER TO EMPLOYEE NOT TRESTED AS SUPPLY

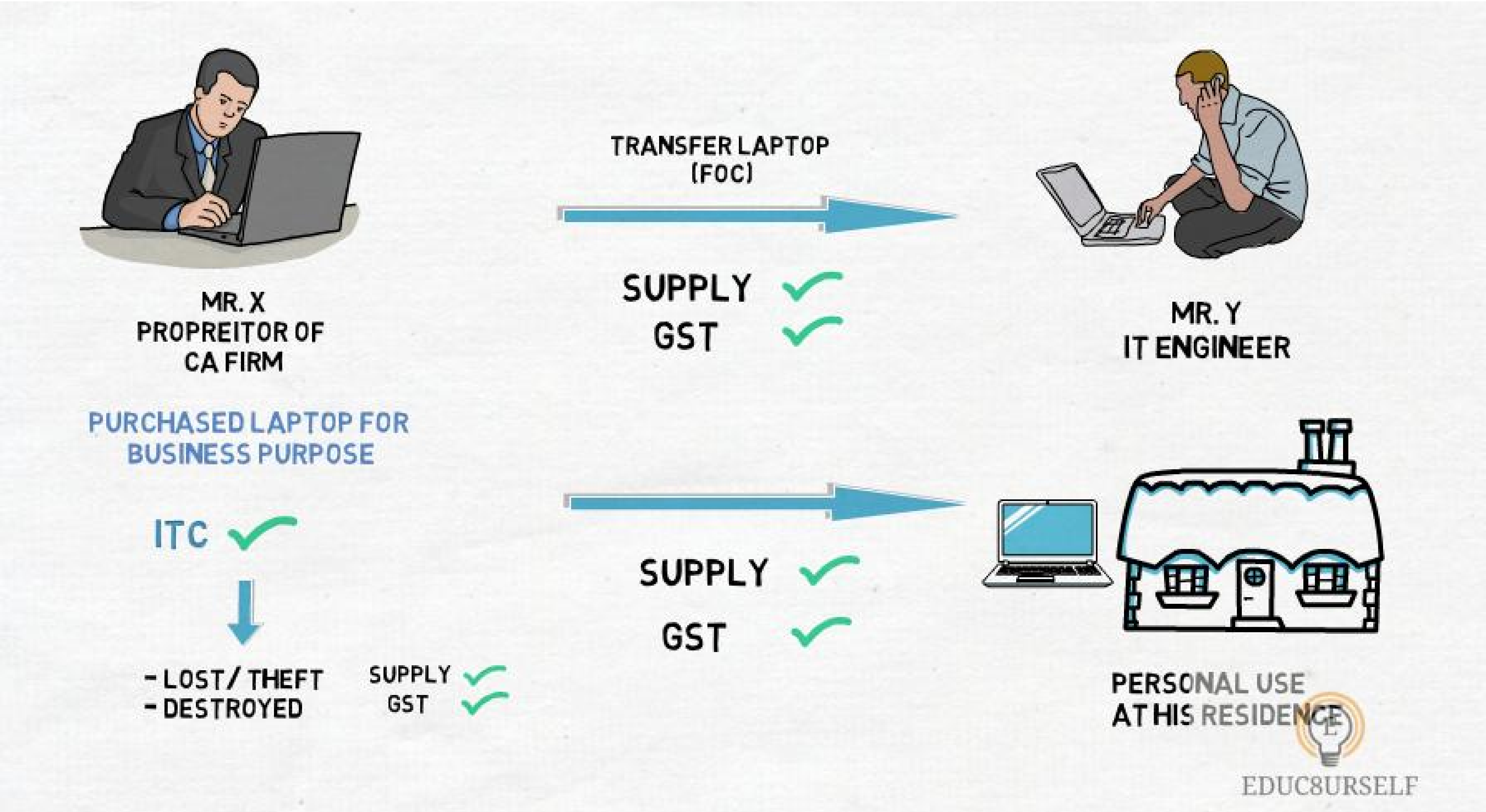
DISTINCT PERSONS

A PERSON WHO HAS OBTAINED/ REQUIRED TO OBTAIN MORE THAN ONE REGISTRATION:

- WHETHER IN ONE STATE/ UT;
- MORE THAN ONE STATE/ UT

⇩

IN RESPECT OF EACH SUCH REGISTRATION, PERSON SHAL BE TREATED AS DISTINCT PERSON


MR. X
PROPREITOR OF
CA FIRM
TRANSFER LAPTOP
(FOC)
SUPPLY
GST
MR. Y
IT ENGINEER
PURCHASED LAPTOP FOR
BUSINESS PURPOSE
ITC
SUPPLY
GST
- LOST/ THEFT
- DESTROYED
SUPPLY
GST
PERSONAL USE
AT HIS RESIDENCE
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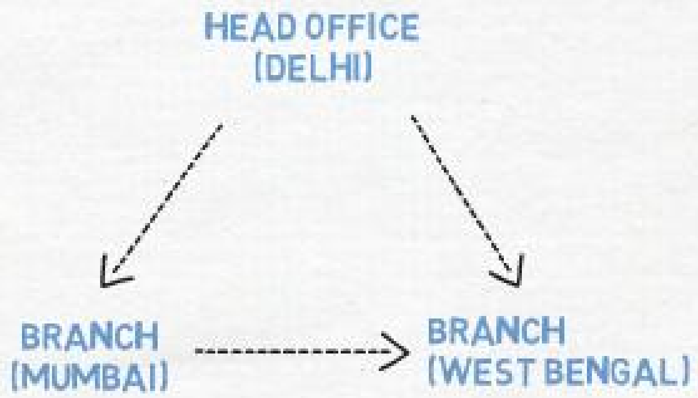
DISTINCT PERSONS

ABC AND CO.
(GOODS MANUFACTURER)



- ALL SUCH REGISTRATIONS SHALL BE TREATED AS DISTINCT PERSONS
- ALL THREE ESTABLISHMENTS SHALL BE TREATED AS ESTABLISHMENTS OF DISTINCT PERSONS
- STOCK TRANSFER FROM HO TO ANY OF THE BRANCH OR FROM BRANCH TO BRANCH SHALL BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

③

SUPPLY OF GOODS

- BY A PRINCIPAL TO HIS AGENT, WHERE AGENT FURTHER SUPPLY SUCH GOODS ON BEHALF OF PRINCIPAL

$$P \xrightarrow[\text{(WITHOUT CONSIDERATION)}]{\text{GOODS}} A \xrightarrow[\text{ON BEHALF OF PRINCIPAL}]{\text{TRANSFER TO THIRD PERSON}} X$$

GOODS (WITHOUT CONSIDERATION)
⇩
SUPPLY

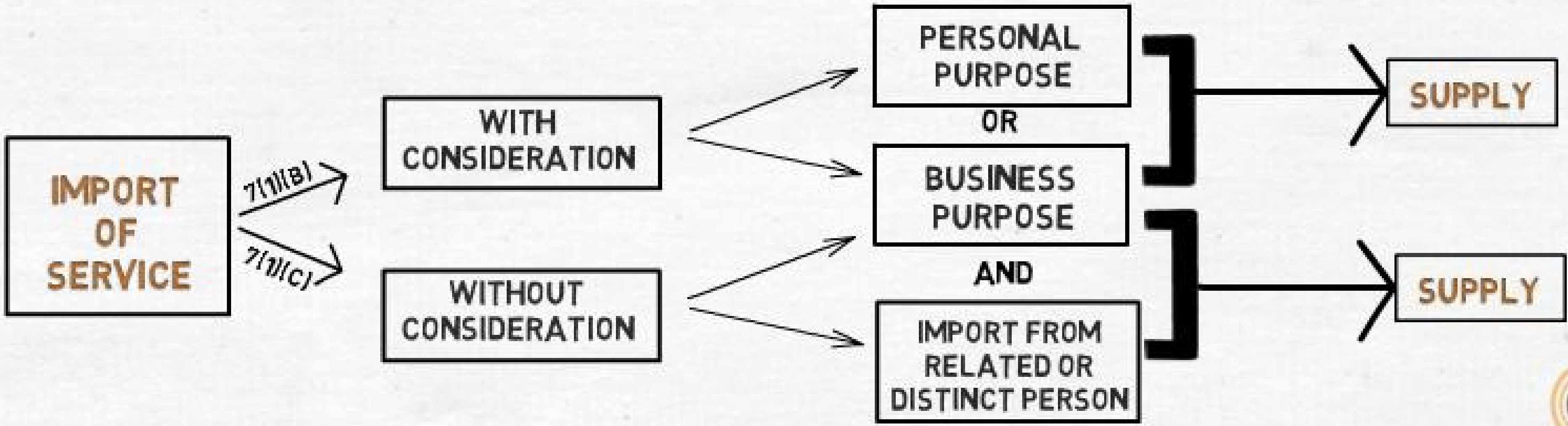
- BY AN AGENT TO HIS PRINCIPAL, WHERE AGENT RECEIVES SUCH GOODS ON BEHALF OF PRINCIPAL

$$X \xrightarrow[\text{FROM A THIRD PERSON ON BEHALF OF PRINCIPAL}]{\text{RECEIPT OF GOODS}} A \xrightarrow[\text{(WITHOUT CONSIDERATION)}]{\text{GOODS}} P$$

GOODS (WITHOUT CONSIDERATION)
⇩
SUPPLY

4

IMPORT OF SERVICE
BY A TAXABLE PERSON
FROM A RELATED PERSON OR
FROM ANY OF HIS OTHER ESTABLISHMENT OUTSIDE INDIA
IN THE COURSE OR FURTHERANCE OF BUSINESS



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⇨ SECTION 7(1A): ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

(SCHEDULE II)

CLASSIFICATION

SUPPLY OF GOODS

- TRANSFER OF TITLE IN GOODS
  (EG. SALE OF PRINTER)
- TRANSFER OF TITLE OF GOODS AT A FUTURE DATE
  (EG. HIRE PURCHASE TRANSACTION)
- TRANSFER/ DISPOSAL OF GOODS FORMING PART OF BUSINESS ASSETS:
  - IN A NORMAL SCENARIO
  - IMMEDIATELY BEFORE CEASING TO BE A TAXABLE PERSON

EXCEPTIONS:
BUSINESS TRANSFERRED AS GOING CONCERN
OR
BUSINESS CARRIED ON BY PERSONAL REPRESENTATIVE

- SUPPLY OF GOODS BY AN UNINCORP. ASSOCIATION OR BOI TO MEMBERS FOR ADEQUATE CONSIDERATION.

SUPPLY OF SERVICES

- TRANSFER OF RIGHT TO USE GOODS WITHOUT TRANSFER OF TITLE
  (EG. ALLOWING USE OF PRINTER FOR SOME PERIOD WITHOUT T/F ANY RIGHT)

- LEASE, TENANCY, LICENSE TO OCCUPY LAND

- LEASE OF BUILDING (WHETHER RESIDENTIAL OR COMMERCIAL) FOR BUSINESS PURPOSE EITHER WHOLLY OR PARTLY

- TREATMENT OR PROCESS APPLIED ON ANOTHER PERSON'S GOODS.
  (EG. SERVICES PROVIDED BY JOB WORKER)

- TRANSFER OF BUSINESS ASSETS FOR PERSONAL USE
  (EITHER FOR SELF USE OR TO ANY OTHER PERSON FOR PERONAL PURPOSE)

- RENTING OF IMMOVABLE PROPERTY
  (ANY KIND OF IMMOVABLE PROPERTY RENTED FOR ANY PURPOSE WHETHER PERSONAL OR BUSINESS)

- CONSTRUCTION OF A COMPLEX, BUILDING OR CIVIL STRUCTURE INCLUDING A COMPLEX OR BUILDING INTENDED FOR SALE TO A BUYER, EXCEPT WHERE ENTIRE CONSIDERATION IS RECEIVED AFTER ISSUANCE OF COMPLETION CERTIFICATE OR FIRST OCCUPATION WHICHEVER IS EARLIER.
  - CERTIFICATION OF COMLETION IS ISSUED BY COMPETENT AUTHORITY OR GOVERNMENT
  - CONSTRUCTION INCLUDES REPAIR AND ALTERATION OF EXISTING STRUCTURE
  - IF ENTIRE CONSIDERATION IS RECEIVED AFTER COMPLETION OR OCCUPATION, THEN IT WILL BE CONSIDERED AS SALE AND WILL BE OUT OF DEFINITION OF SUPPLY BY WAY OF SCHEDULE III (WILL BE SEEN FURTHER)

- TEMPORARY TRANSFER OR PERMITTING USE OF ANY INTELLECTUAL PROPERTY RIGHTS
  (PERMANENT TRANSFER WILL BE CONSIDERD AS SUPPLY OF GOODS)

- SERVICES IN RELATION TO IT SOFTWARE
  (IT WIL NOT INCLUDE SALE OF PRE DEVELOPED/UNIVERSAL SOFTWARE WHICH IS NOT ACCUSTOMED TO SPECIFIC USE FOR SPECIFIC USER)

- AGREEING TO OBLIGATION TO DO OR NOT TO DO AN ACT

- TRANSFER OF RIGHT TO USE ANY GOODS FOR ANY PURPOSE FOR CONSIDERATION

- COMPOSITE SUPPLIES
  - WORKS CONTRACT
  - SUPPLY OF GOODS (FOOD/ DRINK/ OTHER ARTICLE) FOR HUMAN CONSUMPTION (EXCEPT LIQUOR)

SECTION 7(2): ACTIVITIES NEITHER TREATED AS SUPPLY OF GOODS NOR SUPPLY OF SERVICES

(SCHEDULE III)

①

SERVICES
BY AN EMPLOYEE
TO THE EMPLOYER
IN THE COURSE/ IN RELATION
TO HIS EMPLOYEMENT

(EXAMPLE: NO GST ON SALARY)

②

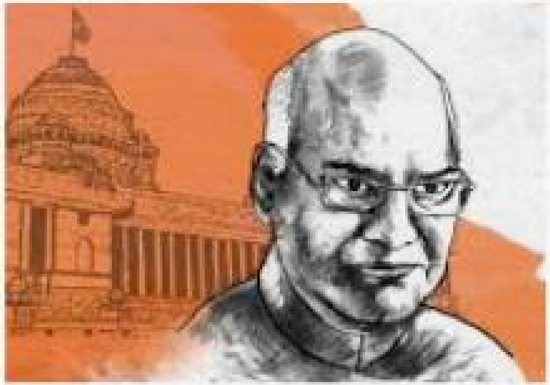
SERVICES
BY ANY COURT OR TRIBUNAL
ESTABLISHED UNDER ANY LAW

(COURT – HIGH COURT, SUPREME COURT, DISTRICT COURT ETC.)

(TRIBUNAL – SECURITIES APPELATE TRIBUNAL,
INCOME TAX APPELATE TRIBUNAL ETC.)

3

FUNCTIONS PERFORMED
BY MEMBERS OF PARLIAMENT,
PANCHAYATS, MUNICIPALITIES
AND LOCAL AUTHORITIES



DUTIES PERFORMED BY ANY PERSON
HOLDING CONSTITUTIONAL POST
(IN THAT CAPACITY ONLY)

(PRESIDENT OF INDIA,
CHIEF JUSTICE, CAG,
ELECTION COMMISSIONER ETC.)

SEBI

DUTIES PERFORMED AS A
CHAIRPERSON, MEMBER OR DIRECTOR
IN A STATUTORY BODY
WHO IS NOT DEEMED AS AN EMPLOYEE

(PART TIME DIRECTOR/ MEMBER)
(STATUTORY BODY LIKE SEBI)

④

SERVICES OF
FUNERAL, BURIAL, CREMATORIUM
INCLUDING
TRANSPORTAION OF DECEASED

⑤

SALE OF
LAND AND BUIDING

(SALE OF
UNDER CONSTRUCTION BUILDING
WILL BE CONSIDERED AS
SUPPLY OF SERVICE
AS PER SCHEDULE II)

⑥

ACTIONABLE CLAIMS

(OTHER THAN
BETTING, GAMBLING AND LOTTERY)

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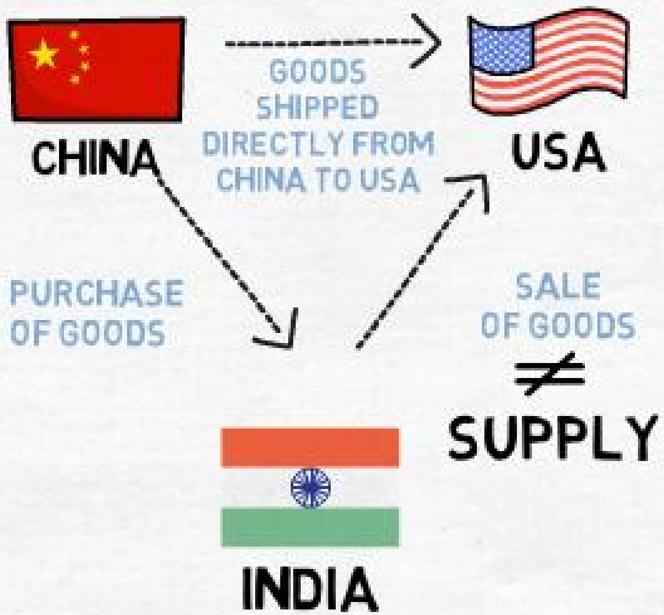
7

**SUPPLY OF GOODS
BY A PERSON LOCATED IN INDIA
FROM NTT TO NTT
WITHOUT SUCH GOODS
ENTERING INTO INDIA**

(NTT - NON TAXABLE TERRITORY)



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A - SUPPLY OF WAREHOUSED GOODS
- TO ANY PERSON
- BEFORE CLEARANCE FOR HOME CONSUMPTION

B. OFFSHORE SALE

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THANK YOU

CHECK OUT VIDEOS ON YOUTUBE CHANNEL "EDUC8URSELF" FOR DETAILED EXPLAINATION OF THESE NOTES "IN JUST 30 MINUTES"

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