WHAT IS SUPPLY UNDER GST

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Topics Covered

1. What is Supply ?
2. Elements of Supply
3. Classification of Supply
   a) Composite Supply
   b) Mixed Supply
4. Activities considered as Supply of GOODS as per Schedule II
5. Activities considered as Supply of SERVICE as per Schedule II

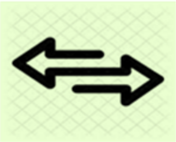
WHAT IS SUPPLY UNDER GST

Lease

- Contract to Allow Right to use for a period without transfer of title

Transfer

- Transfer of Goods/Right in Goods without transfer of Title



Exchange

- To Swap orTrasnfer for an equivalent with use of money

Barter

- Exchange of one commodity for another without money

License

- A Permission granted to exercise certain privileges

Rental

- Periodical payment for the use of someone else's property

Sale

- Tranger of ownership of Goods

Disposal

- to part with

Elements of Supply

Elements of Supply

- Supply is done for Consideration
- Supply is done in Course of or furtherance of business

NOTE : However, as specified in Schedule I of GST Act, certain activities are considered as supply even if it is made without consideration

Classification of supply and types

- Composite Supply
  - A supply Comprising of two or more goods/services, which are naturally bundled i.e. which are supplied in conjunction with each other as normal trade parlance.
  - There is Principle goods/services & secondary goods/service
  - In such cases GST Rate of Principle Goods is levied on such Supply
  - Example :

    When you buy a Sanitizer Bottle, you get plastic bottle/container along with cap or lid. So here your Main reason for buying the Good was sanitizer & not bottle or cap/lid. So in such cases GST Rate of Sanitizer is levied on entire product because Sanitizer is principle Goods & other are Secondary.

Classification of supply and types

- Mixed Supply

  - A supply comprising of two or more goods/services, wherein the supplies are independent of each other and are not necessarily required to be sold together.

  - In Mixed Supply , Goods/services cannot be differentiated as Principle or secondary goods/services

  - In such cases, the tax rate that is higher of the two supplies will be applicable to the entire supply

  - Example:

    When some company Selling Sanitizer with Face Mask or cotton mask, here both the goods can be sold separately & Sanitizer can be sold without mask & mask can be sold without sanitizer. Such type of supply is not naturally bundled

Activities considered as a supply of <u>Goods</u> as per Schedule II of the GST Act

- Transfer

  - any transfer of the title in Goods
  - any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed

- Transfer of business assets

  - Where assets of the business are transferred or disposed off
  - Where any person ceases to be table person, then any goods forming part of asset SHALL BE DEEMED to be supplied by him ,

  UNLESS

  (i) the business is transferred as a going concern to another person; or

  (ii) the business is carried on by a personal representative who is deemed to be a taxable person

Activities considered as a supply of <u>Goods</u> as per Schedule II of the GST Act

- Supply of goods by any unincorporated association or body of persons to a member

Activities considered as a supply of Service as per Schedule II of the GST Act

- Transfer
  - any transfer of right in goods or of undivided share in goods without the transfer of title
- Land and Building
  - any lease, tenancy, easement, licence to occupy land
  - any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce,
- Treatment or process
  - Any treatment or process which is applied to another person's goods

Activities considered as a supply of Service as per Schedule II of the GST Act

- Transfer of Business Asset
  - The owner uses goods held for business purpose, for personal use

    OR

  - allows to use business assets to any other person either for private use or any purpose other than a purpose of the business

  the usage or making available of such goods is a supply of services

- Renting of immovable property (Residential Property is Exempted Serivce)

- Construction of a complex, building, civil structure or a part thereof intended for sale , EXCEPT –
  - entire consideration has been received after issuance of completion certificate (*by competent authority) or after its first occupation , whichever is earlier

* competent authority is defined in Schedule II of the CGST Act

Activities considered as a supply of Service as per Schedule II of the GST Act

- Composite supply
  - Works contract as defined in clause (119) of section 2
  - Any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption) – Restaurant Service

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THANK YOU !

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