



Introduction & Supply under GST

Tax: Financial charge collected by govt. **Types of Tax:** Direct Tax and Indirect Tax (GST & Customs)
GST is India's most significant indirect tax reform. The Constitution (122nd Amendment) Bill, 2014 received President's assent on Sept. 8, 2016, and became the Constitution (101st Amendment) Act, 2016, allowing for the implementation of GST in India. It was enacted on July 1, 2017, replacing multiple taxes.

Taxes subsumed in GST:

<p>Central Taxes</p> <ul style="list-style-type: none"> • Central Excise Duty & Additional Excise Duties • Service Tax • Excise Duty under Medicinal & Toilet Preparation Act, 1955 • CVD & Special CVD • Central Sales Tax • Central surcharges & Cesses 	<p>State Taxes</p> <ul style="list-style-type: none"> • State surcharges and cesses in so far as they relate to supply of goods & services • Entertainment Tax (except those levied by local bodies) • Tax on lottery, betting and gambling • Entry Tax (All Forms) & Purchase Tax • VAT/ Sales tax • Luxury Tax • Taxes on advertisements
<p>Structure of GST</p> <p>GST is implemented in a dual structure due to India's federal system, with taxes levied by both CG & SG.</p> <ul style="list-style-type: none"> • Intra-State Supplies: <ul style="list-style-type: none"> ◦ Central GST (CGST) ◦ State GST (SGST) / Union Territory GST (UTGST) • Inter-State Supplies: <ul style="list-style-type: none"> ◦ Integrated GST (IGST) → Collected by CG → Shared with States 	<p>Benefits of GST</p> <ul style="list-style-type: none"> • Simplified Tax Structure: Single tax system replacing multiple levies. • Reduction in Cascading Effect: ITC eliminates "tax on tax." • Increased Transparency: Digitized processes reduce manual intervention. • Ease of Doing Business: Unified market enhances competitiveness. • Revenue Growth: Broader tax base and reduced evasion boost collections.
<p>Legislative Framework (Total 35 Acts):</p> <ul style="list-style-type: none"> • IGST Act, 2017 (1) & CGST Act, 2017 (1) <ul style="list-style-type: none"> ◦ Applicable nationwide. • UTGST Act, 2017 (1): <ul style="list-style-type: none"> ◦ Applicable to UTs without legislatures. • SGST Acts (28+3): <ul style="list-style-type: none"> ◦ Specific to States and UTs with legislatures (e.g., Delhi, J&K, Puducherry). • GST (Compensation to States) Cess Act, 2017 (1) 	<p>Exclusions from GST:</p> <p>Permanent Exclusion: Alcoholic Liquor for Human Consumption (subjected to: State excise duty - prodn /manufacture & CST/VAT- inter-State/intra-State sale) <u>[Amendment for Nov'25: Un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption is also made out of GST purview]</u></p> <p>Temporary Exclusions: 5 petroleum products: Petroleum crude, diesel, petrol, ATF and natural gas (subjected to: Central excise duty- manufacture/prodn & CST/VAT- inter-State/intra-State sale) (GST will be levied on these from a date be notified on GST Council's recommendation)</p> <p>Still Dual Taxes:</p> <ul style="list-style-type: none"> • Tobacco: Central Excise Duty + GST • Opium, Indian hemp and other narcotic drugs and narcotics: State Excise Duty + GST

GST Compensation Cess: Imposed under GST (Compensation to States) Cess Act, 2017, is levied, on specified luxury & demerit goods such as pan masala, tobacco, aerated waters, & motor cars, **to compensate States for revenue losses due to GST implementation**. Initially set for 5 yrs until June 30, 2022, levy has been extended to Mar. 31, 2026. Compensation pd. for each State spans 5 yrs from date its SGST Act comes into effect.

Taxable Event is a transaction/occurrence that triggers tax liability & forms basis of any taxation system. It determines **point at which tax is levied**. Under GST, taxable event is **SUPPLY** (of goods/services/both).

Supply: Should be: (i) of **Goods/Services** + (ii) for **Consideration** + (iii) in course or furtherance of **business**. [However, there are few exceptions to (ii) and (iii) parameters]. Supply includes all forms of supply of goods/services/both, such as **sale, transfer, barter, exchange, license, rental, lease, or disposal**. Supply of anything **other than goods/services** like money, securities etc. does **not attract GST**.

- Sale & Transfer: Sale means **transferring ownership** of goods for a price. Transfer means conveying **possession without sale**, such as goods moved from a factory to depot.
- Barter & Exchange: Barter is **direct exchange** of goods/services; exchange has **part money consideration**.
- License, Lease & Rental: Involve **granting permission/use of assets without ownership** transfer
- Disposal: **Giving away/use/ consumption/disposition** of a thing.

Goods: Every kind of **movable property other than** money & securities but **includes** actionable claim, growing crops, grass & things attached to/forming part of land which are agreed to be severed before supply/under contract of supply.

Services: Anything **other than** goods, money & securities but **includes** activities relating to use of money or its conversion by cash/any other mode, from one form/currency/denomination to another form/currency/denomination for which a separate consideration is charged. It **includes** facilitating/arranging transactions in securities.

Consideration: In relation to supply of goods/services/both **includes:**

- **Any payment** made/to be made, whether in money/otherwise **OR**
- **Monetary value** of any act/forbearance w.r.t. supply of goods/services/both, whether by recipient/any other person, **but shall not include** any **CG/SG subsidy**. However, a **deposit** given for supply of goods/services/both shall **not be considered** as payment made for such supply **unless supplier applies such deposit as consideration** for said supply.

Special Cases:

- Donations to Charitable Institutions: **Not liable to GST** if **All 3** conditions satisfied:
 - Gift/donation **made to charitable trust**;
 - Payment has the **character of gift/donation**;
 - **Purpose is philanthropic** (i.e. no commercial gain/advt.)

For e.g.: displaying a donor's name as gratitude **without advertising business** is not taxable supply, so **No GST**.

- Artworks for Exhibition: When artists send their art to galleries for display, it is not considered a supply as no consideration flows from gallery to artist at that time. **GST applies** only when **artwork is sold**.

- No Claim Bonus: NCB offered by insurance cos. is **not consideration for supply**, as insured is not under obligation to refrain from lodging claims in exchange for bonus. So, it does **not attract GST** & is **reduced from gross insurance prem**.

- Salvage/wreck value in claim assessment: **In motor vehicle insurance claims, if salvage value is deducted & salvage remains with insured, GST is not applicable to insurer. If salvage value is not deducted & salvage becomes insurer's property, insurer must discharge GST on its sale.**

Business includes **trade, commerce, manufacture, profession, vocation, ancillary** activities, supply/acquisition of goods/services for business purposes, **club/society** benefits, **services by office holders, race club** activities, and **public authority transactions** by **CG/SG/LA**.

Activities to be Treated as Supply even if made Without Consideration - Deemed Supply [Schedule I]

1. Permanent Transfer or Disposal of Business Assets:

It is considered as supply, even if no consideration is involved, if **ITC has been availed** on such assets.

E.g.: (i) if a business transfers assets like laptops (on which ITC was availed) to another individual FOC, this qualifies as deemed supply under GST. (ii) Transfer of business assets from holding to subsidiary co. for nil consideration will also be supply.

Key Points:

- Blocked ITC: Business assets on which **ITC is blocked** are **excluded from scope of supply**.
- Assets not subject to ITC: Assets on which **ITC was not claimed** are also **excluded**.

Example: Transfer of business assets like motor vehicles where ITC is blocked will not qualify as supply.

2. Supply Between Related Persons or Distinct Persons:

Even without consideration, supply of goods/services between related/distinct persons will be treated as a supply if made **in course/furtherance of business**.

Related Persons: Persons, including legal persons, are deemed to be related persons if:

They are officers/directors of one another's business	They are legally recognized partners .
They are employer and employee .	They are members of same family* .
One of them controls (directly/indirectly) other	A 3rd person controls (directly/indirectly) both of them.
They together control (directly/indirectly) a 3 rd person	One is SOLE agent/distributor/concessionaire of other
A third person controls/owns/holds (directly/indirectly) $\geq 25\%$ voting stock/shares of both of them.	

*"Family" means:

- **Spouse and children** of a person.
- **Parents, grandparents, brothers, and sisters** (wholly or mainly dependent on the person).

E.g.: Q Ltd. is related to R Ltd. if Q Ltd. has a deciding role in corporate policy, op. mgt. & quality control

Distinct Persons:

- Distinct persons are defined as **establishments of same entity** having **separate GST registrations**. E.g.: if a business has a regd. office in Delhi & a regd. branch in West Bengal, then both are distinct persons.
- Transfers b/w units **within same state but under separate registrations** are **also** distinct persons. E.g.: R transfers goods from a factory to showroom, both regd. under separate GSTIN - qualify as supply.
- Further, transaction b/w an entity & its establishment of distinct person also constitutes deemed supply.

Establishments of distinct persons include:

- An establishment **in India** & another **outside India**.
- One in a State/UT, & another **unregd.** establishment **outside** that State or Union Territory.
- One in a State/UT, & another **unregd.** establishment **within** that State or Union Territory.

E.g.: An entity's restaurant in MP & an unregd. liquor shop in UP are treated as establishment of distinct person. A supply from MP restaurant to UP shop, even without consideration, will qualify as a supply.

Key Points:

- Stock transfers/branch transfers b/w distinct persons or establishment of distinct persons = **SUPPLY** (even without consideration).
- Supply of goods from one unit/ branch to another in same State under **single registration** = **NOT Supply**
- Moulds & dies owned by Original Equipment Manufacturers (OEM) sent free of cost (FOC) to a component manufacturer = **NOT Supply** (as no consideration & they are not related or distinct persons).

3. Supply of goods/services/both b/w Employer & Employee: Employer-employee, though being related, but services provided by employees w.r.t. employment are **outside scope of GST** as per **Schedule III**.

Key Points: As per Schedule I:

- Gifts from employer to employee of value **up to ₹50,000** in a FY= **NOT Supply**
- **Gifts from employer to employee exceeding ₹50,000** in a FY= **SUPPLY**
- **Perquisites** (like club memberships/housing) provided as part of contractual agreement (i.e. part of **CTC**) are **not subject to GST**.

4. Principal-Agent Transactions: Agent includes factor, broker, commission agent, arhatia, del credere agent, auctioneer or mercantile agent, who carries supply/receipt of goods/services/both **on another's behalf**.

Invoice in name of	Falls under Schedule I?
Principal	No
Agent	Yes

Key Points: (i) Supply of **GOODS** b/w principal & his agent, or vice versa, is considered a supply even if no consideration is involved.
(ii) Supply of Service is excluded from Schedule I Scope: Supply of services b/w principal & agent requires consideration to be considered a supply.

Temporary Short-term Loan by DCA to Customer

Not an Agent under Sch. I	Agent under Sch. I
Loan provided is a service independent of supply of goods.	Credit by DCA is treated part of supply of goods made by DCA to customer.
Interest charged by DCA does not form part of value of supply of goods by principal to buyer i.e. independent loan transaction, hence NO GST .	Interest charged by DCA for delayed payments must be included in value of supply of goods by DCA to recipient i.e. liable to GST .

5. Importation of Services from Related Persons: When a person imports: (i) **SERVICES** (ii) from a related person or any of their establishments **outside India**, (iii) in course/furtherance of **business**, then this transaction is treated as a supply, even if no consideration is paid.

Import of Services	With Consideration	In course or furtherance of Business		Supply
	Without Consideration	From Related /distinct person	In course of furtherance of business	Supply
			Otherwise	Not Supply
		Otherwise		Not Supply

Clarification on Sales Promotion Schemes:

Free Samples and Gifts: Goods/services supplied FOC without consideration are **not treated as "supply"** under GST unless covered under Schedule I. **ITC** on inputs, input services, or capital goods related to such gifts/samples is also **not available**.

Buy One Get One Free Offers: Such offers are **not individual free supplies** but involve 2 or more goods supplied for a **single price**. Their taxability depends on whether supply is composite/mixed, & applicable tax rate is determined accordingly.

Activities/transactions between a person, other than an individual, and its members/constituents for consideration: Treated as **"supply"** under Sec. 7(1)(aa), which deems associations and their members as distinct persons, with transactions b/w them treated as occurring b/w separate entities. E.g.: (i) If a Resident Welfare Association (RWA) supplies ACs to its members at concessional prices, RWA & its members are treated as separate persons, & transaction is treated as supply. (ii) Maintenance charges collected by RWA from its members for services provided are also treated as supply.

Activities/Transactions to be treated as Supply of Goods or Supply of Services [Schedule II]

S.No.	Activity/Transaction	Type	Example	Nature of Supply
1	Transfer	Transfer of title in goods	Sale of ready-made garments to customers.	Supply of Goods
		Transfer of right in goods/undivided share in goods without transferring title thereof.	Renting machinery	Supply of Services
		Transfer of title under agreement stipulating transfer of property in goods upon full payment.	Supplying goods on hire purchase basis. Supplying goods on a "sale or return" basis.	Supply of Goods
2	Land & Building	Lease, tenancy, easement, or license to occupy land.	Lease of land	Supply of Services
		Lease or letting out of building, including commercial, industrial, or residential complexes.	Letting out shop in a busy market area.	Supply of Services
3	Treatment or process	Treatment or process applied to another person's goods.	Job Work	Supply of Services
4	Business Assets Tfr. [Exceptions: (i) Business transferred as going concern (ii) Business is carried on by	Goods forming part of business transferred/ disposed of	Sale of Business Machinery	Supply of Goods
		Goods held for business put to private use/ available to any person for non-business use	Furniture manufacturer uses a chair for use at his house	Supply of Services

	personal representative who is deemed taxable person]	Person ceases to be taxable person	Trader winds up his business, & goods rem. are deemed supplied.	Supply of Goods
5	Renting of immovable property		Renting of commercial complex, religious precincts, or property to edu. institutions.	Supply of Services
6	Construction of complex, building, civil structure etc. for sale; part payment before earlier of completion certificate/1 st occupation [i.e. other than Sch. III trans.]	Construction includes additions, alterations, replacements, or remodeling of any existing civil structure	Rathi Builders constructs residential units for ₹1.2 crore; ₹90 lakh received pre-completion, rest post-completion.	Supply of Services
7	Temporary transfer or permitting use of intellectual property rights (IPR).		Temporary transfer of a patent	Supply of Services
8	Development, design, programming, customization, adaption, upgradation, enhancement or implementation of IT software.		SS develops accounting software for a firm.	Supply of Services
9	Agreeing to obligation to refrain from an act, or to tolerate an act/situation, or to do an act.		A non-compete agreement	Supply of Services
10	Transfer of right to use any goods		Machinery provided on hire.	Supply of Services
11	Works Contract [A composite supply involving transfer of goods during activities like construction, repair, renovation, fabrication, commissioning or installation of immovable prop.]		Renovation of Office	Supply of Services
12	Supply of food/drink/any article for human consumption (except alcoholic liquor)		Restaurant services	Supply of Services

Summary of Key Clarifications by CBIC under GST

- I. Tenancy Rights: Pagadi System is common in some states, where tenants acquire tenancy rights by paying a prem. to landlord. Transfer of tenancy rights is "supply of service" as per Sch. II & attracts GST, even if stamp duty & registration charges apply on it. Other transfers, incl. surrendering tenancy rights, are also taxable. Renting residential dwelling for personal use to unregd. individuals is exempt.
- II. Priority Sector Lending Certificates (PSLCs): PSLCs are classified as goods, not securities, like tradeable duty scrips. Trading in PSLCs is taxable. IGST applies to inter-state supplies of PSLCs via RBI's e-Kuber portal. ITC is available on GST paid for PSLC purchases.
- III. Liquidated Damages, Compensation, & Penalty: As per Sch. II, "agreeing to obligation to refrain from an act, tolerate an act, or do an act" constitutes a supply of service if contractual obligations exist (Agreement + Consideration must).
- Liquidated damages are predetermined compensation for breach of contract & not considered supply. These do not constitute consideration for tolerating breach, but intended to deter non-performance.
 - Non-compete agreements & other contracts with obligations to refrain from acts may be taxable.
 - Penalties for violating laws/contractual agreements are not consideration for service & so not supply.
 - Cheque dishonour fines not considered compensation for tolerating an act & are not supply.
 - Cancellation charges in service contracts (e.g., travel, accommodation) are part of main supply & attract GST at same rate as principal service.
 - Fixed charges for electricity are supply but exempt as electricity is exempt from GST.

- **Late payment fees**, when considered as a facility bundled with main supply, are **taxable** same as principal supply as they form part of commercial terms.
- **Forfeiture of EMD** (earnest money deposits) due to contract breaches is treated as a flow of money and is **not taxable**, as there is no corresponding supply.
- **Penalties for premature termination of employment contracts** discourage non-serious employment & are **not taxable** under GST.

Non-Supplies Under GST:

A. Non-Supplies Listed in Schedule III

1. Services by **employees to employers** in course of employment (e.g., regular/casual workers, directors with salary under TDS Sec. 192).
Note: Services outside employment scope (e.g., independent directors' remuneration or Payments for non-compete agreements with employees i.e. forbearance fees) are taxable.
2. Services by **courts/tribunals** under any law (Courts includes District, High, and Supreme Courts).
Note: Amounts/ Fees paid for registering complaints with **Consumer Disputes Redressal Commissions** are not subject to GST, as they are quasi-judicial bodies.
3. Functions & duties performed by **MPs, MLAs, members of Panchayats, Municipalities, LA, and constitutional officeholders** (e.g., President, PM, CJ) in their official capacities, as well as duties performed by persons serving as chairpersons, members, or directors in bodies estd. by Govt./LA.
4. Services of **funeral, burial, crematorium or mortuary incl. transportation of deceased**
5. **Sale of land & building** (where entire consideration for sale of building received after issuance of completion certificate or after its 1st occupation, whichever is earlier).
However, services for land development (e.g., levelling, laying of drainage) are taxable under GST.
6. **Actionable claims**, other than specified actionable claims (betting, gambling, casinos, horse racing, lotteries, & **online money gaming**)
E.g. of actionable claims that are not within purview of 'Supply' are: Right to recover insurance money, claim for rent arrears, claims for future rents (if can be assigned), unsecured loans/ debentures, bills of exchange, promissory notes, BG, FDR, right to benefit of a contract, etc.
7. Supply of goods from a place in **non-taxable territory** to another place in **non-taxable territory** without such goods entering India. [**Merchant Trading**]
8. Supply of warehoused goods **before clearance for home consumption** [**In-bond Sales**]
9. Supply of goods by consignee by endorsement of documents of title, after goods being dispatched from port of origin outside India but before clearance for home consumption [**High Sea Sales**]
10. **Services by insurer to reinsurer for which ceding/reinsurance commission is deducted from reinsurance prem., with condition that applicable taxes are paid on gross reinsurance prem.**
11. **Activity of apportionment of co-insurance prem. by lead insurer to co-insurers for insurance services jointly supplied, provided lead insurer pays applicable taxes. (10 & 11 not relevant for May'25)**

B. Non-Supplies Notified vide Notification

1. **Panchayat/Municipality** functions (as per Articles 243G and 243W of the Constitution):
2. **Grant of alcoholic liquor license** by SG: Such grants are not considered a supply, though GST under RCM applies to other licenses like mining rights, spectrum, etc.

C. Non-Supplies Clarified by Circulars

1. **Inter-State movement of conveyances b/w distinct persons** (e.g., trains, buses, trucks, tankers, trailers, vessels, containers, aircrafts): Movement for carrying goods/passengers/both OR for repairs & maintenance (not for further supply) is not supply. R&M services on these conveyances are taxable.

2. **Inter-State movement of rigs, tools, spares, or goods on wheels** (e.g., cranes): Movement for operational use is not supply unless for further sale. However, R&M on such goods taxable.

Two additional conditions for a supply to attract GST:

- (i) supply must be made **BY a taxable person** (person who is regd or liable to be regd u/s 22/24) **AND**
- (ii) supply must be a **taxable supply** (supply leviable to tax under the GST Law).

Composite and Mixed Supplies (Sec. 8)

Composite Supply = Two or more taxable supplies + Naturally Bundled + One of which is a Principal Supply [Principal Supply is **predominant element** of a composite supply with others being ancillary.]

→ Taxed at the rate of **Principal Supply**

E.g.: A laptop (18% GST) (₹52,000) with a laptop bag (28% GST) (₹3,000) sold as a bundle for ₹55,000 is taxed at 18% (rate of laptop).

How to determine whether services are bundled in ordinary course of business?

- 1) Perception of consumer/service recipient (Mobile phone is always sold with battery)
- 2) Majority of service providers provide similar bundle of services (Catering on board with air flight).
- 3) Nature of various services in a bundle of services (Breakfast/ Dinner with Hotel Stay).
- 4) Other indicators- Single pricing, package advertisement, separately unavailable & integral elements

Examples of Composite supply:

- Works contracts & restaurant services are composite supplies treated as **services** under GST law.
- A 5-star hotel booked for a conference with multiple facilities (accommodation, meals, fitness room, conference room, business centre etc.) treats **convention service as principal supply**.
- P supplying shirts with designer boxes, transport & insurance treats **supply of goods as principal supply**.
- A T.V. sold with a warranty & maintenance contract treats **TV as principal supply**.
- Supply of food & beverages at cinema halls: **Taxable as 'restaurant service' when provided independent of cinema exhibition service. If sale of cinema tickets & food/beverages is bundled & meets composite supply criteria, entire bundle is subject to GST at rate applicable to cinema services.**
- A travel ticket with food, insurance, & lounge access treats **transportation as principal supply**.
- Food given to in-patients as part of healthcare is a composite supply of health care & so exempt, but food for others is taxable.
- Retreading of Tyres: It is composite supply, pre-dominant element being process of retreading i.e. **Supply of Service** (Rubber used for retreading is ancillary supply). However, supply of retreaded tyres, where old tyres belong to supplier of retreaded tyres, is a **Supply of Goods**.
- Bus body building:

Condition	Conclusion
Bus body builder provides a fully constructed bus body without customer supplying the chassis	Supply of Goods
Customer provides chassis & bus body builder fabricates & assembles bus body	Supply of Service

• Printing Industry:

Examples	Condition	Principal Supply	Conclusion
Printing of books, pamphlets, brochures, annual reports (PABB)	Recipient supplies content (e.g., logo, design, text) & printer provides physical inputs i.e. paper.	Printing service	Supply of Service
Printing of envelopes, letter cards, tissues, napkins, wall paper, printed boxes (TEN LBW)	Printer supplies both the physical inputs (e.g., paper) and prints the design, logo, or other content provided by the recipient.	Goods	Supply of Goods

Mixed Supply=2/More taxable supply + Not Composite Supply + Single Price + Independent of Each Other

→ Taxed at the rate of the **Supply attracting Highest rate of tax**

E.g.: a kit containing face cream (18% tax), a face tissue packet (28% tax), and nail paint (12% tax) is sold for a single price, then entire kit would be taxed at the highest rate (28% in this case)

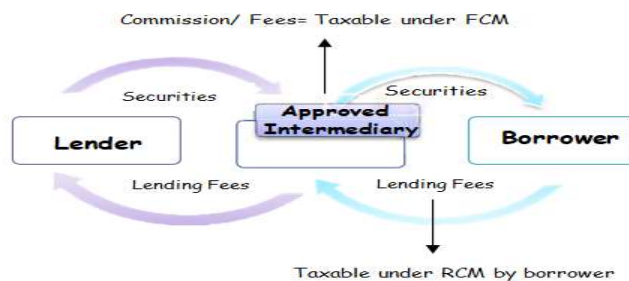
Examples of Mixed Supply:

- Package with chocolates, sweets & drinks sold for single price (as these are generally sold/ priced separately).
- Selling water bottles and refrigerators together for a single price (as they are not naturally bundled).

Taxing > 1 supply at individual rates: If separate consideration is indicated against each supply, each shall be taxed at rate applicable to it [E.g.: Servicing cars where spare parts & labour are charged separately].

Taxability of Some Special Transactions:

1. **Taxability of Cost Petroleum:** Contractors in Prodn Sharing Contract (PSC) with Govt. for oil & gas exploration recover exploration & production costs (**Cost Petroleum**) from sale proceeds. **GST does not apply** to it as it's for their own activities i.e. for themselves & not service to Govt. For right to explore & sell petroleum, royalty & share in profit petroleum to Govt. is exchanged. Rem. profit (**Profit Petroleum (PP)**) is shared by Contractor & Govt. Govt.'s share of PP is **exempt**.
2. **Financial Transactions:**
 - Transactions in Money instruments like cheques, drafts, promissory notes, & commercial papers = **NOT Supply** (as money is excluded from goods'/services' definition)
 - Derivatives/Future/Forward Contracts **without Physical Delivery**=**NOT Supply** (incl. under securities)
 - Derivatives/Future/Forward Contracts **with Physical Delivery**= **SUPPLY** (as here **treated as goods**)
3. **Securities Lending Scheme (SLS):** Securities lent to borrowers via intermediary for a specified pd. is **not considered disposal** & thus **is not taxable under GST**. However, lender earns a **lending fee (taxable under RCM)**. Intermediary's activities, such as facilitating transactions for commission is subject to **GST (FCM)**.



4. **Location Charges/ Preferential Location Charges:** **PLC collected along with consideration for sale residential/commercial/industrial properties is considered part of composite supply as allowing choice of location is integral to construction service. So, PLC is subject to same GST treatment as main supply of construction services before issuance of CC.**
5. **Holding Shares of Subsidiary by Holding Co.:** **Neither supply of goods nor services, unless holding co. provides specific services to subsidiary**
6. **ESOP, ESPP, & Restricted Stock Units (RSU) provided by an overseas holding co. to employees of Indian subsidiary:** **Not attract GST, as transfer of securities is neither supply of goods nor services & is considered part of employee remuneration. But, if holding co. charges add'l fee for facilitating issuance of these securities, it constitutes import of services, & GST is payable on RCM basis by domestic subsidiary.**
7. **Cash calls in a Joint Venture:**

Scenario	GST Applicability	Example
Capital Contribution	Not subject to GST being transaction in money	Contribution to be used for purchasing machinery/exp.
Services by Operating Member	Taxable under GST as op. member recovers costs proportionately from other members.	Operating member uses its own machinery for JV's business