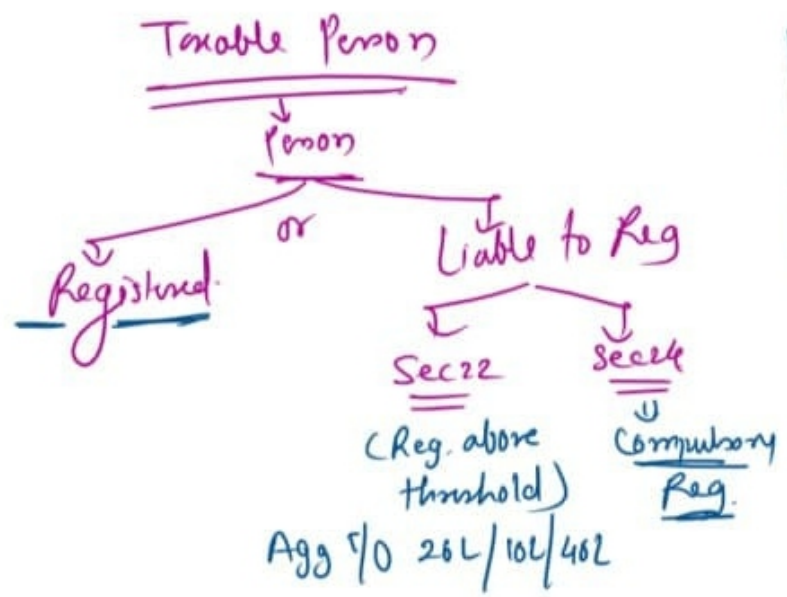




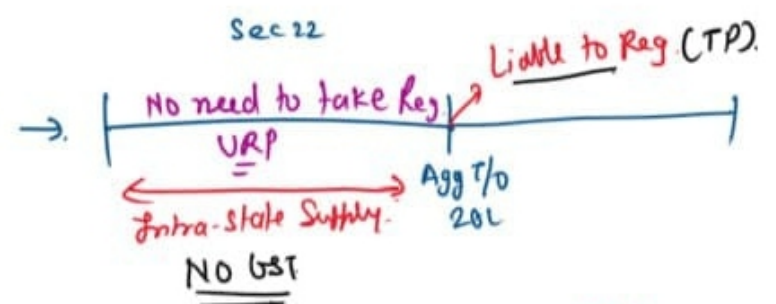
CHAPTER - 2

Concept o Supply

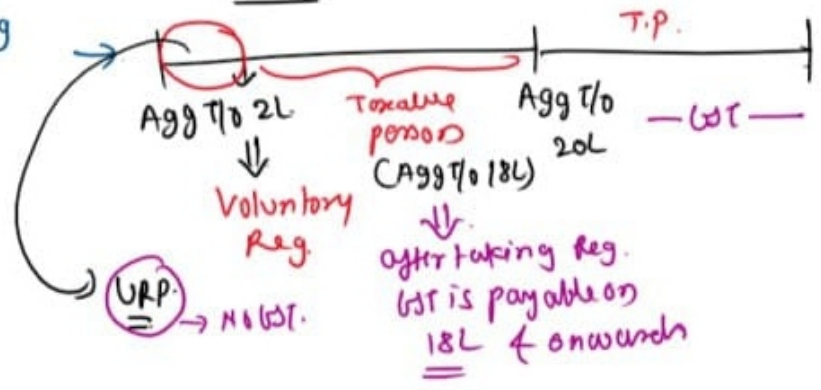
Tip: Tomato person.



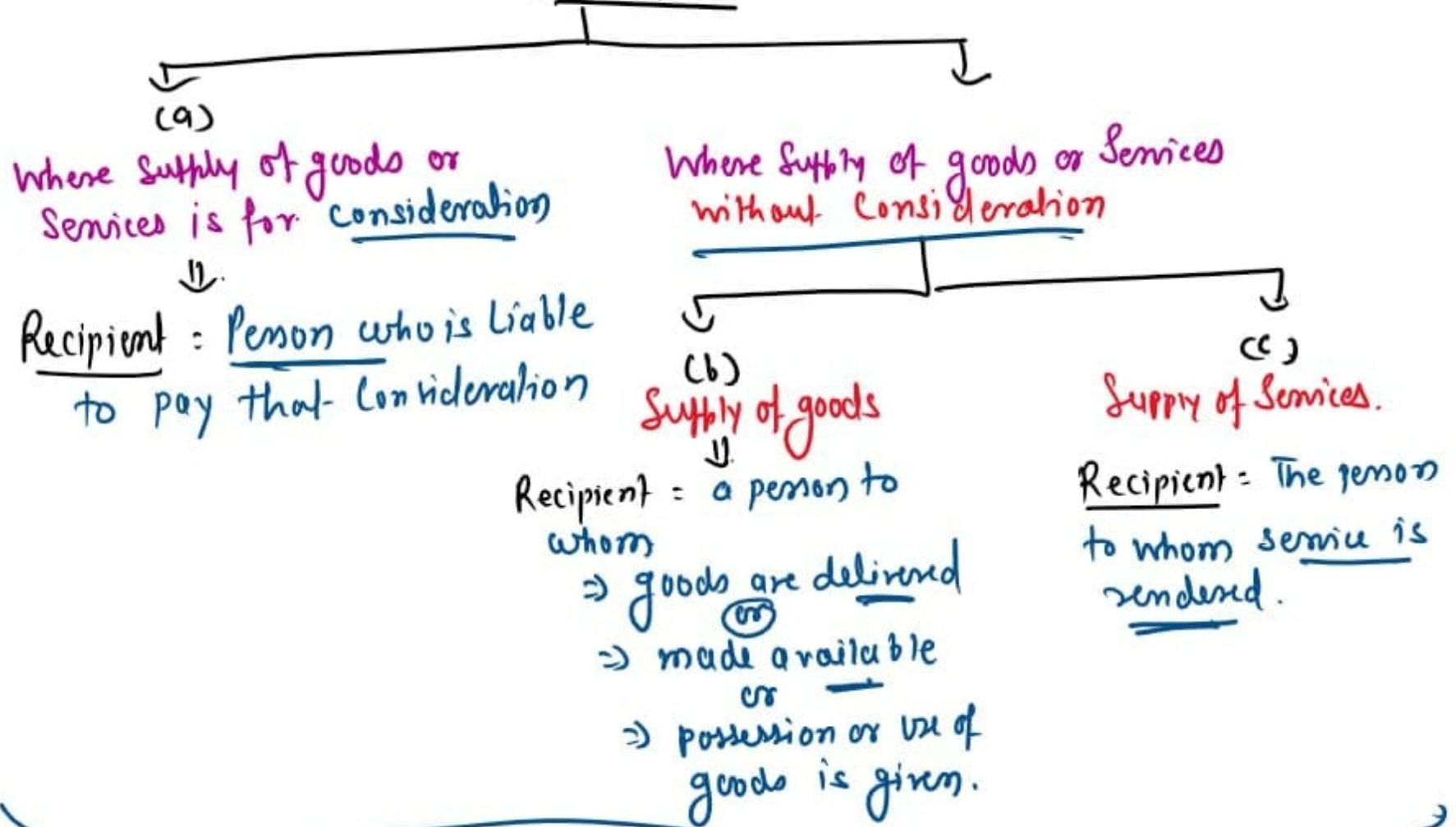
1) Person opting for threshold.



2) Voluntary Reg



Sec 2(93) Recipient



Recipient also includes **agent** acting on the behalf of recipient

Supply

Taxable Supply.

→ SOB/SOS which is liable to GST.

Non Taxable Supply.

→ SOB/SOS which is not liable to GST.
eg. 1) Petroleum product.
2) Al liquor for H-c.

Chargeable Supply

→ SOB/SOS is subject to payment of GST @ applicable rate.

Zero rate Supply

→ SOB/SOS which is chargeable to GST, but Govt have given special incentive in case of Export/SEL v/s 16 of IGST Act

Nil rate Supply

→ SOB/SOS which is subject to "Nil Rate" in GST tariff.

Exempt Supply

↓ SOB/SOS which is chargeable to GST @ 5%/12%/18%/28% but to promote socio-economic objective Govt has temporarily exempted such supply by notification/order

NOTE!

As per Sec 2(47) : For GST purpose.

Exempt Supply includes Nil rate, wholly exempt & non taxable supply

Sec 7: SUPPLY

Sec 7(1)
Supply includes.

With Consideration

7(1)(a)

All forms of Supply of goods or services or both.

- Such as
- ⇒ sale
- ⇒ transfer
- ⇒ barter
- ⇒ Exchange
- ⇒ license
- ⇒ rental
- ⇒ lease or
- ⇒ disposal

made or Agreed to be made

for a Consideration

in the course or furtherance of business

Sec 7(1)(c)

without Consideration

Schedule-I

7(1)(b)
Importation of Services.

Sec 7(2)
Supply excludes

SCHEDULE - III

Sec 2(52) Goods

↓
Means -

Every kind of movable property

↓
Includes

- 1) Actionable claims
- 2) growing crops, grass etc.

Excludes

- Money
- Securities.

Sec 2(102) Services

↓
Means -

Anything other than goods

↓
Includes

Separate Consideration Charged.

- 1) for use of money [i.e. Interest]
- 2) Conversion of money [i.e. Commission]
- 3) to facilitate or arranging the transactions in securities [i.e. brokerage]

Interest

Interest on loan/
advances/deposits



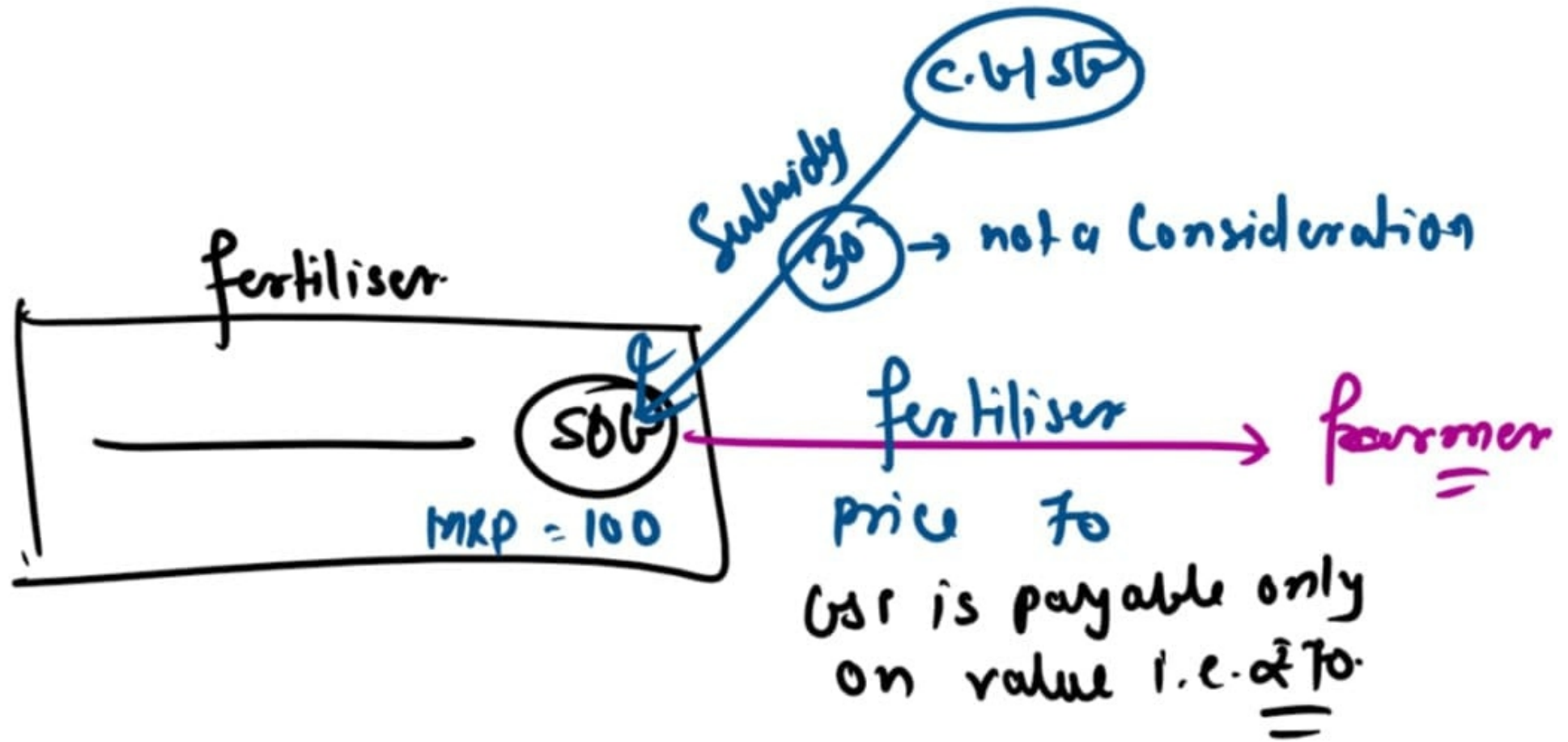
It is covered in defⁿ
of Service but
exempted from
GST.

Interest for delay payment
of consideration [by debtor]
against supply



It is chargeable to GST
& added in value of
supply for calculation
of GST.

1) Subsidy by Govt.



Section (a)

All forms →

Supply — for — Consideration

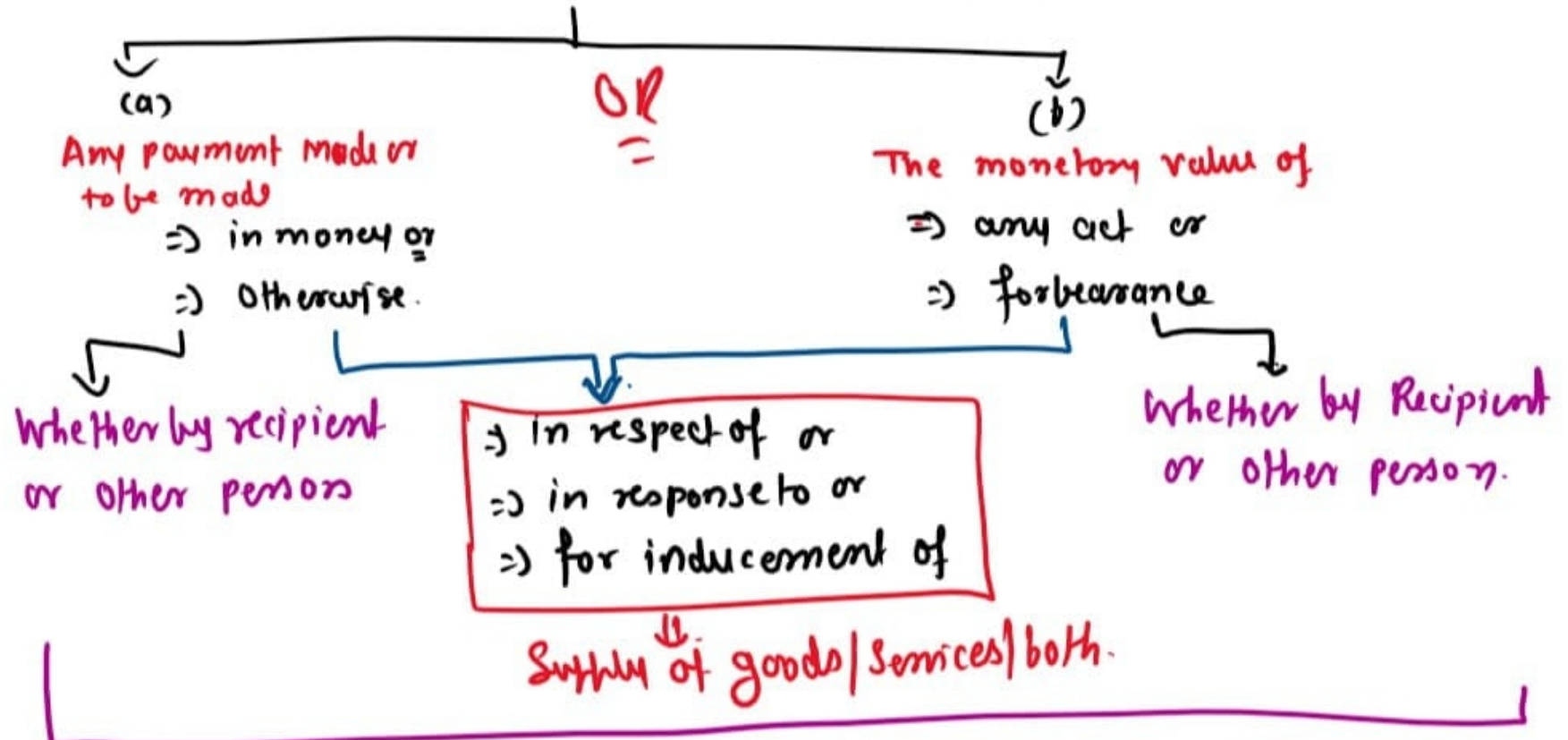
Goods or Service

in the
course
of business

- Cause & effect. or
- Contractual reciprocity or
- Something against Something
- quid-pro-quo.

Sec 2(31): Consideration.

In relation to the SOB or SOS includes



Shall not includes

= a) Subsidy by Cb. / Sb.

b) deposit for payment of supply.

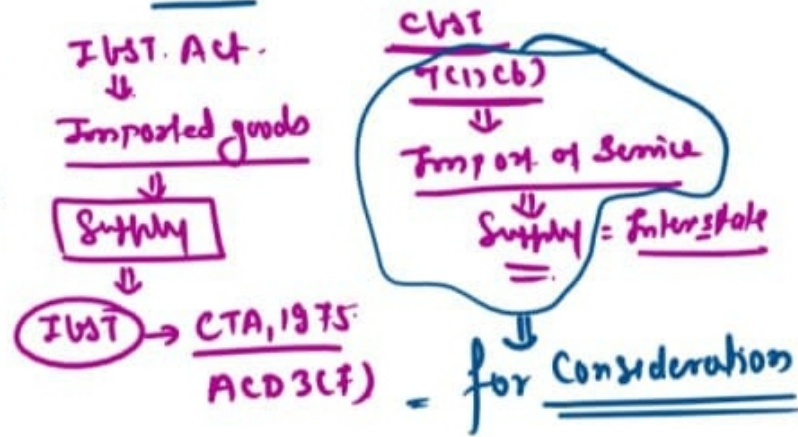
↳ Unless → the Supplier applies the deposits as a consideration for said supply

Sec 7(1)(b): Importation of Service.

C.I. 269A.

→ Import of goods | Services.
Inter-state

Act



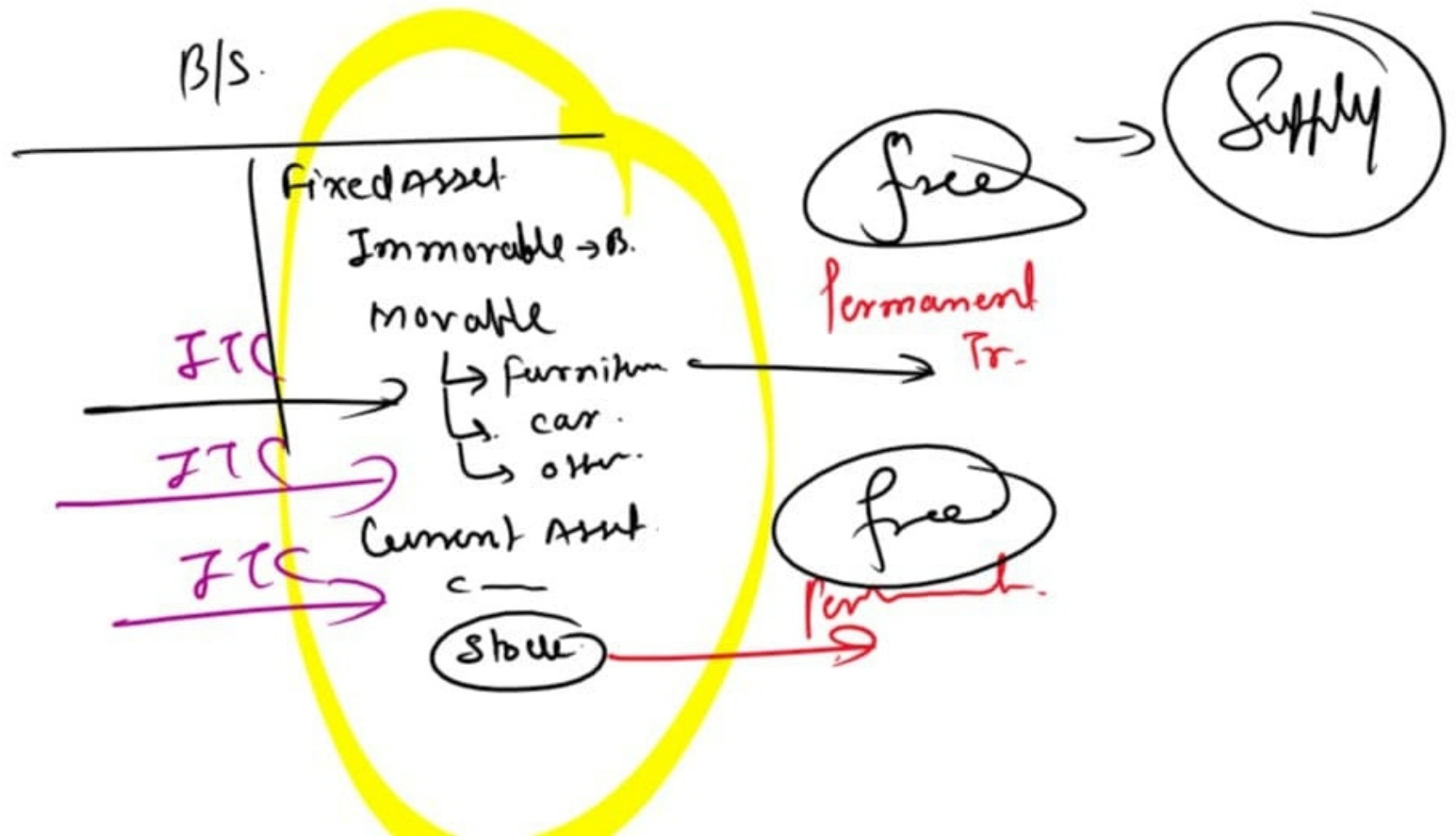
whether or not for business.

On Import of Service
RCM

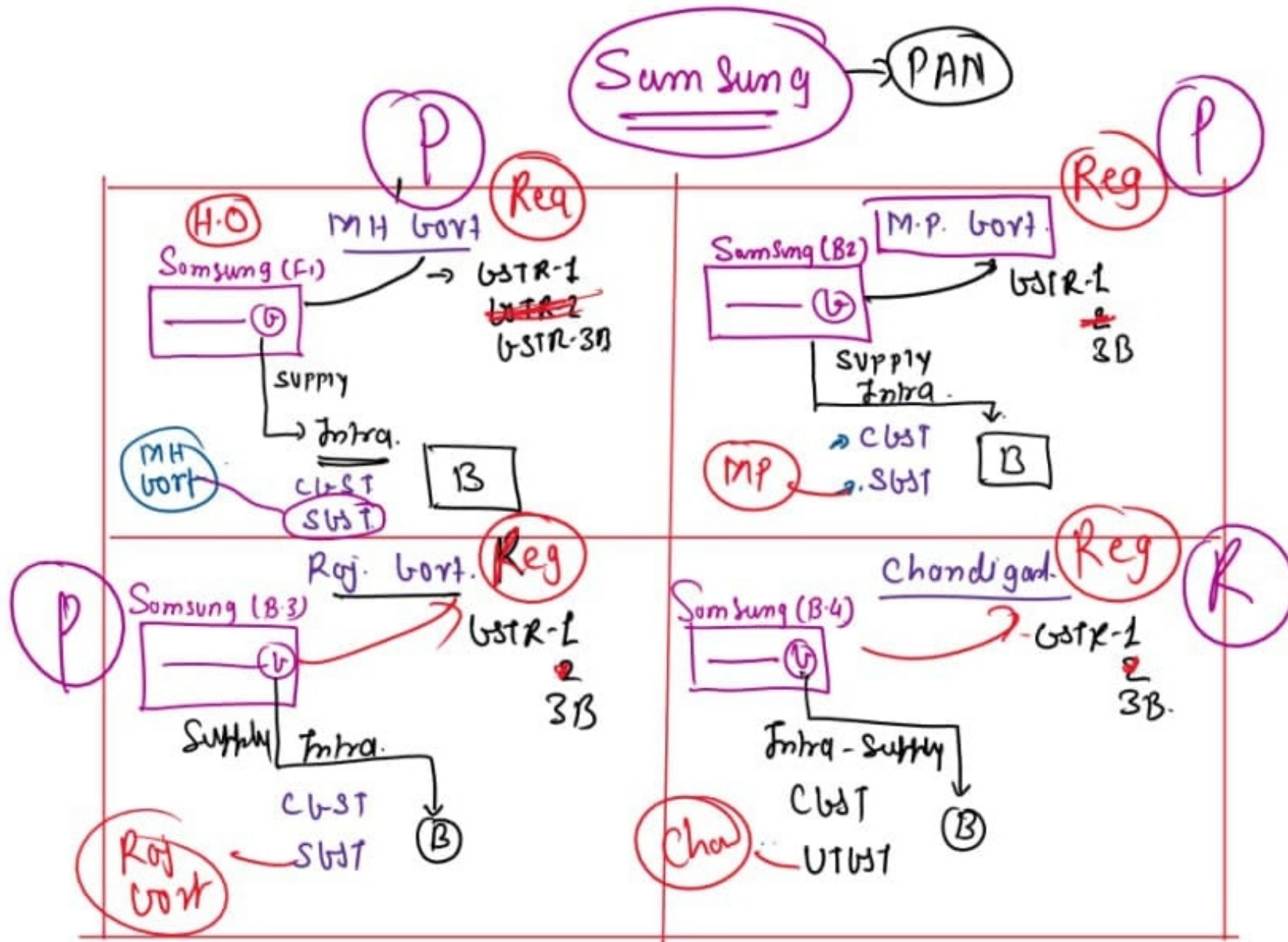
Sec 7(1)(cc) → Para-1 Sch. I.

Business Asset

Capital Asset



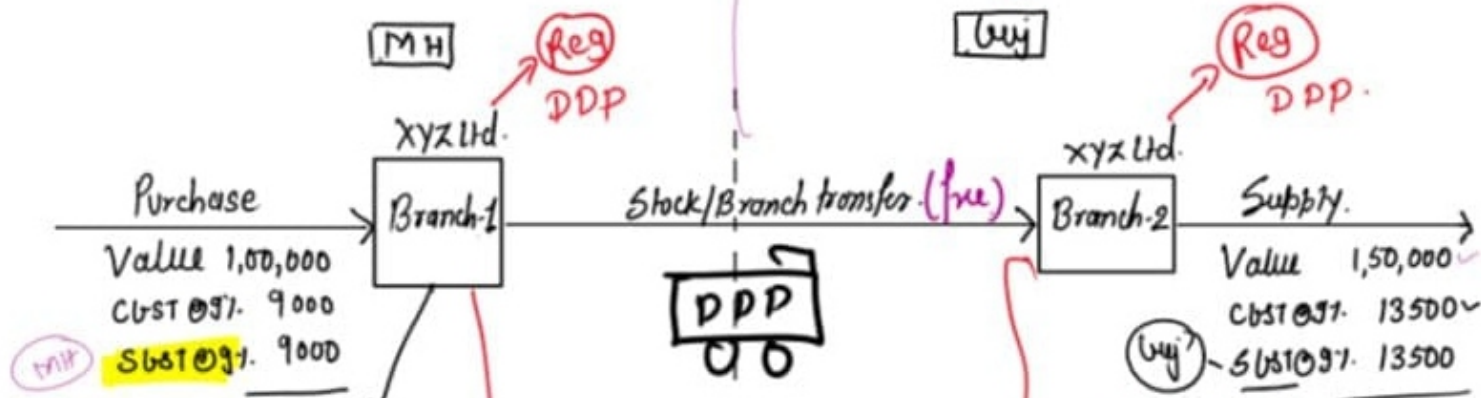
Sec 25: Compulsory Separate Reg. for each state.



Why GST on Stock Transfer - para-2 (sch-I)

central-gum

IGST
central
9000



Net GST payable.

IGST payable	18000
Less: ITC	
CGST	(9000)
SGST	(9000)
Net GST payable	Nil

Sec 7(1)(c) = It is treated as supply.

St-Tr.	Nil.
IGST.	18000
① 18% (1,00,000)	

for Accounting purpose it is not a Sale

for GST purpose it is treated as supply.

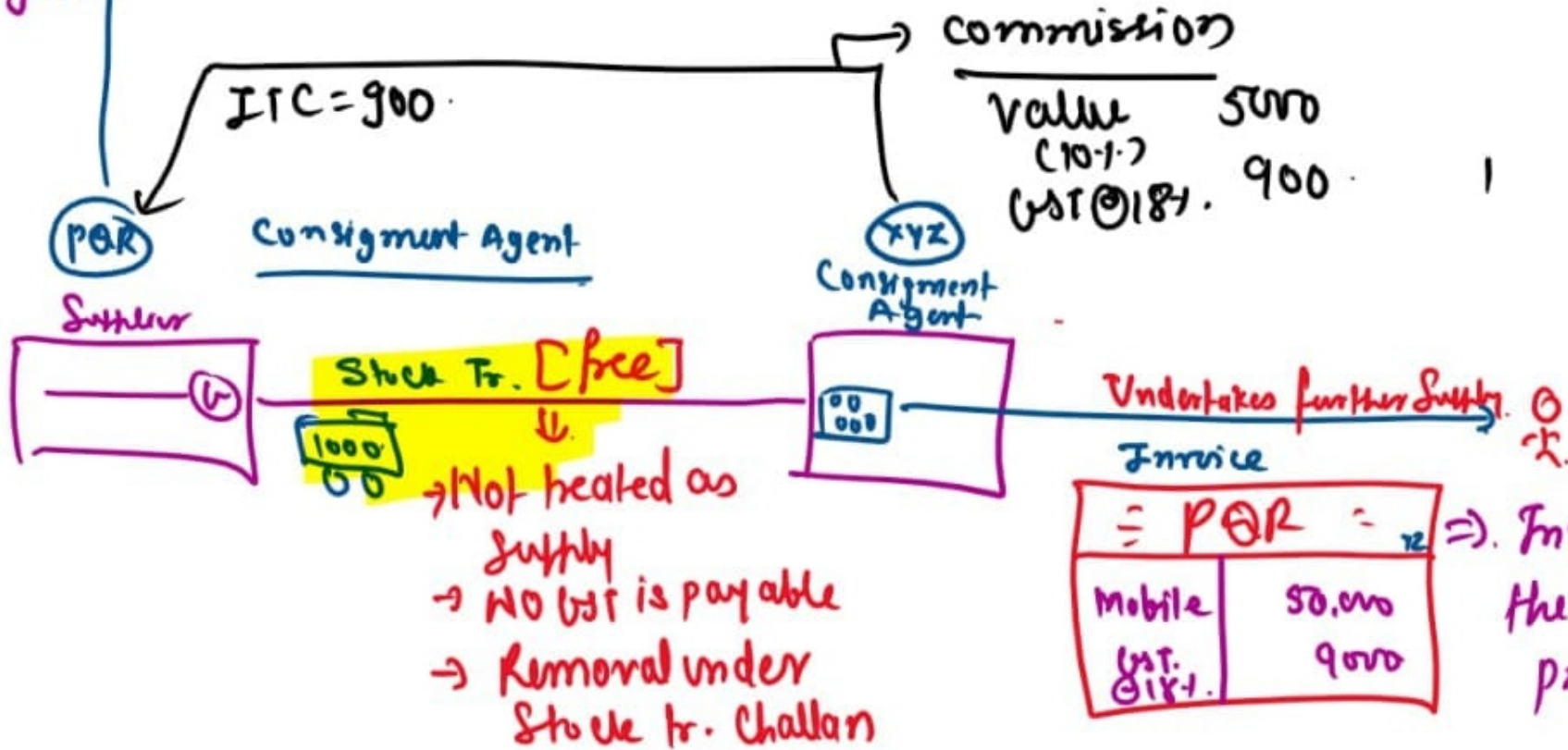
Net GST payable

Particulars.	IGST	CGST	SGST
Tax on outward.	-	13500	13500
Less: ITC			
IGST = 18000	-	(9000)	(9000)
Net GST payable.		4500	4500

Para-3 of Schedule I : Agent-issues
Principle's Invoice.

for Invoice
issued by
Agent

GST = 9000 → GSTIN



ITC = 900

Commission

Value 5000
(10%)
GST @ 18% 900

PAR

Consignment Agent

XYZ

Consignment Agent

Supplier

Stock Tr. [free]

Undertakes further supply

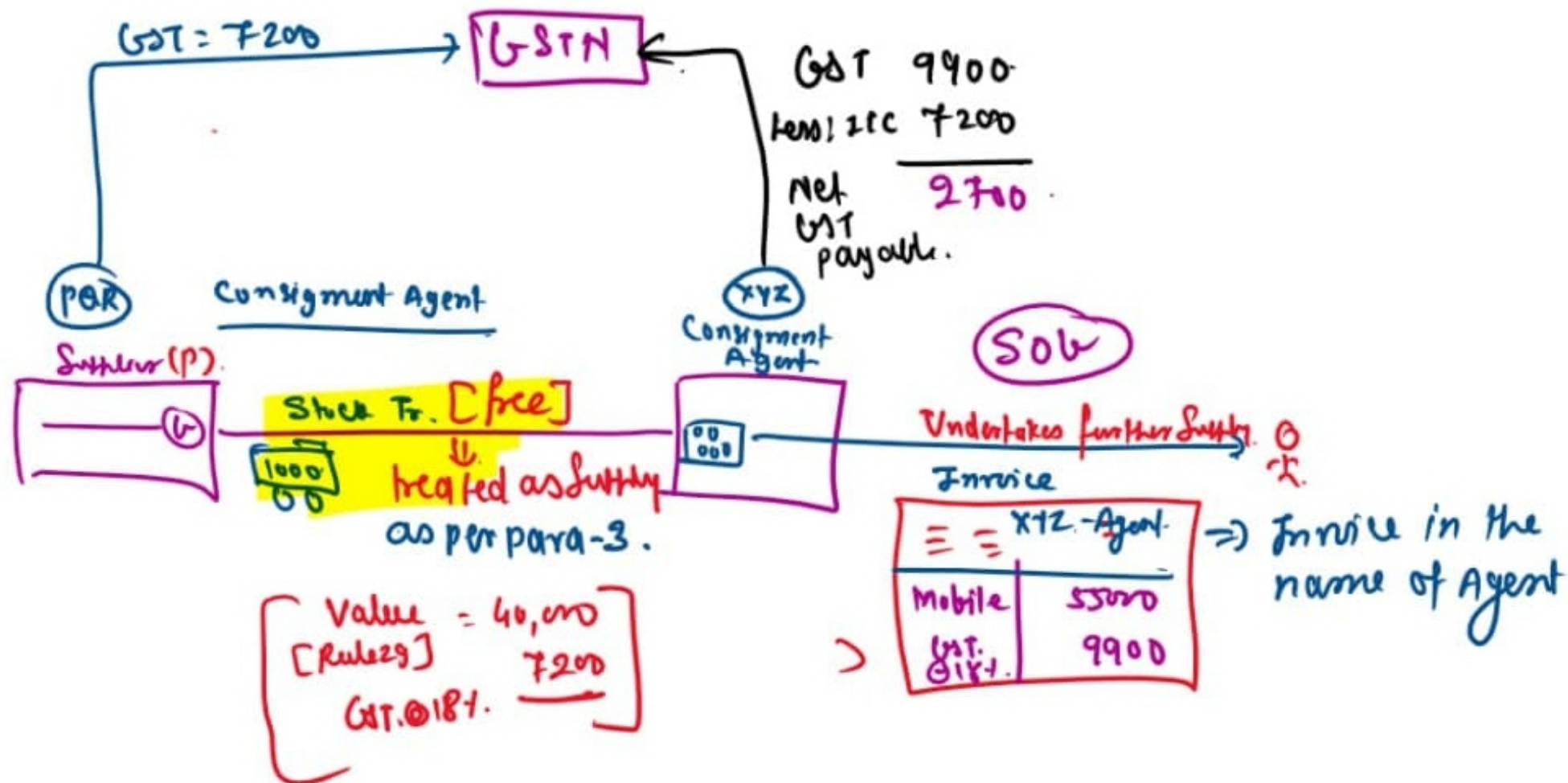
Invoice

= PAR =	
Mobile	50,000
Gst. @ 18%	9,000

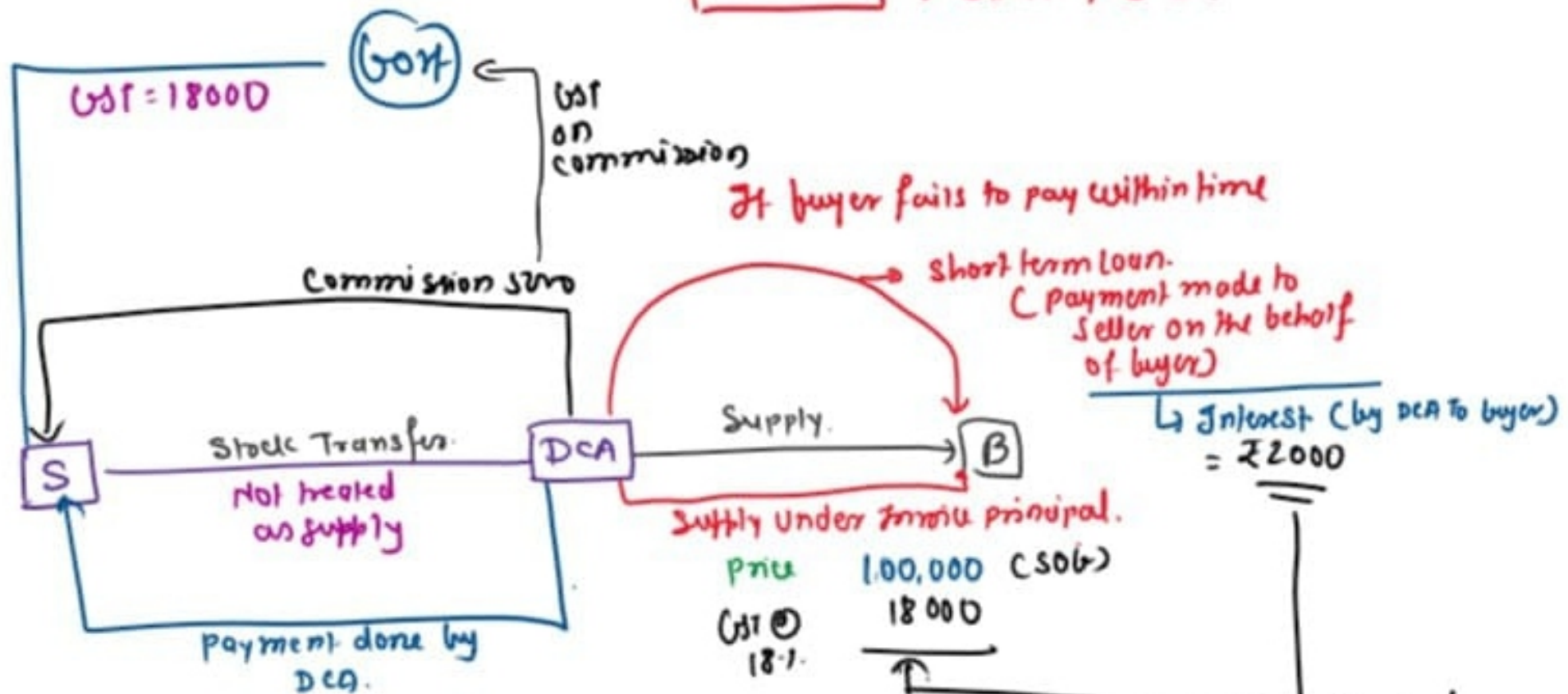
⇒ Invoice in the name of principal.

- Not treated as supply
- NO GST is payable
- Removal under Stock Tr. Challan

Para-3 of Schedule I : Agent-issued
Principle's Invoice.



DCA

 → Example-1.

Price 1,00,000 (506)

GST @ 18%

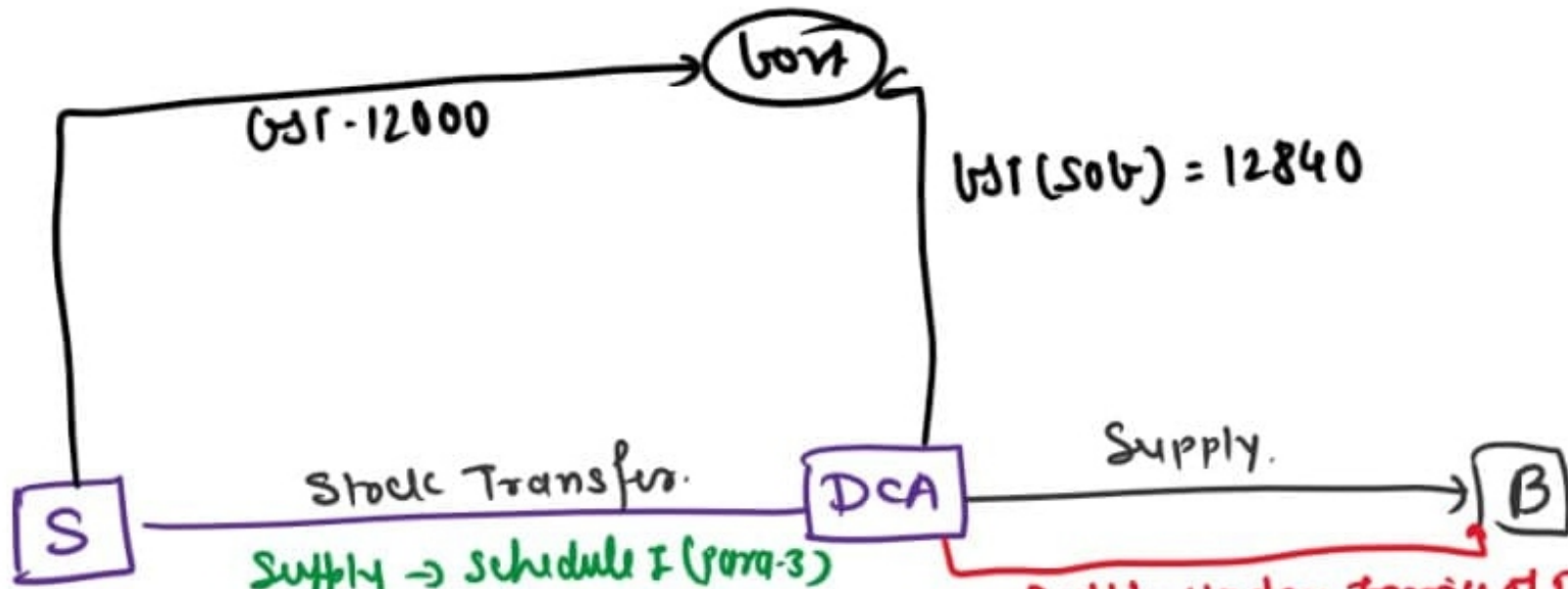
18000

↳ Interest (by DCA to buyer) = ₹2000

whether this interest is treated as part of value vs 15(2)(d) = ?

Ans: Interest is for short term loan transaction & not for delay payment of consideration → not to be added.

DCA - Example-2



GST (Sob) = 12840

Supply → schedule I (para-3)
 Value = 1,00,000 (assume)
 Rule 29.

GST 12% = 12,000

Price	1,05,000
Interest	2000 (delay payment of consideration)
<u>delay payment</u>	<u>1,07,000</u>
(included in value)	<u>12840</u>
	<u>12840</u>

Importation of Services.



Import of Service

→ Consideration

→ whether or not in the course of business.

→ Related. } without consideration
→ branch }
↳ in the course of business

Supply.

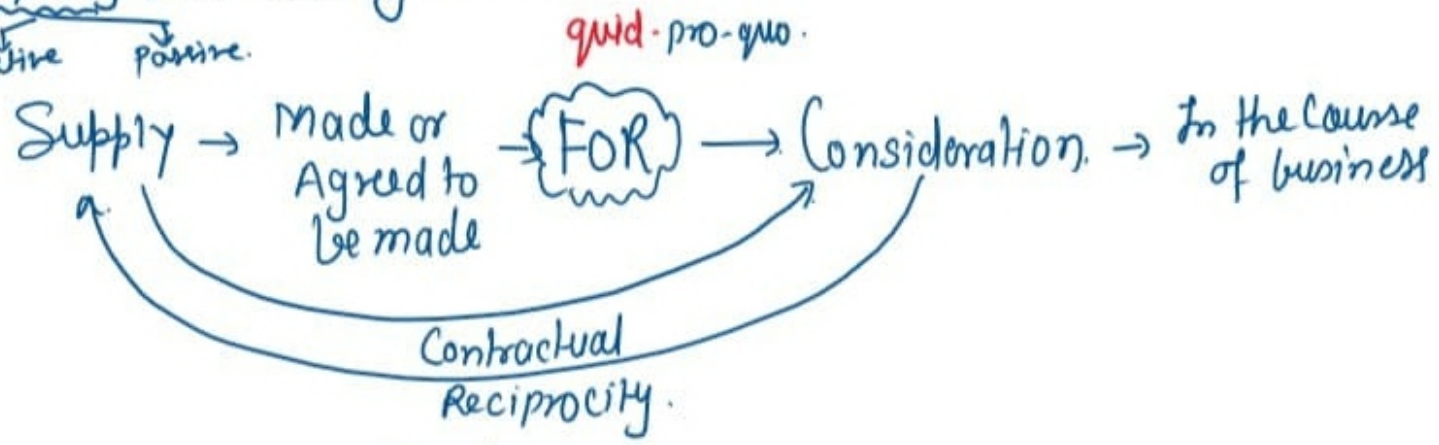
U-SA
→ Related
→ branch
↳ Import of Service - consideration

Index

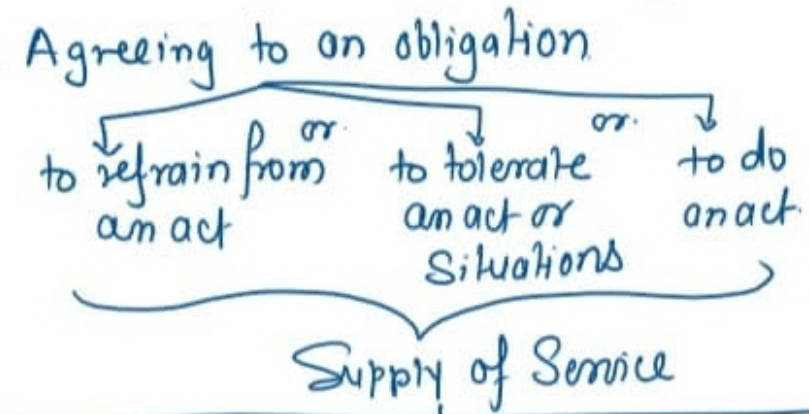
(R)

Service → anything other than goods.
active passive.

Sec 7(1)(a)



Schedule II
Para. 5(e)



When treated as sos

- Consideration must flow from other party
- There is an **express or implied promise** from supplier for above 3 activities in return of money → it cannot be assumed
- It must be **independent arrangement or activities**.

When not treated as sos

- ⇒ It payment **merely an event** in the course of performance of the agreement &
- ⇒ It does not represent **the object**.

Non taxable Supply

⇒ Supply तो है but
levy नहीं है (Non taxable)

⇒ e.g. = 6 products

5 Petroleum
products

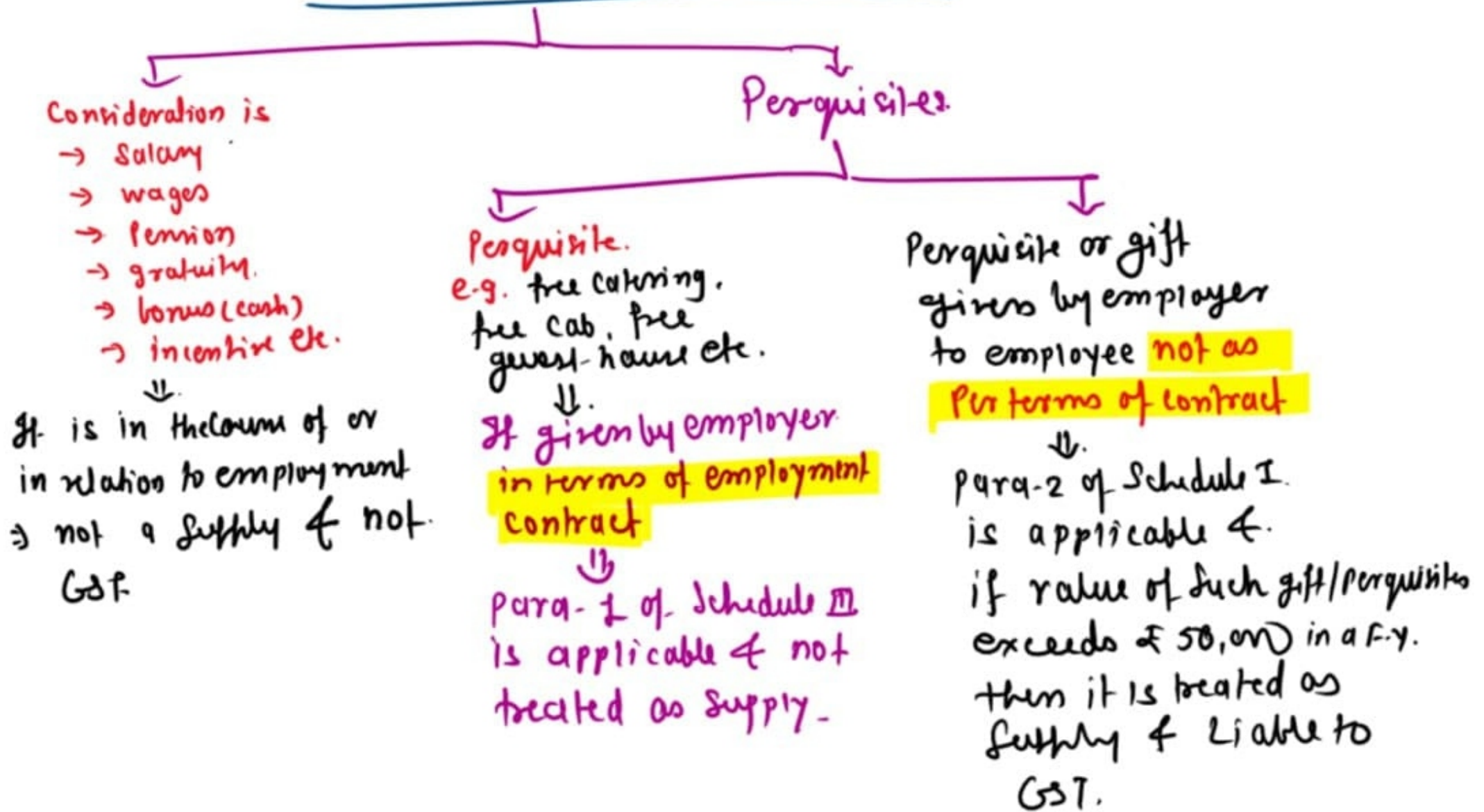
AI for
H.C.

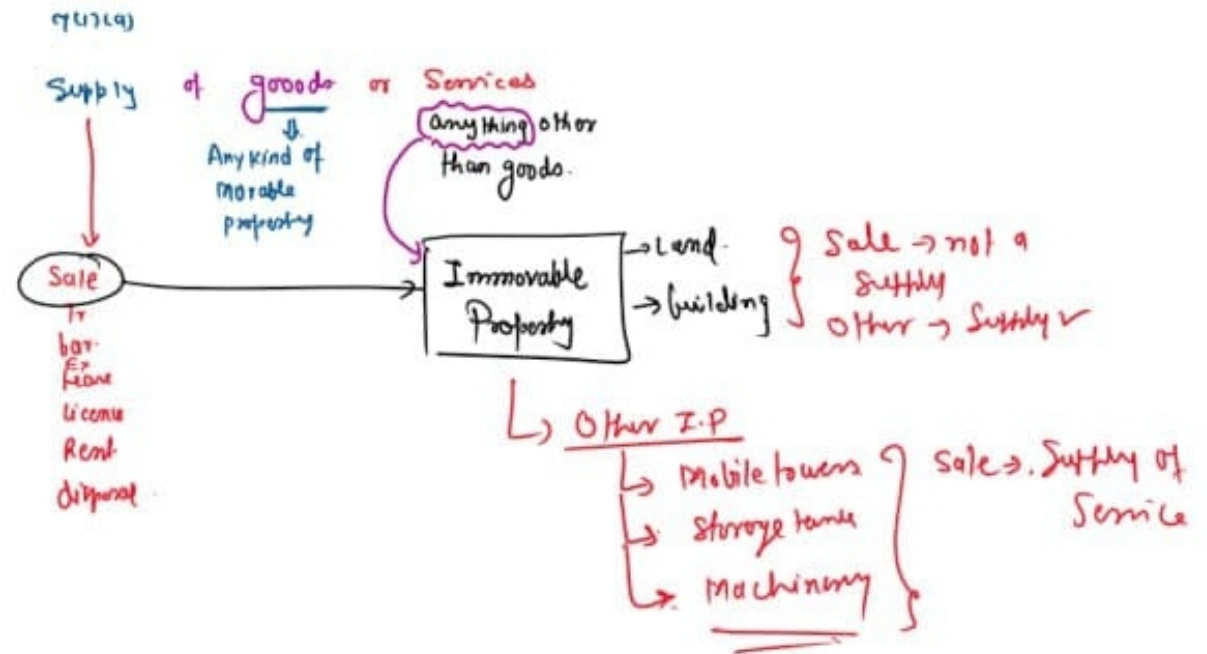
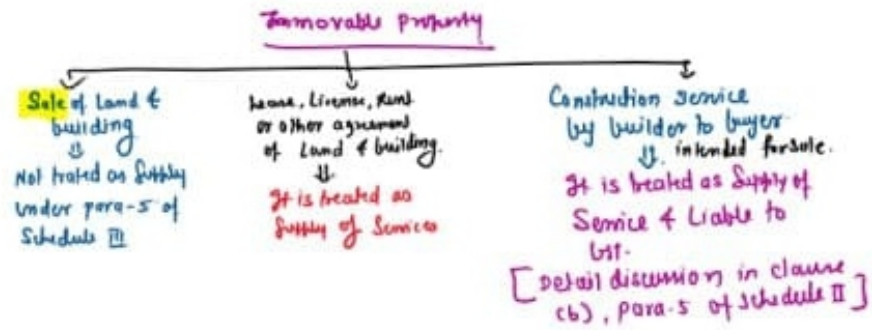
Non Supply under Sch. III

Activity or transaction
is not included in
Umbrella of supply

Tax aayega ya nah
आयकर यह तो ट्रेड की शर्त
है → पर तो वो supply
नहीं है

Taxability of Service provided by employee.





Actionable claims-

Defⁿ goods

includes = Actionable
claims

para-6 of Schedule-III

Supply - not include

Actionable claims - Other than

↓
Specified actionable
claims.

Interpretation = All actionable claims are goods but only

Specified actionable claims are supply & taxable

Schedule III → 6 paras

1. Employer और employee का झगडा हुवा।
2. दोनो court मे गये।
3. झगडा solve करने के लीये MP/MLA का विफारीश की।
4. उन्होने कहा ये court constitutional post है एम कुछ नही कर सकते।
5. Court decision आने के पहले दोनो चले लसे।
6. पला चला झगडा Land & building का था।
7. wo land & building lottery/betting मे जिला था।
8. Lottery betting & gambling India ke bahar khela gaya the.

Business

Means → CB/SL/LA
↓
Services as a public authority.

Sec 7(2)(b)

→ Notified activities of CB/SL/LA.
↓
as a public authority
⇒ Not treated as supply.

Interpretation: Govt/LA की सारी activities as a public authority → business लेते हैं but some notified activities vs 7(2)(b) not treated as supply

NON-SUPPLIES CLARIFIED BY WAY OF CIRCULAR

CBIC has clarified that following activities/transactions are non-supplies:

1) ~~1)~~

Inter-State movement of various modes of conveyance [Circular No. 1/1/2017]

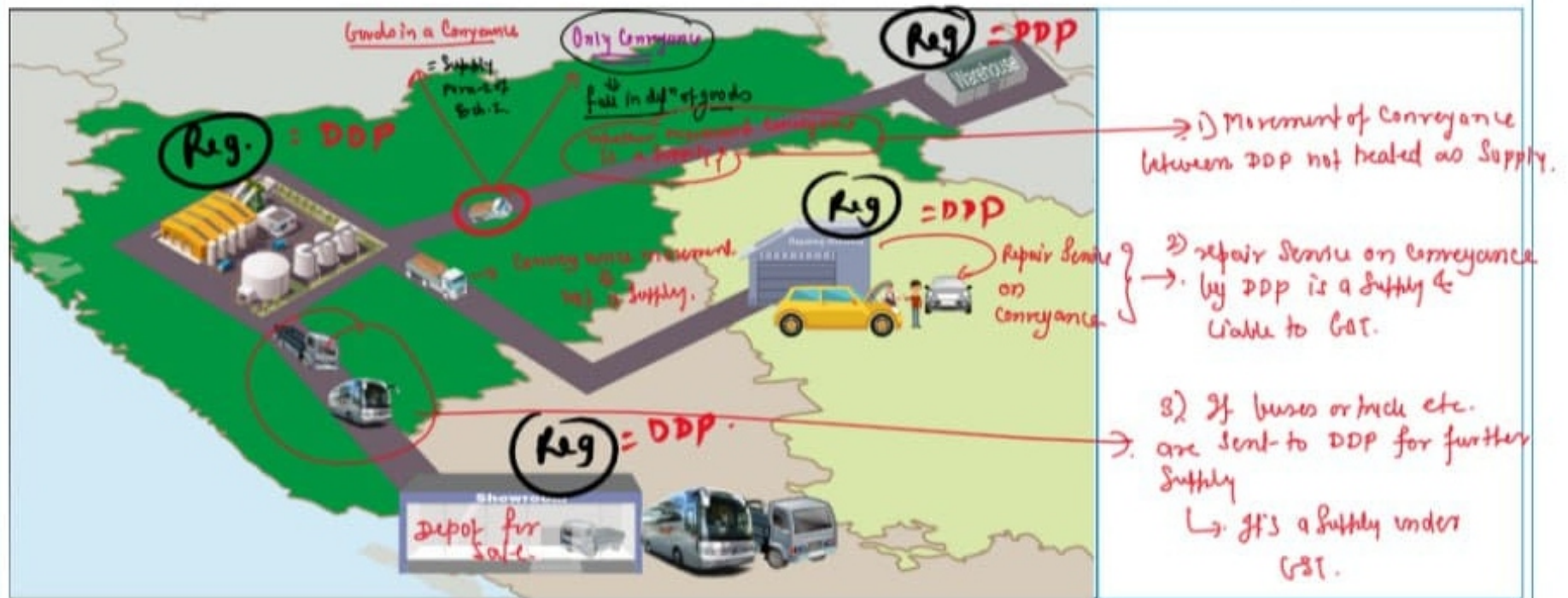
Inter-State movement of various modes of conveyance, between distinct persons including Trains, Buses, Trucks, Tankers, Trailers, Vessels, Containers, Aircrafts,

(a) carrying goods or passengers or both; or

(b) for repairs and maintenance,

shall be treated 'neither as a supply of goods or supply of service' and therefore not be leviable to IGST.

Exception:- in cases where such movement is for further supply of the same conveyance



Classification of Supply,

Sch. II

Para-6 | Composite Supply
(Goods + Service)

- Work Contract.
- Restaurant / catering / mess.

Always treated as S.O.S.
irrespective of goods involved
in such contract.

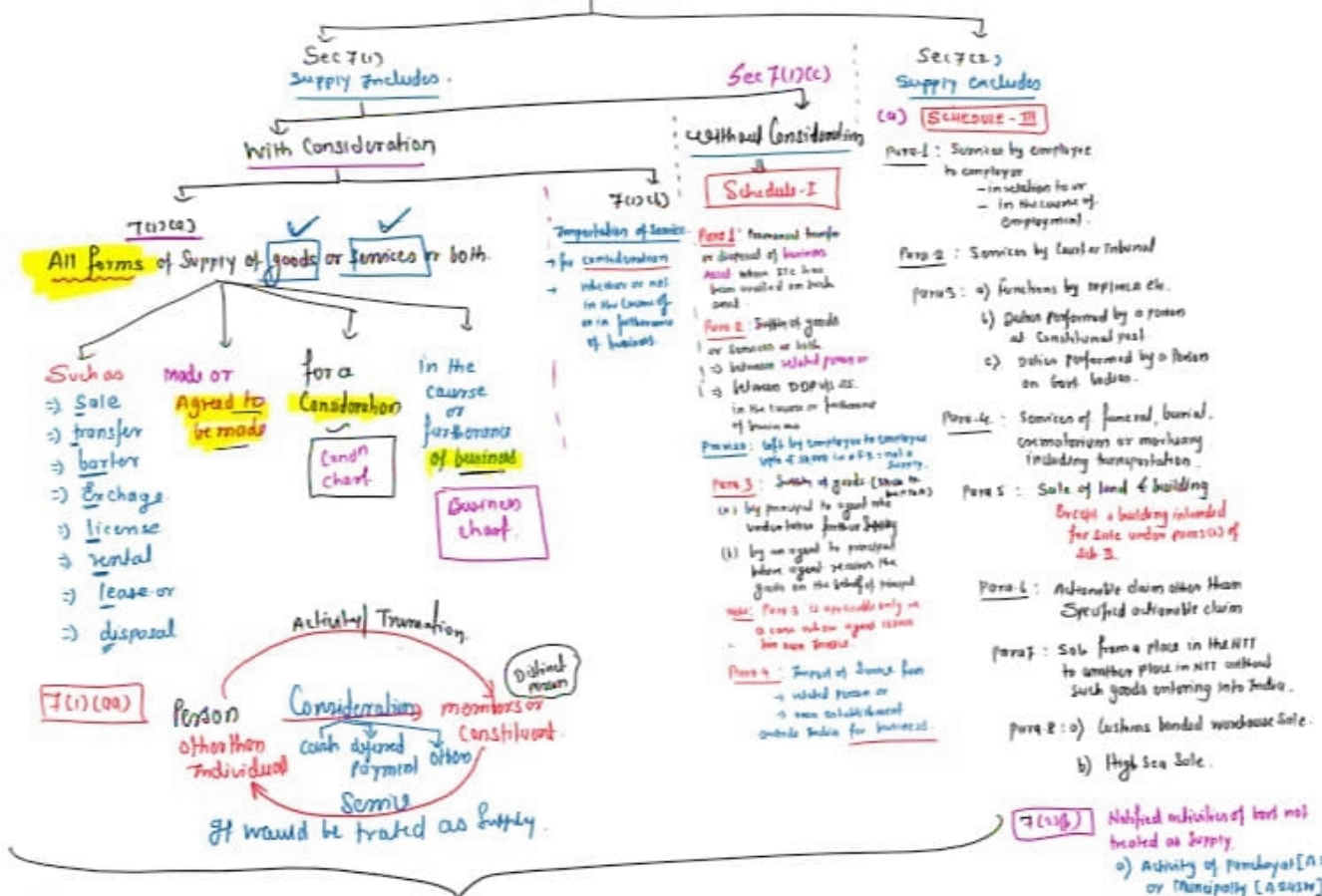
Sec 8

Composite & Mixed Supply.

↓.

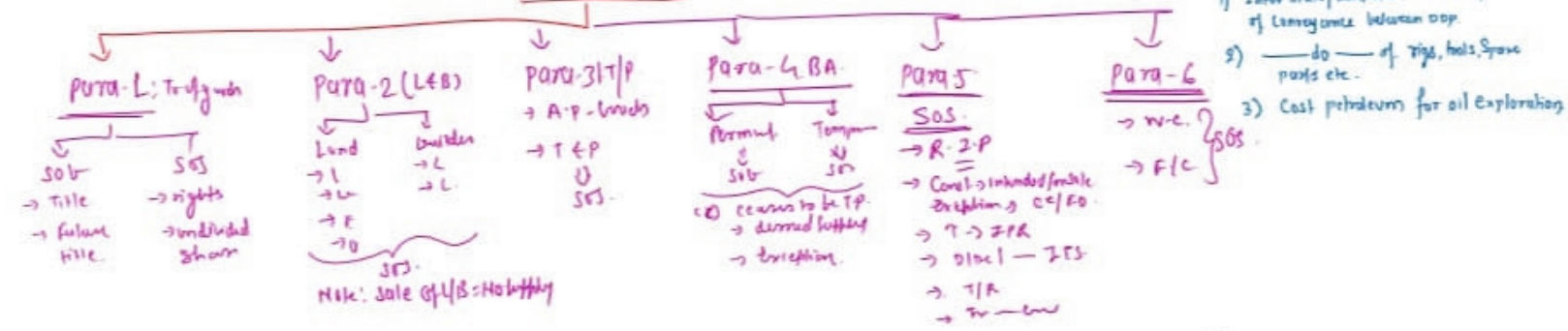
predominance Test

Sec 7: Supply



Sec 7 (IA)

Schedule II



Sec 8 Composite & Mixed Supply