GST NOTES

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2026-2027

CHP 2 : ROADMAP OF GST & SUPPLY UNDER GST..



#M.M. IMP

8m to 10m

Roadmap of GST



for consultancy



C.A

Client

Check Points

① Elements / Activity covered under the definition of Goods (or) services (or) Both ?

- YES
- NO → No que of GST

② whether such activity / Transaction covers under supply?

- YES
- NO → No que of GST

③ Whether place of supply is in Taxable Territory (i.e India) ?

- YES
- NO → No Que of GST

④ Whether such person Covered under the definition of taxable Person ?

- YES
- NO → No Question of GST

⑤ Whether such supply covered under 100% exemption Notification ?

- YES → GST NOT Collected (i.e NO GST)
- NO → GST Levied AND Collected

Collection Procedure

1,00,000 × 12% = 12,000 GST

⑥ Value of supply
(Sec-15 of CGST Act, 2017)

⑦ Rate of GST 40%.
[5%, 12%, 18%, 28%.]

⑧ who is liable to Pay GST

#

- Supplier → Forward Charge / Normal Charge / Regular Charge
- Receiver → Reverse charge
- Third Party * [i.e ECO] → Special Provision under GST.

⑨ when is liable to Pay GST ?
(i.e Time of supply / Point of Taxation)

Supply को Provide किया हुआ कब माना जायेगा

* Electronic commerce operator

(10) A I M 4R ITC E C

- A → Audit under GST
- I → Invoice under GST
- M → manner of Payment
- 4R → Return, Record, Register, Refund
- ITC → Input Tax credit.
- E → E-Way Bill
- C → Composition levy.

(11) Assessment, Inspection, Search under GST

(12) Appeal under GST

(13) Interest, Penalty and other Panel Prosecution.

Q1 What is Goods or Services under GST?

Ans. Goods defined u/s 2(52) of CGST Act, 17

"Goods means every kind of movable property other than money & securities but includes actionable claims, growing crops, grass & things attached to or forming part of land which are agreed to be served before supply or under a Contract of supply.

→ Services define 2(102)

"Services" means anything other than Goods, money & securities but includes activity relating to use of money or its conversion by cash / any mode, from one currency / denomination to other form for which separate Consideration is charged.

* Explanation - For the Removal of doubts, it is hereby clarified that the expression 'services' includes facilitating or arranging transactions in securities.

Analysis of Section 2(52) and 2(102)

Definition of Goods and Services

	Goods	Services
Section :	2(52) of CGST Act, 17	2(102) of CGST Act, 17
Provision :	Goods Means (Exhaustive Def^{n})	Services Means (Exhaustive Def^{n})
	→ Every kind of "Movable Property"	→ Services means "Any thing / Everything"
Exclude :	Money and Security	→ Goods, Money and Security
Include :	Actionable claim, Growing crops, Grass (or) any other thing attach to land which are severed before (or) under a contract of Supply.	→ Activities relating to use of money, where separate consideration is to be charged.

☆ Movable :- Moved ("As such" ↗ जैसे का वैसा) + Marketable (even single buyer exist)

☆ Money (sec 2(75))

Money means → Indian legal tender
→ Foreign Currency
→ Promissory Note
→ Cheque
→ Bill of Exchange
→ Draft
→ letter of credit
→ etc. ....

But does not Include

Any currency that is held for its numismatic value (i.e old coins) Face value ≠ Mkt value.

☆ Security (Not defined under GST)

Securities define under SCRA Act, 1956

→ Shares, Debentures, Bonds, Units of mutual fund, Derivatives, Options, futures e.t.c....

☆ Actionable Claims

legal Right to claim a debt @ money from Some-one which can be enforced by a court of law.

Ex: unsecured Debt, Insurance Claim, Betting, Gambling, lottery, online money Games, casino Horse Race e.t.c.

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What is transaction in money and transaction not in money (or) what is transaction in securities (or) not in securities ?

① If any Transaction "ONLY IN MONEY"

= NO Supply (Neither Goods nor Services)

Hence NO GST

Ex : ① Money Deposit in Bank
② Money withdraw from Bank.
③ Cheque Deposit in Bank.
④ ₹ 500 Note Change in 100/- Note (100 x 5)

Transaction "Not only in Money"

Covered under the definition of Services, hence GST may be APPLICABLE.

→ Loan Deposit / Advances = Interest portion (Services)
(FOR Interest)

→ Conversion of ₹ in D.D = Charges / Commission (Services)

→ Conversion of ₹ into F.C = Charges / Commission / Margin (Services)

→ late Payment of Credit Card = Interest (service)

→ Processing fees for loan sanctioned = Processing fees (services)

Transaction in Security (or) Not a Transaction of Security ?

Transaction in Security = Sale, PUR of shares, Deb, units e.t.c ... (value of share not a goods, Non Services)

Not in security = Goods (or) services ✓
GST ✓

① Facilitating of sale of securities = charges / commision
GST ✓

② lending of securities = fees / charges = GST ✓

Important Points

① Money lending → By Bank (OR) By other person → In form of Advance/loan
- Processing Fees → Service ✓ GST ✓
- Filing Fees
- Interest = Service ✓ but exempt under GST

② Credit card
- Card Issuance charges, Annual charges, membership fees = Service ✓ GST ✓
- Interest = Service / GST ✓

CRUX

loan (OR) Adv का Interest exempt है।
Credit card का Interest exempt नहीं है।

③ Money Change (FOREX)

- → Between Bank to customer
- → Between Authorised Dealer to customer

→ Services ✓
→ GST on commission

- → Between
  - Bank to Bank
  - Bank to Authorized Dealer
  - Authorised to Bank
  - Authorised to Authorised

→ Margin Earned → Exempt from GST

Example

	Goods	Services
① Money	✗	✗
② Shares	✗	✗
③ Furniture	✓	✗
④ Crops – Severed before supply	✓	✗
⑤ AC	✓	✗
⑥ DP Charges on sale of Shares	✗	✓
⑦ 500 Note	✗	✗
⑧ Mobile	✓	✗
⑨ Building	✗	✓
⑩ Land	✗	✓
⑪ Telecom Tower.	✗	✓
⑫ ₹ → $ = commission Charged	✗	✓

(13) Int on loan	✗	✓ [Exempt]
(14) Int on credit card.	✗	✓
(15) Processing fees on Loan.	✗	✓
(16) ₹ ⟶ $ (Bank to Bank) comm charged	✗	✓ [Exempt]
(17) watch	✓	✗
(18) Lottery, Betting	✓	✗
(19) Centralised AC	✗	✓
(20) Share value = 1000/-	✗	✗
Commission charge = 50/-	✗	✓
(21) T.V	✓	✗
(22) Account maintainance Charges	✗	✓

Supply under GST (#M.M.M. IMP)

Basic Introduction of Supply

A Taxable Event is any transaction that result in a tax consequence. Before levying any Tax, Taxable event needs to be ascertained. It is the "Foundation STONE" of Any taxation System.

It determine the point at which tax would be levied. under old IDT was Many Taxable Event, But GST law Resolved this Issues by layind down "one comprehensive Taxable Event" i.e Supply

Concept of Supply

The concept of Supply is the key stone of the GST. The provision of Supply contained in following Sections & Schdules :-

1) Section - 7 (SCOPE of Supply)

2) Section - 8 (Tax Treatment of Composite and mix Supply)

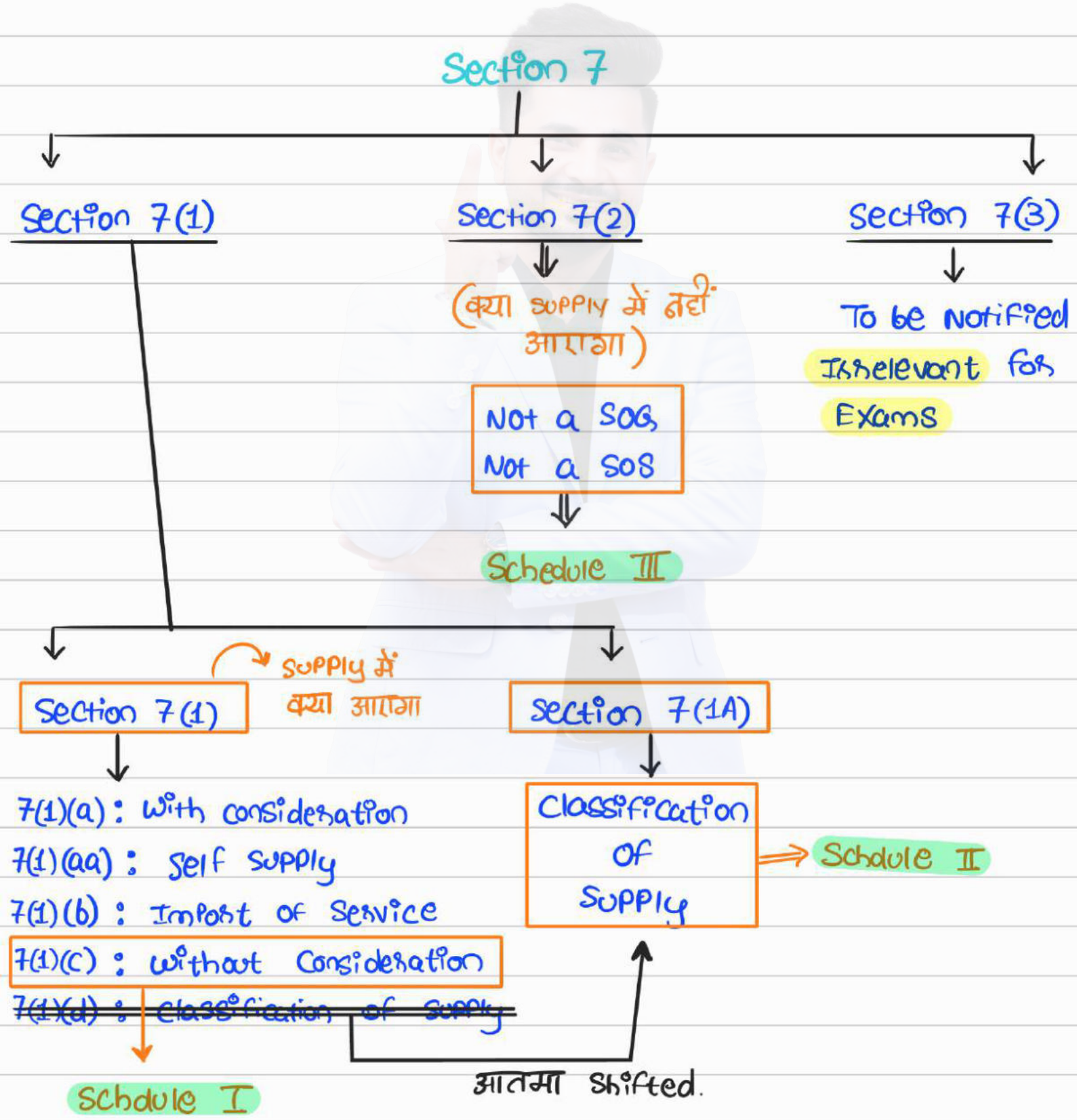
3) Schdule - I (Activities to be treated as Supply even made without Consideration)

4) Schdule - II (Activities or Transaction to be treated as SOG or SOS

5) Schdule – III (Activities or Transactions which shall be treated "Neither as SOG or Nos as Supply of services")

Section 7 : Scope of Supply

Structure of Section 7



Section 7(1)

For the purpose of this Act, the expression 'supply' includes —

(a) all forms of supply of Goods or services or Both such as sale, transfer, disposal, barter, exchange License, lease, rental made (or) agreed to be made for a consideration by a person in the course of furtherance of business.

Analysis of section 7(1)(a)

The definition of supply as contained in section 7 is an inclusive definition and does not define the term exhaustively.

The meaning and scope of supply in terms of section 7 can be understood in terms of following parameters:

1) Supply should be of Goods (or) Services.

2) Supply should be made for a consideration.

3) Supply should be made in the course (or) furtherance of business (FOB).

Above parameters describe the concept of supply. However, there are a few exception i.e. section 7(1)(b) (or) 7(1)(c) discussed later on.

Let's define Section 7(1)(a)

All forms of Supply

- of Goods
- of Services
- Both

↓

Such as (example below)

- → Sale
- → Transfer
- → Barter
- → Disposal
- → Exchange
- → License
- → lease
- → Rental

Acronym = STD BELL R

↓

made (or) Agreed to be made

↓

For a consideration

↓

By a Person

↓

In the course (or) FOB

It is important to note that supply includes All forms of supply within its purview, though 8 Examples of forms of supply are given in definition.

Further, Supply must be Satisfied by following 3 Conditions

1) Supply of Goods (OR) Services (OR) both

⊕

2) Supply Should be made for a Consideration

⊕

3) Supply Should be in the Course (OR) FOB.

Meaning of Consideration – Section 2(31) of CGST Act

↓

Something in Return

Consideration includes Something in Return, It may be in the form of :

- → Monetary Consideration
- → Non-monetary Consideration.
- → Do Something
- → Not to do Something (i.e. Negative Act).

But exclude the Subsidy given by Central Govt. OR State Govt.

What about Security deposit ?

Security Deposit → Adjustable / Non-Refundable = Deemed Consideration

Security Deposit → Non Adjustable / Refundable = Not a Consideration

Features of Consideration

→ Must Exist

(OR)

→ Must be Certain

at the time of Provision of Activity.

Personal Activity is not Covered under Supply.



स्वेच्छा / Self wish Activity not Covered under Supply

(If Consideration not exist before the Provision of such Activity).

eg - traffic में गाड़ी का sheesha साफ करने वाले । ∄ Supply ✗

जाना / कर्तव दिखाने वाले ।

अगर उनको हर दुकानों same काम Krao ∃ Supply ✓



Important Point

Donation received by charitable Institutions from Individual donors ?

Govt. clarification

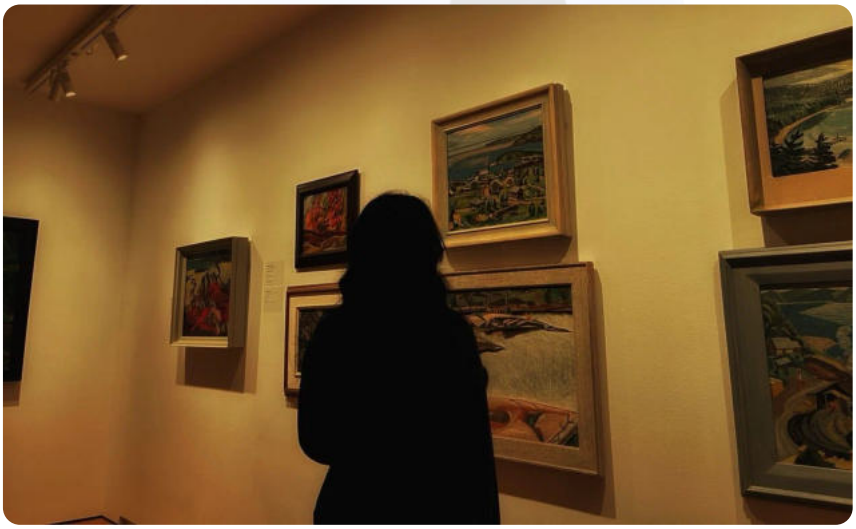
a) If donation is pure donation, there is no intention of marketing / Advertisement in return then donation not covered under Consideration hence NO GST.



b) If donation not Covered under Pure donation, It means the name of the donor is displayed in recipient institution with the aim of Publicity of donor then such donation shall Cover under Consideration and GST Shall Apply.



c) Artworks Sent by artist to gallery for exhibition is not a Supply as no Consideration flows from the gallery to the Artist.



In the Course or Furtherance of Business (FOB)



GST is essentially a Tax only on Commercial Transaction Hence, only those Supplies that are in the Course (OR) FOB qualify as Supply under GST.

Therefore, any Supplies made by an Individual in his personal Capacity do not fall under GST unless they fall within the definition of Business.

Meaning of Supply made in the Course or FOB

Any Activity undertaken in the Course or FOB would Constitute a Supply. In Order to understand the term "In the Course or FOB", we need to understand the term "Business".

Business as defined u/s 2(17) includes any Trade, Commerce, manufacture, Profession, Vocation, etc. whether (OR) not undertaken for a monetary benefit.

Thus, business includes any Activity/Transaction which is incidental (OR) ancillary to any Trade, Commerce, manufacture, Profession, Vocation, etc.

Examples of Section 7(1)(a)

Q. Mr. VG a Shopkeeper Sell a pen for ₹ 100 to the buyer. After the Sale, the Pen belong to buyer and Shopkeeper does not have any Right on this pen, whether Such Activity Covered under Supply ?



Ans→ Yes, It is a Supply u/s 7(1)(a).

Q. Mr. VG, a AC dealer sold 20 AC to Mr. X (Buyer) @ 40,000 each, whether Such Activity Cover under Supply ?



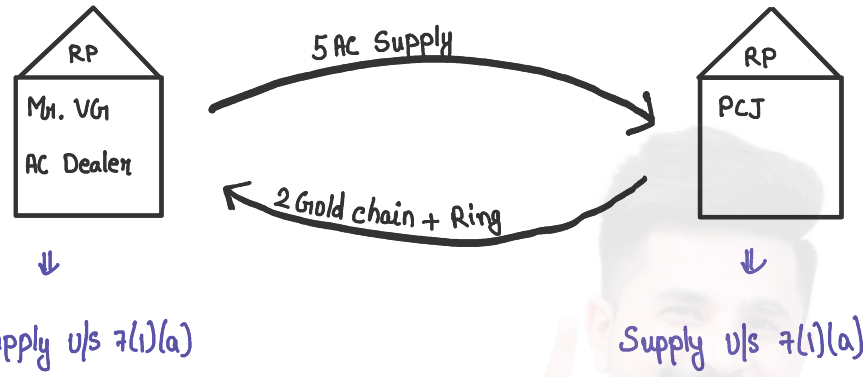
Ans→ Yes, It is a Supply u/s 7(1)(a).

Q. Mr. VG has a Stationary Shop and he Donated 100 pens & 20 Notebooks to Poor child. whether Such Activity Cover under Supply ?

Ans→ No, it is not a Supply u/s 7(1)(a) but it maybe Covered u/s 7(1)(c).



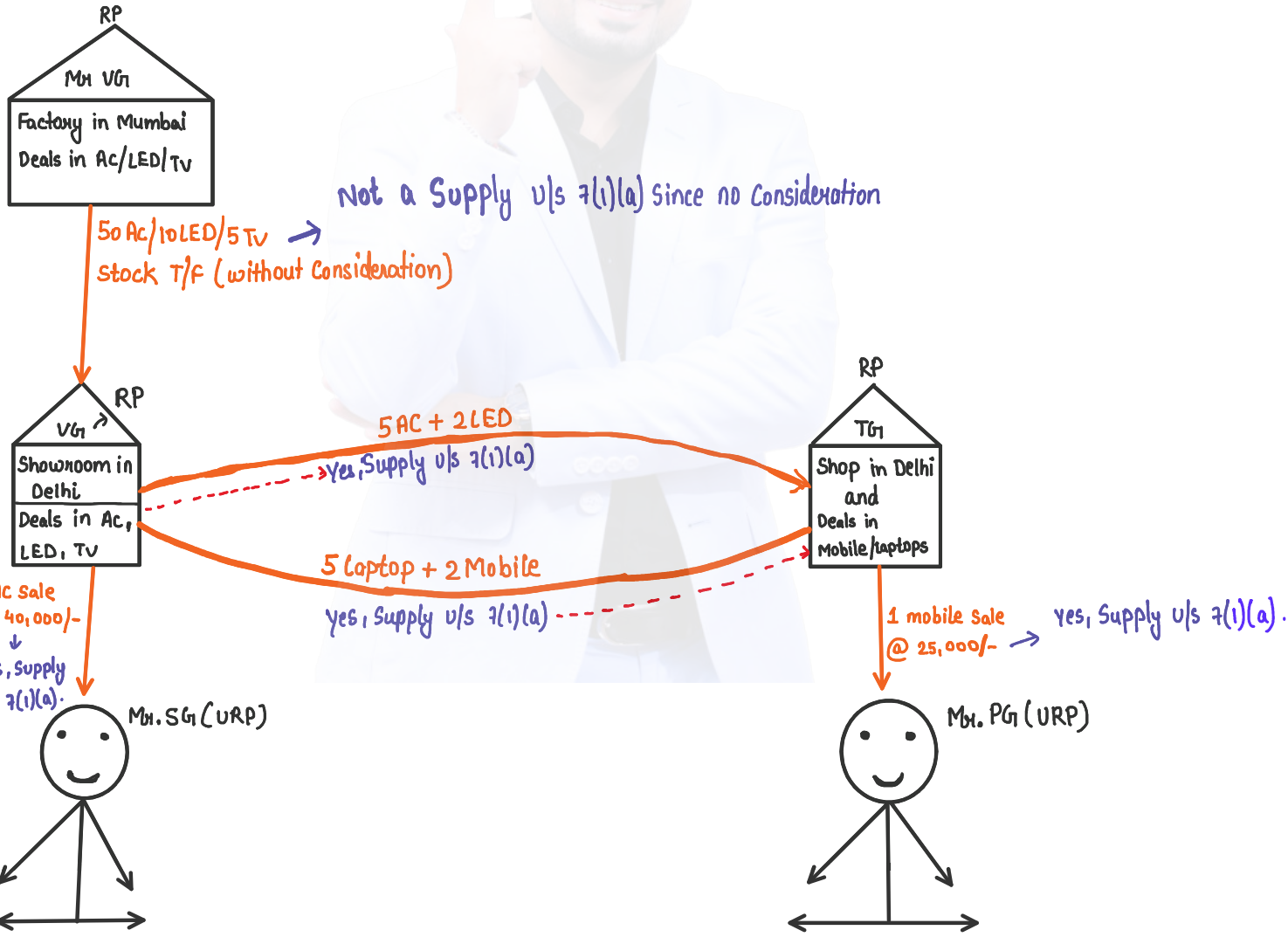
Q.



Supply u/s 7(1)(a)

Supply u/s 7(1)(a).

Q.

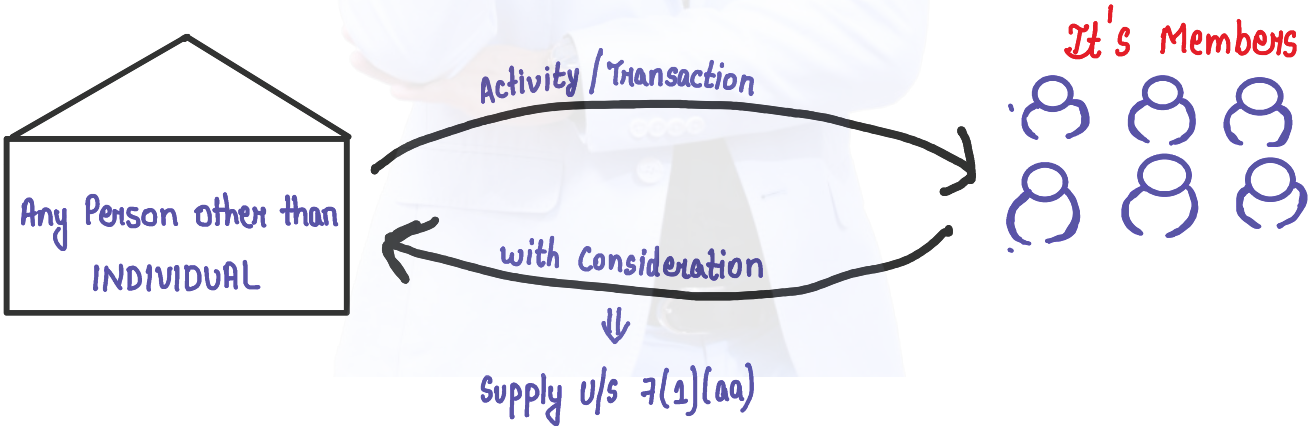


Section 7(1)(aa)

The Activities or Transactions, by a person, other than an Individual, to its members or Constituents or Vice-Versa, for Cash, deffered Payment or other valuable Consideration.

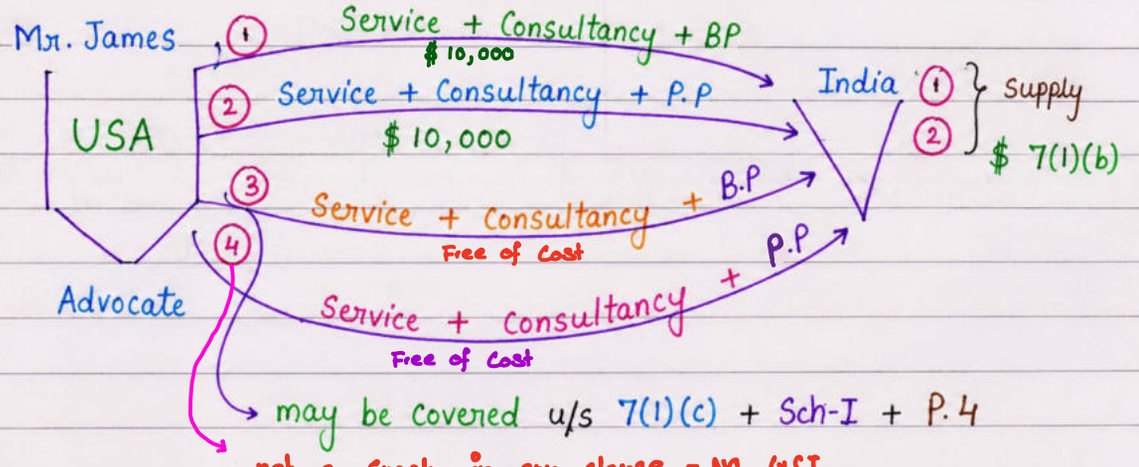
Explanation: It is hereby clarified that, the Person and its members or Constituents shall be deemed to be two Separate persons and the Supply of Activities or Transactions inter se shall be deemed to take place from One Such Person to another.

Analysis of Section 7(1)(aa)



I-9
30/01/06

→ Background of Section - 7(1)(b) + 7(1)(c) + Sch-I + Para 4



→ Section 7(1)(b)

Import of services for consideration whether or not in the course of furtherance of business.

→ Section - 7(1)(c)

The activities specified in schedule - I, made or agreed to be made - without a consideration.

→ Schedule - I

Activities to be treated as supply even if made without consideration.

"Total 4 para's in Schedule - I"

PARA 4 link with sec - 7(1)(b)

Import of service by a person from a related person (or) from his other establishment o/s India. in the course (or) furtherance of Business.

Difference bet^{N} 7(1)(b) & 7(1)(c) + SCH-I + PARA 4

Sec 7(1)(b)	Sec 7(1)(c)
• Import of service	• Import of service
• By Any person	• By Any person
• from Any person	• from *Related person (or) other establishment o/s India.
• for a consideration	• without consideration
• whether (or) Not in the course (or) FOB	• Only in the course (or) FOB.

☆ Related person defined in Explaination I of sec 15 read with sec 2(49)

↳ will Discuss in Valuation chapter.

Related person means :-

a) Employer or Employee

b) Partners of P. Firm

c) _ _ _ _ _ _ _ _

d) _ _ _ _ _ _

e) _ _ _ _ _ _

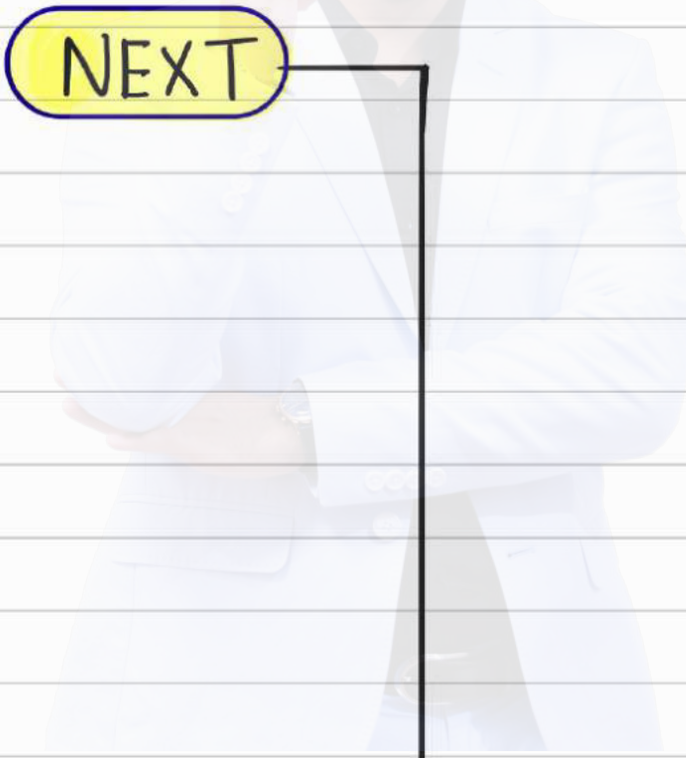
f) Family. #

 # Family – 2(49)

Family means,

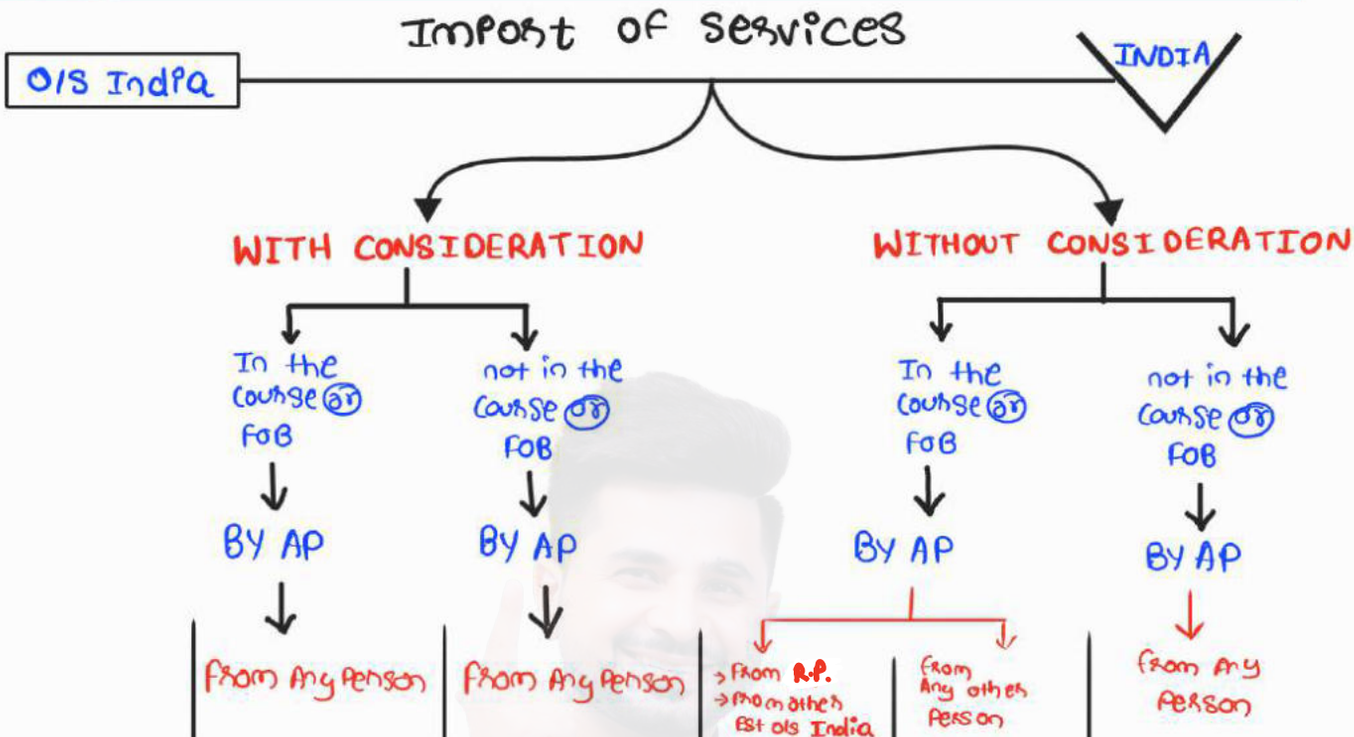
→ Spouse And Children of the Person.

→ Parents, Grand Parents, Brothers + Sisters only if 100% Dependant on said Person.



CRUX

Analysis of Section 7(1)(b) + 7(1)(c) + SCH-I + PARA 4



Covered under supply?	Yes	Yes	YES	NO	NO
Supply under which section?	CGST Act Sec 7(1)(b)	CGST Act Sec 7(1)(b)	Sec-7(1)(c) SCH ⊕ I ⊕ PARA 4	-NA-	-NA-
Nature of supply	Inter State U/S 7 of IGST Act	Inter State U/S 7 of IGST Act	Inter State.	-NA-	-NA-
Whether GST levy or NOT?	YES, (IGST)	Exempt from GST Except: OIDAR Services (online Info Data Base Access and Retrival.)	YES, IGST	-NA-	-NA-
Who is liable to Pay GST?	Recipient Under (RCM) (Reverse Charge Mech)	Supplier Under (FCM) on the basis of UIN.	Recipient Under (RCM)	-NA-	-NA-
When is liable? [TOS]	Refer Section 13(3)	Refer Section 13(3)	Refer Sec-13(3)	-NA-	-NA-

CRUX of 7(1)(b) + 7(1)(c) + SCH-I + PARA 4

Section 7(1)(b)

अगर service import की Hai (And) badle me consideration Hai

→ service Dene wala Kaun hai — Doesn't matter

→ service lene wala Kaun hai — Doesn't matter

Service lene ka Purpose kya hai — Doesn't matter

AGar Consideration hai to has case mei supply hai U/S 7(1)(b).

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Section 7(1)(c)

Agar service Import ki hai (and) Badle me consideration nhi hai,

→ Service Dene vala = Related Party (or) other Est ors India

→ Service lene wala kaun hai = Any Person

→ Service lene kaa Purpose kya hai = In the course (of) FOB

ILLUSTRATION 10

Examine whether the activity of import of service in the following independent cases would amount to supply u/s 7 of the CGST Act, 2017:

a) Ms Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian Dollar. → Yes, Supply

b) Ms Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr Varun residing in Sydwey (Australia) [wholly dependent on Ms Shriniti]. Further, Ms Shriniti did not pay any consideration for the said service. No Supply BCOZ not for FOB

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8840824319

c) Will your answer change if in the above case, if Ms Shriniti has taken interior decoration services with regard to her business premises and not her residence? → Supply · Purpose - Business

Other 3 PARA's of SCHDOLE - I

PARA 1 = Permanent transfer (or) Disposal of Business Asset on which ITC has been claimed.

Analysis of PARA - 1

In order to qualify as supply following conditions must be satisfied :-

(1) There must be disposal (or) Transfer of Business Asset.

(+)

(2) Transfer (or) Disposal must be Permanent

(+)

(3) ITC must have been availed on such business Asset.

If All condition satisfied then supply under PARA 1

If any 1 condition (or) All Condition Not Satisfied then Not a supply under PARA-1

Example

1) Mr VG. gives old laptops being used in his business to his friend free of cost. Mr VG have been claimed ITC on such old laptops. whether such activity is supply?

→ Yes, it is a supply since following conditions are satisfied
   a) Transfer of Business Asset.
   b) Transfer of Asset is Permanent.
   c) ITC has been availed on such asset.

2) A dealer of AC permanently transfer a motor car free of cost to a car Dealer, ITC on motor car is not claimed. Whether such activity is supply?

→ NO, It is Not a Supply.

3) Mr VG, A Dealer of laptop, Purchased 100 Laptop @ 40,000/- each plus 5% GST. And VG Claimed ITC on 100 Laptop he donate the laptop to Poor Children in Govt school. Is it supply?

→ Yes, Supply u/s 7(1)(C)

PARA 2 :

Supply of Goods (or) services (or) Both

Between Related Party — Between Distinct Person.

In the course (or) FOB

Special Point

Employer → Supply of G/S Free of cost → Employee

upto ₹50,000 → Not a supply

In excess of ₹50,000 → It is a supply and whole value shall be chargeable to GST.

Important Point

Related Person (Explanation - 1 of Sec 4

- Employer - Employee ⇓ 50,000/- limit
- Others ↓ NO Limit → starting से ही supply चलेगा

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* The Establishment of a person with separate Registration whether within the state/UT @@ in different state/UT are considered as distinct person.

* where a person having one Registered establishment in a state/UT has another establishment in a different state/UT (Not necessarily Registered) these establishment are also considered as distinct person.

Example

1) Mr VG. a CA has a registered Head office in Delhi, He has also obtained Registration in the state of Bihar in respect of his newly opened branch office. whether such Establishment shall be deemed as distinct person?

→ Yes, since Mr VG Registration under same PAN in Bihar & Delhi shall be treated as distinct person.

2)



Yes, it is supply since both are deemed as distinct person

⇓

Para-2 of Schedule I

3) 

Cash Gift = 70,000/-



⇓

Supply ?

⇓

Not a supply since cash not covered under the definition of Goods (or) service. Hence NO question of GST

4) What if in the above question instead of cash there is Gift of Shares ?

→ Same Answer as of Question 3.

⑤ Mr V.G → (AC Gift ₹40,000) → Daughter

Mr V.G → AC Dealer

↓

Supply under PARA 2 (No limit)

⑥ Mr V.G (ex) → (AC Gift ₹45,000/-) → ABHISEKH (ee)

Mr V.G → AC Dealer

↓

Not a supply since value is upto 50K

⑦ Mr V.G (ex) → (2 AC GIFT @40,000/- each) → ABHISEKH (ee)

Mr V.G → AC Dealer

↓

Yes, it is a supply since value is more than 50K.

PARA - 3 : Supply of Goods —

(a) By a Principal to his Agent where the Agent undertakes to supply such Goods on behalf of the Principal ; or

(b) By an Agent to his Principal where the Agent undertakes to receives such goods on behalf of the Principal.

Analysis of PARA - 3

1) only Goods (supply of Goods) and not supply of services is covered here.

2) Supply of Goods between Principal and agent without consideration is also supply.

Thus, supply of services between Principal and Agent and vice-versa would require Consideration to be present so as to be

In order to determine whether a Principal Agent Relationship falls within the ambit of PARA 3 of Schedule I as discussed above or Not, the deciding factor is whether Invoice for the further supply of Goods on behalf of the Principal is being issued by the Agent (or) Not ?

In order words, crucial Point is whether (or) not agent has the authority to Pass (or) Receive the title of Goods on the behalf of Principal

1) where the Invoice for further supply is being issued by the Agent in his name – then any provision of Goods from Principal to Agent would fall with in PARA - 3.

→ However, where the invoice is issued by the Agent to Customer in the name of Principal, such agent NOT FALL within the ambit of PARA-3.

Important Clarification

where the Goods being Procured by the Agent on the behalf of Principal are Invoiced in the name of the Agent the further Provision of said Goods by Agent to Principal would be covered under PARA - 3.

CRUX

whether the Invoice is issued by the Agent to customer in name of?	whether he will be an Agent in terms of PARA - 3 of Schedule - I ?
a) Principal	NO
b) Agent	YES

Example

HONDA → 20 Cars T/F without consideration →  → 2 cars sale @ ₹10 Lakh each → 

MR. VG

It Depends ?

CASE-1 : Supply b/w Mr. VG to Customer and invoice issued in the name of Honda Ltd. = Not covered under PARA-3, It means

Honda Ltd ⟶ Mr V.G = X

Only 1 Supply

↳ Honda Ltd → To Customer

Case-2 : Supply b/w Mr. VG to Customer and invoice issued in the name of Mr. VG. = Yes, PARA-3 Shall apply, Here to 2 Supply

1) Honda Ltd ⟶ Mr. VG = PARA 3 Supply.
2) Mr. VG to customer = Supply U/S 7(1)(a).

I-10
31/01/26

→ Section - 7(1)(d)

Where certain activities on transaction constitute a supply in accordance with the provision of Subscription (1) they shall be treated either as supply of goods (or) supply of services as referred to in schedule - II

→ Analysis of section 7(1A)

Section 7(1A) classifies certain Activities / transactions constituting supply, either SOln on SOS, schedule II of CGST Act contains the list of activity on transactions which have been classified either as SOln (or) SOS.

→ Why classification is required ?

A. Reason

i. Different GST rules for SOln & SOS

ii. Goods = HSN code ; Services = SAC code.
   → HSN = [Harmonised system of Nomenclature]
   → SAC = [Services Accounting Code]

iii. Different valuation rules

iv. Different ITC Rules

v. Different "Time of supply" provision

vi. Different "Place of supply" provision

vii. And so on...

Points to be noted related to supply

Supply

Determination of supply

↓

Supply kya hai ? / aayega ?

↓

section - 7(1)(a) / (aa)

↓

section 7(1)(b)

↓

section 7(1)(c)

Classification of supply

↓

Kisi supply hai ?

↓

section 7(1A)

↓

sec - 7(3) → Not notified till date

↓

section 8.

→ **Schedule - II**

★ Activities on transfer transactions to be treated as "Supply of goods" or "supply of services"

&

Total PARA 6

↓

[contains - 17 entries]

4 entries

↓

[deemed "SOG"]

13 entries

↓

[deemed "SOS"]

★ It not classified here then refer sec - 8 or 7(3)

4 Entries → Deemed "SOG"

13 Entries → Deemed "SOS"

IF Not classified here then Refer Section 8 OR 7(3)

Schedule - II

PARA - 1 + PARA 5(F)

Particulars	SOG / SOS
1(a) : Any Transfer of the title in Goods.	Supply of Goods.
1(b) : Any Transfer of :- → Right in Goods → Undivided share in Goods	Supply of Services
1(c) : Any Transfer of title in Goods Shall Pass at a future date upon Payment of full consideration	Supply of Goods.
5(F) : Transfer of the Right to use any Goods for any Purpose for Consideration	Supply of service

PARA 2 + 5(a) ⇒ SCHEDULE II

2(a): Any lease, Tenancy, easement, licence to occupy Land (Any Purpose) — Supply of service.

2(b): Any lease (or) letting out of Building (Any type) For business (or) Commerce. — Supply of service.

5(a): Renting of Immovable Property Other than: 2(a), 2(b) बाकी सब — Supply of service.

PARA 5 - SCHEDULE III (Sale of Land (or) Sale of Building)

Na SOL, Na SOS — NOT a supply of Goods (or) supply of service

PARA - 3

Any Treatment of process which is applied to another Person's Goods — Supply of service.

Important Point

(1) waste & scrap Sold by Job workers

⇓

It is a supply u/s 7(1)(a)

⇓

Supply of Goods — PARA 1(A) + SCH - II

PARA - 4

4(a): where goods are forming Part of business are Transferred (or) Disposed off. — Supply of Goods

4(b) : where, by (OR) under the direction person carrying on a business, goods held (OR) used for the business, are put to private use (OR) made available to any person for private use. — Supply of services

4(c) : where any person ceases to be a Taxable person and any Balance Stock of Asset deemed to be — SOG

Except :

1) Business is T/F as an Going concern.

2) Business is carried on by a Representative.

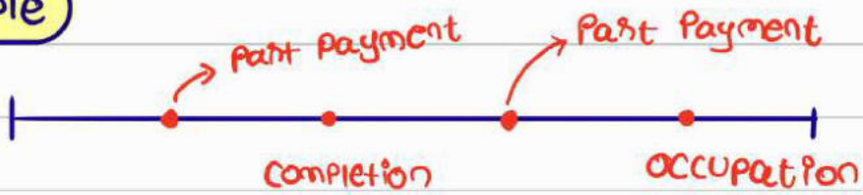
5(a) : upar likha hai — —

5(b) : contruction of complex, building, c.t.c — Supply of service.

Except : 100% consideration has been received after issuance of completion certificate (OR) after its first occupation whichever is Earlier.

Example

1)



Para 5(B) Applicable = SOS

2)



PARA 5(B) Applicable = SOS

3)



PARA 5(B) not Applicable = Covered under Schedule III

4)



PAPA 5(B) Not Applicable = Covered under Schdule III

5)



PARA 5(B) Not applicable = Covered under Schedule III

5(c) : Temporary Transfer (or) permitting the use of Any Intellectual Property Right	Supply of service.
5(d) : Development, design, programming, customisation, upgradation, implementation of IT software	Supply of service.
5(e) : Refrain from an Act (or) tolerate an act	Supply of service.
5(F) : Transfer of Right to use any Goods	Supply of Service

CRUX

① Title - Title वाले Goods बनेंगे
Right - Right वाले service बनेंगे

② Right in Goods = Possesion Transfer
Right to use any Goods = Possesion + control T/F

→ Title किसी भी case में T/F नहीं हुआ

CRUX

Any Land Any Purpose → Renting → SOS → 2(a)

Any Building + Business / commerce Purpose → Renting → SOS → 2(b)

Any Building + other Purpose → Renting → SOS → 5(a)

Other than L/B + Any Purpose → Renting → SOS → 5(a)

(like Telecom Towers)

CRUX 4(a)

Business ki Asset ko T/F karna = SOG.

4(b) : Business ki asset ko Pvt use krna = SOS

4(c) : Business Close krna then jo bacha hua = SOG Stock hai

Except

→ Going concern

→ Carry by our Representative

Example

① Mr VG → (5 AC Sold @ ₹40,000/- each) → Mr X

Mr VG → AC Dealer

Supply of Goods. u/s 7(1)(a).

② Mr VG → (4 AC Gift / donate without consideration) → Mr A, B, C, D

Mr VG → AC Dealer

Assume- ITC Claim.

→ Supply u/s 7(1)(c) + PARA 1 of Schedule I

→ SOG

③ Mr VG. → (Rent for use of AC @ ₹10,000/- Per quarter.) → Mr X

Mr VG. → AC Dealer

→ Supply u/s 7(1)(a)

→ SOS + Section 7(1A) + PARA 1(b) of Schedule II

④ VG

AC Dealer

ITC ✓

- AC sold @ 50,000 = Supply u/s 7(1)(a) SOG - PARA 1(a) + SCH-II
- AC GIFT (free of cost) = Supply u/s 7(1)(c) + PARA 1 of SCH-I SOG PARA 1(a) + SCH-II
- personal car sell @ 1L = Not a supply. Hence no question of SOG/SOS

IMP QnA for Exams

Particulars	PARA's
1) Lease Agreement for land use of Commercial purpose	SOS 2(a)
11) A Shop let out in a busy market area	SOS 2(b)
111) A Commercial property let out for use as Residence	SOS 5(a)
IV) VGr Dyeing House dyes the clothes given by PGr Textile Ltd. on Job-work basis.	SOS – PARA 3
V) A Person manufacturing and selling wooden furniture takes One chair manufactured by him for use at his house.	SOS – 4(b)
6) Arun, a Trader is winding up his Business and 10 chair and 5 AC left in Stock.	SOG – 4(c)
7) Renting of Telecom Towers	SOS – 5(a)
8) VGr Ltd. builders has Constructed Individual Residential House for agreed Consideration of ₹ 1.2 Crore per Unit out of which 90 Lakh received before Completion and 30 Lakh after Completion. What will be your Answer if 100% Consideration received after Completion (or) 9st Occupation whichever is earlier. →	~~SOG~~ ~~SOS~~ ~~Ost~~ P-5 of Schedule III
9) Temporary Transfer of Patent	SOS 5(c)
10) Permanent Transfer of Patent	SOG 1(a)
11) VGr Solutions Pvt. Ltd. develops an Accounting Software for a Business firm.	SOS 5(d)
12) Cable operator – VGr has entered into an Agreement with Cable operator – PGr that VGr will not Provide Cable Connection in the Specified area where PGr is providing Cable Connection.	SOS 5(e)
13) Machinery given on hire / Rent [with Complete Control]	SOS 5(f)

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Diagram of Composite Supply and Mixed Supply for better Understanding

Combo

Combination of :

↓

- Goods + Goods
- Goods + Service
- Service + Goods
- Service + Service

↓

check Such Combination Cover under

Composite Supply - 2(30)

↓

Specified Composite Supply

↓

Mentioned under PARA-6 of Schedule - II

↓

Restaurant Service

work-Contract Service related to immovable Property

⇓

Always Deemed as "SOS"

(Principal Supply is irrelevant for above Specified Composite Supply).

Mixed Supply - 2(74)

↓

Non-Specified Composite Supply

⇓

TAX Treatment u/s 8 of CGST Act.

Tax Treatment of Non-Specified Composite Supply (or) mixed Supply

PARTICULARS	Composite Supply	Mixed Supply
Definition under Section	2(30)	2(74)
Identification Test	a) Supply made by Taxable Person (+) b) Combination of Two (or) more Taxable Supply. (+) c) which are naturally Bundled (+) d) One of the Supply is Principal Supply & other is Ancillary.	a) Supply made by Taxable Person (+) b) Combination of Two (or) more Individual Supply. (maybe Taxable or NT) (+) c) Not naturally Bundled (+) d) Not Constitute Composite Supply. (+) e) charge Single Price.
Key Note	Combination of Taxable Supply. Ex Combination of TS(PIZZA) and NTS (Alcohol) Can't be Composite Supply	Combination of ANY Supply. → Maybe Covered under MIXED SUPPLY.
charge Single Price (or) Consolidated Price	Not necessary to make Composite Supply.	Must be charge Single Price.
TAX Treatment (Sec-8)	Treated as Supply of Such "Principal Supply"	Treated as Supply of that Particular Supply which attracts "HIGHEST RATE OF TAX".

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Section 7(1A) + Schedule II + PARA-6 + Section-8 + 2(30) + 2(74)

Meaning of Composite Supply - Section 2(30)

"Composite Supply" means a Supply made by a Taxable Person to a Recipient Consisting of two or more Taxable Supplies of Goods or Services or both, or any Combination thereof, which are naturally Bundled and supplied in Conjunction with each other in the Ordinary Course of Business, One of which is a Principal Supply.

Meaning of Mixed Supply - Section 2(74)

"Mixed Supply" means two or more Individual Supplies of Goods or Services, or any Combination thereof, made in Conjunction with each other by a Taxable Person for a Single Price where such Supply does not Constitute a Composite Supply.

Examples Imp Q.

Combination / Supply	CS	MS	Treatment
a) TV (5%) + Warranty (18%)	✓	×	TV – 5%
b) Box of Sweets (18%), Dry fruits (40%), Juices (5%), etc.	×	✓	Dry Fruits – 40%
c) Laptop (5%) + Laptop Bag (18%)	✓	×	Laptop – 5%
d) PIZZA (18%) + Burger (18%) + Garlic Bread (18%) + 30 ml. Wine (Non-Taxable)	×	✓	18%
e) Hotel Accomodation (18%) + Breakfast (5%)	✓	×	18%
f) Mobile (18%) + Battery (5%)	✓	×	18%
g) Food delivery (5%) + Transportation (18%)	✓	×	5%
h) Tie (5%) + Watch (Nil.) + Shirt (Exempt.) + Wallet (18%)	×	✓	18%
i) CAR (28%) + Service (18%)	✓	×	28%
j) Momos (5%) + Momos chutney (Exempt)	×	✓	5%
k) Golgappe (5%) + PANI (Exempt) + TIKKI (18%)	×	✓	18%
l) webcam (18%) + mic. (12%) — Seller charged Separate Price but buyer Paid Single Price.	×	×	Cover under Normal Supply and charge GST Separately.
m) Jewellery (3%) + Jewellery Box (18%)	✓	×	3%
n) VG Sir Coaching (18%) + Books (5%)	✓	×	18%
o) AC (28%) + Remote (18%)	✓	×	28%
p) Popcorn (28%) + Nachos (18%) + Coke (Nil.)	×	✓	28%

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Section 7(2) + Schedule III

Notwithstanding anything Contained in Sub-Section (1),—

(a) activities or Transactions specified in Schedule III ; or

(b) Such activities or Transactions undertaken by the Central Govt., a State Govt. or any local authority in which they are engaged as public Authorities, as maybe notified by the Govt. On the recommendations of the Council,

Shall be treated neither as a Supply of Goods nor a Supply of Services.

Analysis of Section 7(2) + Schedule III

Our discussion under this Heading will Revolve around the following:

A. Non-Supplies Listed in Schedule III
B. Non-Supplies notified by Govt.
C. Non-Supplies clarified by way of Circulars.

A. Non-Supplies Listed in Schedule III

PARA-1

Services by an Employee to the Employer in the course (or) in relation to his Employment.

Important Note

Only Services that are Provided by the Employee to the employer in the course of employment are outside the ambit of Supply. However, Services Provided not in the course (or) in relation to his Employment for a consideration would qualify for Supply.

Example

Particulars	Outward Supply (or) not ?
1) Mr. Abhishek Provide Service to Mr. VG as per the terms of Agreement to er and ee.	X (No GST)
2) Casual worker employed by Construction Contractor for execution of Building Contract for him.	X (No GST)
3) Any Amount paid by Mr. VG to Mr. Abhishek for not Joining a Competing Business is paid for the service of forbearance to act (i.e. not to do Something, Negative Act)	✓ (GST levied) (Not in the Course)

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PARA-2

Services by ANY COURT (or) Tribunal establish under any law.

Court includes District Court, HC and SC.

Service Provide by Arbitral Tribunal not Covered here, it means GST may be applicable.

PARA-3

Functions Performed by → MPs
→ MLAs
→ Member of Panchayat
→ Member of Local Authority
→ President
→ Prime Minister
→ IAS, CAG, etc.

PARA-4

Services of Funeral, Burial, Crematorium (or) Mortuary (or) Transportation of deceased.

PARA-5

Sale of Land (or) Building.

PARA-6

Actionable claim other than specified actionable claim.

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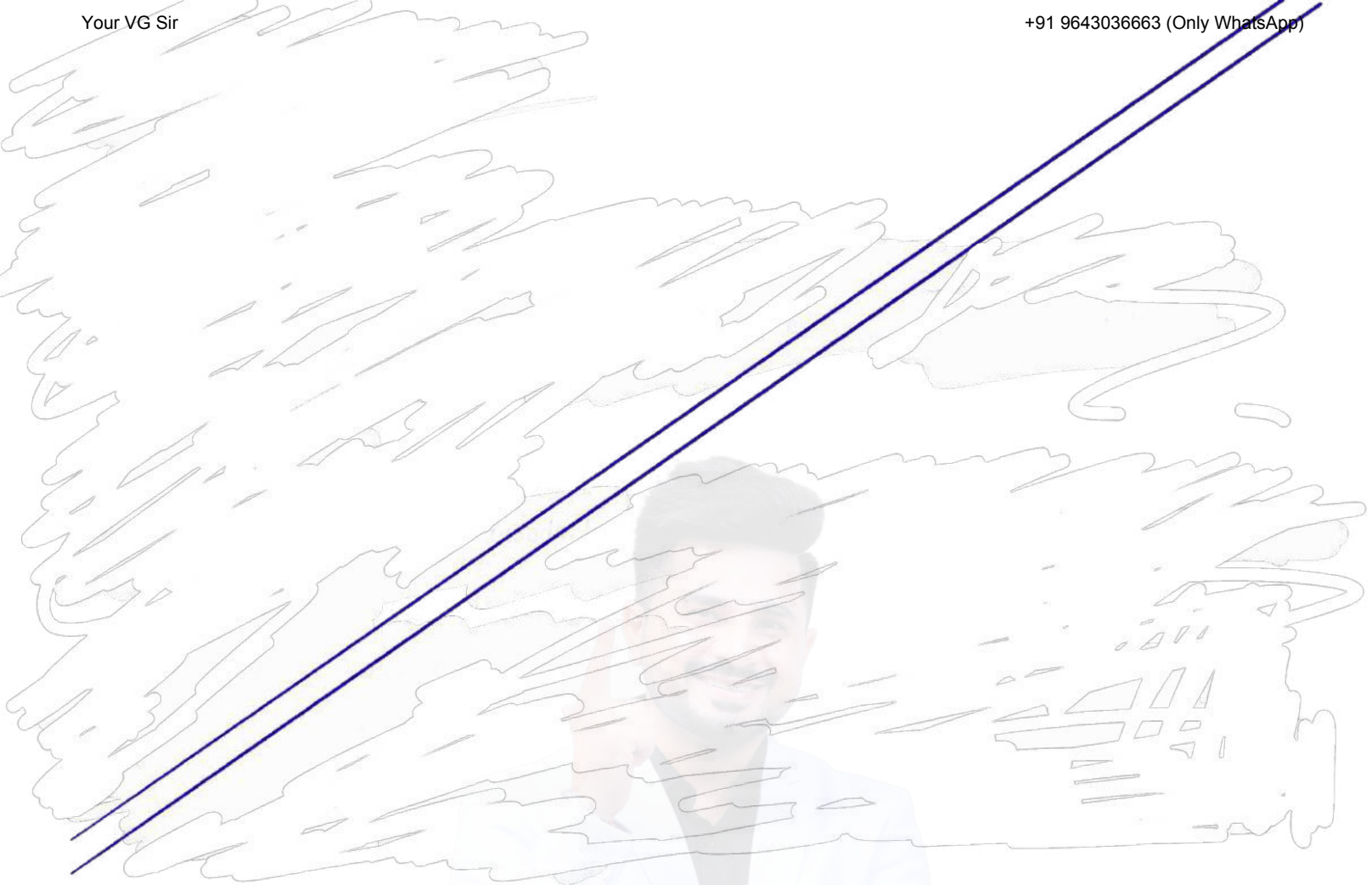
Section 2(102A): Specified Actionable claim

Specified Actionable claim means the Actionable claim involved in (or) by way of —

a) Betting
b) Gambling
c) Lottery
d) Casinos
e) Horse Racing
f) Online money Gaming

Example

Actionable claims	Cover under Schedule - III or not?
1) lottery	✗
2) Right to Recovery Insurance money	✓
3) claims for arrears of Rent	✓
4) Casinos	✗
5) Unsecured Loan	✓
6) Bank Guarantee	✓
7) Horse race	✗
8) My Circle 11 online Gaming	✗
9) Fixed Deposit Receipt	✓
10) Betting	✗



Some Relevant Notifications (or) Circulars related to Supply

1. Activity in relation to Panchayat / Municipality functions :

Services by way of any Activity in relation to a function Performed by Panchayat under Article 243 G of COI (or) by a municipality under Article 243 W of COI.

⇓

Neither treated as SOG nor treated as SOS.

2. Grant of Alcoholic Liquor license :

Services by way of grant of Alcoholic Liquor license by State Govt. are treated neither as SOG nor SOS. It may be noted that, other licenses provided by Govt. maybe chargeable to GST.

Non-Supplies clarified by way of CIRCULAR

(1) Inter-State movement of various modes of Conveyance between distinct Person including :-

- → Trains
- → Tankers
- → Buses
- → Vessels
- → Trucks
- → Aircraft, etc.

a) Carrying Goods (or) Passengers (or) both;

(OR)

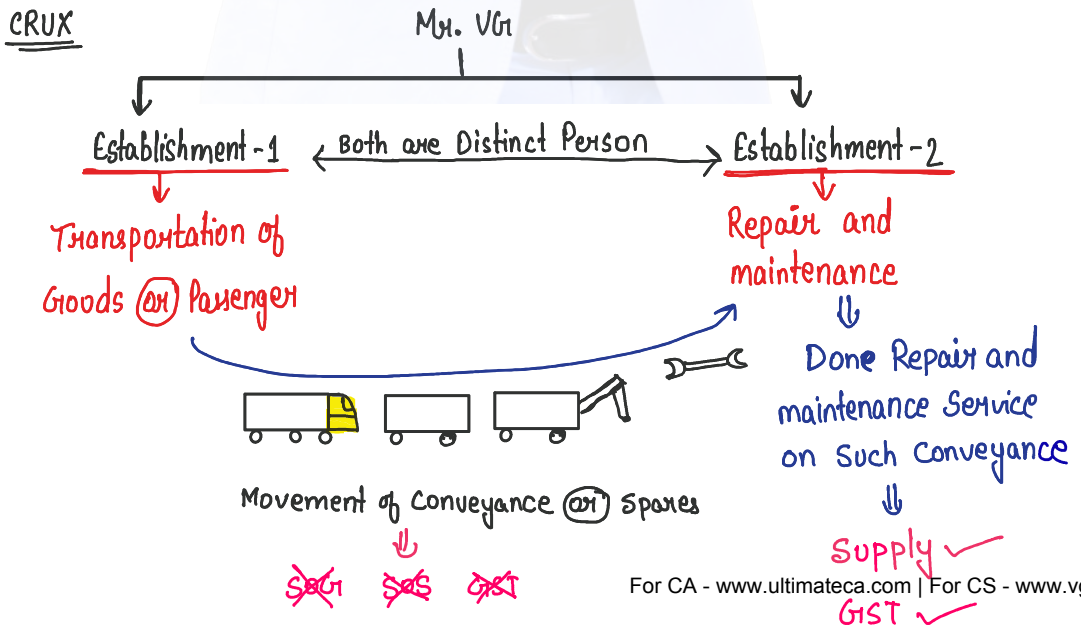
b) For Repair & maintenance Purpose

Shall be treated "neither as SoG nor SoS".

However, applicable CGST/SGST/IGST as the case maybe shall be leviable on Repairs and maintenance done for such Conveyance.

(2) Inter-State movement of Rigs, tools and Spares and all Goods on wheels (like Cranes)

Above Circular shall apply Mutatis-Mutandis. Such Inter State movement shall be treated "Neither as SoG, nor as SoS".



Some more Circulars & clarifications & notifications

Printing Contracts

Printing Industry in India in particular faced a dilemma in determining whether the Nature of Supply Provided was that of Goods (OR) Services. Another doubt was whether in Cases where Certain Contracts involved both SOG and Services, whether the Same would Constitute SOG (OR) SOS.

It is clarified that Printing Contracts is a part of Composite Supply and would be determined on the basis of what Constitute the Principal Supply.

a) In the Case of Printing of Books, Pamphlets, brochures, annual Reports, and the like where only Content is Supplied by the Publisher and all other inputs belong to Printer. Such Supply, Deemed Supply of Printing (i.e. Printing is Principal supply) and deemed as Supply of Service.

b) In Case of Supply of Printed envelopes, letter Cards, Printed Boxes, tissues, Napkins, wall paper, etc. by Printer Using its Physical Input and here Goods is Principal. Hence Such Supply deemed as SOG.

Food Supplied to the Patients

Food Supplied to the in-Patients as advised by the Doctor is a Part of Composite Supply of Health Care and not Separately Taxable. Other Supply of Food by a hospital to Patients (not admitted) (OR) their attendants (OR) visitors are Taxable.

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Activity of Bus body Building *

In the Case of Bus Body Building, there is Supply of Goods and Services. Thus, classification of this Composite Supply as Goods (or) services depend on which Supply is Principal Supply, which may be determined on Case to Case.

Retreading of Tyres *

In Retreading of Tyres, which is a Composite Supply the Pre-dominant element is process of Retreading which is a Supply of Services. Rubber used for retreading is an ancillary Supply.

Supply of Retreading tyres, where the old tyres belong to the Supplier of Retreaded tyres, is a "SoG".

Supply of Food and Beverages at Cinema Hall

It is hereby clarified that :

(i) Supply of Food (or) Beverages in a Cinema Hall is Taxable as "Restaurant Service".

(ii) where the Sale of Cinema ticket and Supply of Food and Beverages are clubbed together, Such Bundled Supply treated as Composite Supply. Hence entire Supply will attract GST at the Rate of Cinema Ticket.

Activity of Holding of Shares of Subsidiary Company by the Holding Co. Cannot be treated as SoG (or) SoS. Hence no GST applicable.

Clarification in case of warranty services.

① Manufacturer (or) Distributor.

→ Provide free Repair (or) Replacement service to customer = NO GST.

→ Charge price from customer = GST ✓

NO Reversal of ITC since its a part of original supply.

②



Free of cost

NO GST

Charge Amount

GST ✓

③ Extended Warranty.

→ अगर original supply की supply के साथ ली = composite supply ⇒ GST levied on principal supply.

→ अगर बाद में ली = Separate supply ⇒ GST levied @ of Extended warranty.

ITC allowed for Input & Input Services used for extended warranty.

→ PARA 9

Activity of apportionment of co-insurance premium by the lead insurer to the co-insurers for the insurance services jointly supplied by the lead insurer and the co-insurers to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, state tax, the Union tax and the integrated tax on the entire amount of premium paid by the insured.

→ PARA 10

Services by insurers to the reinsurers for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurers, subject to the condition that the central tax, the state tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

Analysis of PARA 9 and 10.

PARA 9

→ Co-insurance is a system where multiple insurers jointly cover one insurance policy and share the risk.

→ One insurer is appointed as the lead insurer.

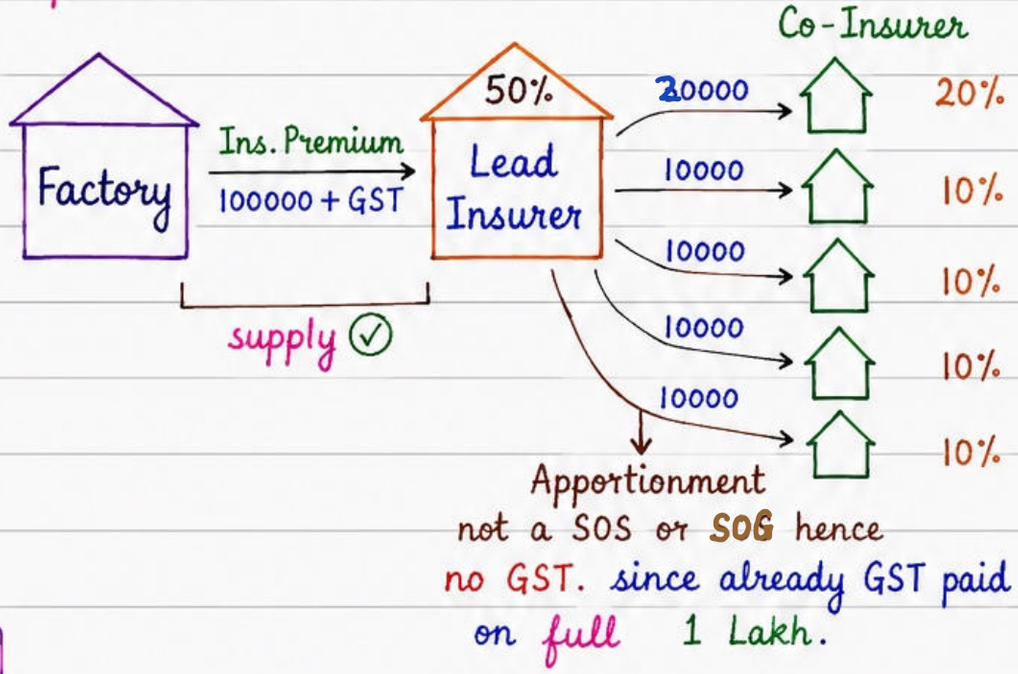
→ Lead insurer collect free premium from the insured (i.e. customer)

→ Lead insurer pays GST on full premium.

→ The lead insurer then distributes the premium to the co-insurer according to their risk.

→ Such apportionment of premium not treated as SOG and SOS, hence no GST, provided GST has been paid on full premium.

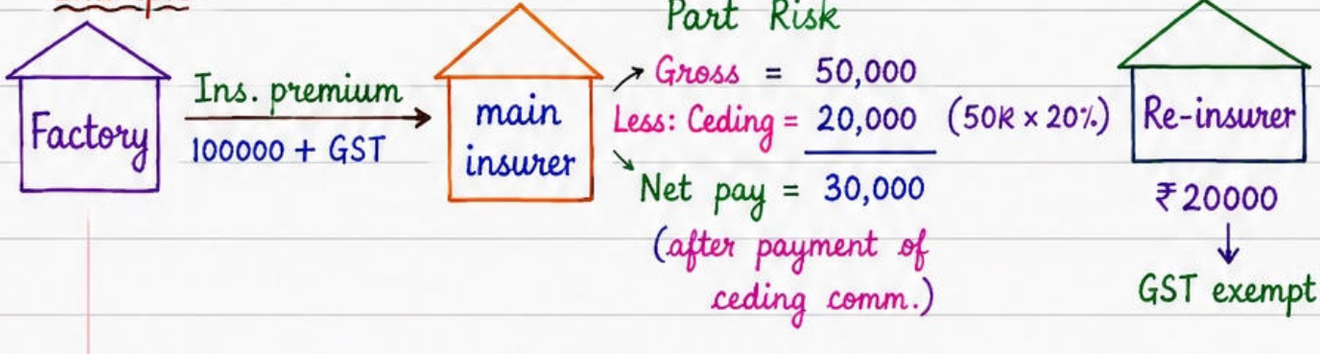
Example:



PARA 10

1. Insurer transfer part risk to another insurers (re-insurer)
2. This is insurance of insurer (main insurer)
3. Insurer pay re-insurance premium to re-insurer
4. Re-insurers pay ceding commission / reinsurance commission to insurer.
5. Usually main insurers pay re-insurance premium after deducting ceding commission
6. GST must be paid on gross reinsurance premium (i.e before deducting ceding commission)
7. Then commission portion become GST exempt (i.e. such services not a SOS and SOS hence no GST)

Example:



Some clarification regarding Voucher.

PART 1. Basic regarding Voucher and GST Implication

(a) Voucher :- It is an instrument giving right to receive goods/services in future.

Example : Gift voucher, Food Coupon, Brand voucher, Wallet balance

(b) GST Implication :- Voucher itself is not a supply since voucher is treated either as money → (Prepaid instrument) or Non-prepaid ← Actionable claim. Therefore it is neither a SOG nor a SOS.

(c) Hence buying and selling of voucher not taxable under GST

(d) GST applies only when voucher is redeemed for actual goods or services.

PART 2 Vouchers Distribution Models

Model 1 Principal to Principal (P2P)

1. Distributor purchase vouchers from its issuer.
2. Distributor becomes owner as voucher.
3. Distributor resell voucher.
4. Earn margin on resell (i.e. Trading of Vouchers)
5. Since voucher itself is not a SOG or SOS. Hence, trading of voucher is also not a supply hence no GST.

Model 2 Principal to Agent Model

1. Distributor act as Agent only.
2. Does not own voucher even sell on the behalf of issuers and earn commission on sale.
3. He is providing service to issuer and supply of service and GST will be charge on commission earn by agent.

If distributor provides additional services to issuer (like marketing, promotion, branding etc. to issuer) fee charged separately to and this is real service not a trading of voucher hence GST applicable on such fees.

Voucher sold but not redeemed and expire unused not nor SOG and nor SOS hence no GST apply on unredeemed vouchers.