

**GOODS AND SERVICE TAX  
(GST)**

**Part - 6**

**SUBJECT: INCOME TAX AND GST**

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**ACADEMIC YEAR: 2020-21**

# SUPPLY UNDER GST

- ❖ All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal
- ❖ made or agreed to be for a consideration
- ❖ by a person
- ❖ in the course or furtherance of business.

# SUPPLY UNDER GST

- **Import of service for a consideration whether or not in course or furtherance of business**

*Example:*

*Raghav is the supplier of goods located in Chennai. In January 2019, he imported 'Business Consultancy Services' from Germany for a consideration of \$80,000. It is a case of supply as the import of service is for a consideration and in the course or furtherance of his business.*

# Activities to be treated as supply even if made without consideration - Schedule I (Section - 7)

- permanent transfer or disposal of business assets - input tax credit has been availed on such assets
- supply of goods or services between related persons or between persons as specified in Section 25 - made in course or furtherance of business
- supply of goods:
  - by a principal to his agent- agent undertakes to supply such goods on behalf of the principal
  - by an agent to his principal - agent undertakes to receive such goods on behalf of the principal
- import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business

# Activities to be treated as supply of goods or supply of services - Schedule - II (Section - 7)

- **Transfer** - title in goods, right in goods without transfer of title in goods, etc.
- **land & building** - lease, tenancy, easement, license to occupy land.
- **treatment or process** - is applied to another person's goods
- **transfer of business assets**
- **renting of immovable property & construction of complex, building, etc.**
- **composite supply**
- **by a ny unincorporated association or body of persons to a member for consideration**

# Activities or transactions which shall be treated neither as a supply of goods nor a supply of services - Schedule III

- employee to employer services in relation to employment
- services by any court or tribunal
- functions performed by - MP, Member of State Legislature, Members of Panchayath, Members of Municipalities and Members of Local Authorities
- duties performed by any person who holds any post in constitution
- duties performed by any person as a chairperson or a Member or a Director in a body established by the Central Government or a State Govt. or local authority

## **Activities or transactions which shall be treated neither as a supply of goods nor a supply of services - Schedule III**

- services of funeral, burial, crematorium or mortuary including transportation of the deceased
- sale of land and sale of building
- actionable claims other than lottery, betting and gambling
- supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India
- supply of warehoused goods to any person before clearance for home consumption
- supply of goods by the consignee to any other person by endorsement of documents of title of goods, after the goods have been dispatched from the port of origin located outside India



# ELEMENTS OF SUPPLY UNDER CGST/SGST ACT

- Activity involves supply of goods or services or both
- supply is for consideration unless specifically provided for (as per Schedule I)
- supply is made in the course or furtherance of business
- supply is made in the taxable territory
- supply is a taxable supply
- supply is made by a taxable person



# Composite Supply (Section 2(30))

supply made by a taxable person to a recipient:

- comprises two or more taxable supplies of goods or services or both, or any combination thereof;
- are naturally bundled and supplied in conjunction with each other, in the ordinary course of business
- one of which is a principal supply

## *Example:*

*When goods are packed and transported With insurance, the supply of goods, packing materials, transport and insurance is a composite supply and **supply of goods** is the **principal supply**.*

**note:** as per Section 8 of CGST Act, tax liability determined on the basis of rate applicable to the principal supply.

## Mixed Supply (Section 2(74))

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.

### *Example*

*A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, etc. when supplied for a single price is a mixed supply.*

**Tax liability:** treated as a supply of that particular supply which attracts the highest rate of tax.

# Difference Between Composite Supply and Mixed Supply

## Composite or Mixed Supply

### Composite supply

- Two or more taxable supplies
- Goods, services or combinations
- Naturally bundled
- Supplied in conjunction
- E.g. site formation service for construction

**Tax liability on supply as applicable to principal supply**

### Mixed supply

- Two or more individual supplies
- Goods, services or combinations
- Supplied in conjunction
- for a single price
- Other than composite supply

**Tax liability on supply as applicable to supply with highest rate of tax**