

GST Awareness Campaign

**A Presentation By –
GST Helpline Team**

TOPICS

- 1. SUPPLY;**
- 2. LEVY AND COLLECTION; and**
- 3. COMPOSITION SCHEME**

TAXABLE EVENT

Unlike manufacture or sale of Goods or provision of Services in the earlier indirect tax laws, the taxable event in the GST regime is supply of Goods or Services or both made for a consideration in the course of furtherance of business

SUPPLY

Section 7

1. **“supply” includes–**
 - (a) 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 made for a consideration by a person in the course or furtherance of business;
 - (b) import of services for a consideration whether or not in the course or furtherance of business;
 - (c) the activities specified in Schedule I, made or agreed to be made without a consideration; and
 - (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

SUPPLY Contd

2. 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 Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,
shall be treated neither as a supply of goods nor a supply of services.

SUPPLY Contd

3. Subject to the provisions of sub section (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-
 - (a) a supply of goods and not as a supply of services; or
 - (b) a supply of services and not as a supply of goods.

SUPPLY Contd

Import of goods even either for furtherance of business or not for furtherance of business is not mentioned in the definition of supply though we all know that it is subjected to IGST.

Under what provisions IGST is levied?

SUPPLY Contd

Proviso to sub section 1 of Section 5 of IGST Act provides as under-

Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.

SCHEDULE- I

ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons, when made in the course or furtherance of business: Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
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 receive such goods on behalf of the principal.
4. 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.

SCHEDULE- II

ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

1. Transfer
 - (a) any transfer of the title in goods is a supply of goods;
 - (b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
 - (c) 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, is a supply of goods.

SCHEDULE- II Contd

2. Land and Building

- (A) any lease, tenancy, easement, licence to occupy land is a supply of services;
- (b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

3. Treatment or process-

Any treatment or process which is applied to another person's goods is a supply of services

SCHEDULE- II Contd

4. Transfer of business assets

- (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;
- (b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;

SCHEDULE- II Contd

- (c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, 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.

SCHEDULE- II Contd

5. Supply of services The following shall be treated as supply of services, namely:-
- (a) renting of immovable property;
 - (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

SCHEDULE- II Contd

6. Composite supply -

The following composite supplies shall be treated as a supply of services, namely:-

- (a) works contract as defined in clause (119) of section 2; and
- (b) supply, by way of or as part of 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), where such supply or service is for cash, deferred payment or other valuable consideration

SCHEDULE- II Contd

7. Supply of Goods-

The following shall be treated as supply of goods, namely:-

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

SCHEDULE- III

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

SCHEDULE- III Contd

- (c) the 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 Government or local authority and who is not deemed as an employee before the commencement of this clause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
 5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
 6. Actionable claims, other than lottery, betting and gambling.
Explanation.—For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

KINDS OF SUPPLY

1. Taxable Supply;
2. Exempt Supply;
3. Zero Rated Supply;
4. Composite Supply;
5. Mixed Supply;
6. Intra State Supply;
7. Inter State Supply;

KINDS OF SUPPLY Contd . . .

Taxable Supply- Sub- Section 108 of Section 2 of CGST ACT

“taxable supply” means a supply of goods or services or both which is leviable to tax under this Act;

Exempt Supply- Sub- Section 47 of Section 2 of CGST ACT

“exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

KINDS OF SUPPLY Contd . . .

Zero Rated Supply- Section 16 of IGST ACT

“zero rated supply” means any of the following supplies of goods or services or both, namely:–

- (a) export of goods or services or both; or
- (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

Credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.

Concept of Credit and the use of such credit.

KINDS OF SUPPLY Contd . . .

Composite Supply- sub- Section 30 of Section 2 of CGST Act

Composite Supply means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, 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..

[For example, where 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]

KINDS OF SUPPLY Contd . . .

Mixed Supply- Sub- Section 74 Of CGST Act

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.

[For example, a supply of package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juice when supplied for a single price is a mixed supply. Each of these items can be supplied separately and it is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.]

LEVY AND COLLECTION

Section 9 of CGST/ SGST Act and Section 5 of IGST Act

- (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government.
- (2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

LEVY AND COLLECTION Contd . . .

- (3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.
- (4) The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

LEVY AND COLLECTION Contd . . .

- (5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

THANK YOU FOR YOUR PATIENCE

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END

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