



Concept of Supply

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Introduction

Determining the nature of transaction to be taxed under GST 3 aspects needs to understood

- ⑩ Whether supply in question is of Goods or Services ?
- ⑩ What is meaning of Supply of Goods?
- ⑩ What is meaning of Supply of Services?



Goods – sec 2(52)

MEANS

every kind of
movable property

INCLUDES

1. Actionable Claims
2. growing crops
3. grass and things attached to or forming part of land which are agreed to be severed before supply or contract of supply

DOES NOT INCLUDE

1. Money
- 2. Securities

Services – sec 2(102)

MEANS

Anything
other than

Goods

Money

Securities



INCLUDES

activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

SUPPLY Meaning & Scope – sec 7

All forms of supply of goods and/or services; made or agreed to be made; for a consideration; by a person;

IN THE COURSE OR FURTHERANCE OF BUSINESS such as

1. Sale
2. Transfer
3. Barter
4. Exchange
5. License
6. Rental
7. Lease
8. disposal

Import of service for a consideration And **WHETHER OR NOT** in the course or furtherance of business

Specified in Sch. I
Made or agreed to be made
Without Consideration

the activities to be treated as supply of goods or supply of services as referred to in Sch. II.

SUPPLY

Supply – Some Propositions...

Sr	Proposition
1	For every supply there is a supplier
2	Generally, for every supply there is a recipient and an acquisition
3	A supply may be mixed, composite or neither
4	A transaction may involve two or more supplies
5	To 'make a supply' an entity must do something
6	'Supply' usually, but not necessarily, requires something to be passed from one entity to another
7	An entity cannot make a supply to itself
8	A supply cannot be made by more than one entity

Supply – Some Propositions...

Sr	Proposition
9	Creation of expectations alone does not establish a supply
10	It is necessary to analyse the transaction that occurs, not a transaction that might have occurred
11	The agreement is the logical starting point when working out the entity making the supply and the recipient of that supply
12	Transactions that are neither based in an agreement that binds the parties in some way nor involve a supply of goods, services, or some other thing, do not establish a supply
13	When A has an agreement with B for B to provide a supply to C, there is a supply made by B to A (contractual flow) that B provides to C (actual flow)
14	A third party may pay for a supply but not be the recipient of the supply
15	One set of activities may constitute the making of two (or more) supplies
16	The total fact situation will determine the nature of a transaction, the entity that makes a supply and the recipient of the supply

Sch. I ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

- 1. Permanent trf. or disposal of business assets where ITC has been availed on such assets.
- 2. Supply of goods &/or services between related persons or between distinct persons as specified in sec.25, when made in the course or furtherance of business:
 - Provided that gifts not exceeding Rs. 50,000/- in value in a F.Y. by an employer to an employee shall not be treated as supply of goods &/ or Service
- 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 TP from a related person or from any of his other establishments outside India, in the course or furtherance of business.

SCH. II [Sec. 7] 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 trf. 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.
- **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. 3. Treatment or process**
- Any treatment or process which is applied to another person's goods is a supply of services.

SCH. II [Sec. 7] ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

- **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;
- **(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—


SCH. II [Sec. 7] ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

- (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.
- **5. Supply of services**
- The following shall be treated as supply of service, 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.

Supply in course of interstate trade or commerce

- Sec 3 – IGST – supply of goods / services in course of inter state trade or commerce means
 - location of supplier & place of supply are in DIFFERENT states
- Sec 4 – IGST – supply of goods / services in course of intra state trade or commerce means
 - location of supplier & place of supply are in SAME state
- Article 246A of the Constitutional Amendment bill gives powers to make law w.r.t. GST imposed by Union & States
- Explanation to Art 246A – State Includes an Union Territory with legislature





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Thank You !!

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