

CHAPTER 2

SUPPLY UNDER GST

1. ICAI STUDY MATERIAL QUESTIONS

Concept Problem 1

Meghraj & Co. wishes to commence the business of supplying ready-made garments within Punjab and in the neighbouring States of Delhi and Haryana. Kindly state as to what is the taxable event under GST and leviability of CGST, SGST/UTGST and IGST on the same?

Solution

Taxable event under GST is supply of goods or services or both. CGST and SGST/ UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

Concept Problem 2

Damodar Private Ltd., registered in Delhi, has transferred some goods to its branch, registered in West Bengal, so that the goods can be sold from the branch. The goods have been transferred without any consideration. The company believes that the transaction undertaken by it does not qualify as supply as no consideration is involved. Ascertain whether the transfer of goods by Damodar Private Ltd. to its branch office qualifies as supply.

Solution

As per Schedule I, supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business, is deemed as supply even if made without consideration.

In the given case, since the Damodar Private Ltd. and its branch located in another State are distinct persons, supply of goods between them qualifies as supply.

Concept Problem 3

Prithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether any activity can be treated as supply even if made without consideration in accordance with the provisions of the CGST Act. Enumerate such activities, if any.

Solution

Section 7 stipulates that the supply should be for a consideration and should be in the course or furtherance of business. However, Schedule I of the CGST Act enumerates the cases where an activity is treated as supply, even if the same is without consideration. These are as follows.

- i) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- ii) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business.

However, 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.

- iii) 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.

- iv) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Concept Problem 4

Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement.

Solution

The statement is not correct. Composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.

Concept Problem 5

Transfer of title and/or possession is necessary for a transaction to constitute supply of goods. Examine.

Solution

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II. In some cases, possession may be transferred immediately, but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Concept Problem 6

Examine whether the following activities would amount to supply under section 7 read with schedule I:

- Sulekha manufactures have a factory in Delhi and a depot in Mumbai. Both these establishment are registered in respective states. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
- Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.
- Would your Solution be different if in above case Raman has taken advice in respect of his business in Chennai?

Solution

- As per Schedule I of CGST Act, supply of goods or services or both between related persons or between distinct persons, as per section 25, shall be considered as Supply even without considerations provided it is made in the course or furtherance of business.

Further where a person, who has obtained or is required to obtain registration in a state in respect of an establishment has an establishment in another state, then such establishment shall be treated as establishments of distinct persons.

In view of the same, factory and depot of Sulekha Manufacturers are establishment of two distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai depot without consideration but in course furtherance of business shall be considered Supply under section 7 read with schedule I of the CGST Act.

- Schedule I of CGST Act stipulates that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

Explanation to section 15, inter alia provides that persons shall be deemed to be related persons if they are members of the same family. Further as per section 2(49) of the CGST Act 2017 family means-

- The spouse and children of the person and
- The parents, grandparents, brothers and sister of the person **if they are wholly or mainly dependent** on the said person.

In the given case, Raman has received free of cost legal services from his brother. However, in view of section 2(49) above, Raman and his brother cannot be considered to be related as Raman's brother is a well-known lawyer and is not wholly/mainly dependant on Raman.

Further Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman's brother to him would not be treated as supply under section 7 of the CGST Act read with schedule I.

- c. In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would still not be treated as supply under section 7 of the CGST Act read with schedule I as although the same are provided in course or furtherance of business, such service has not been received from a related person

Concept Problem 7

State whether the following supplies would be treated as supply of goods or services as per schedule II of GST Act.

- Renting of immovable property.
- Goods forming part of business assets are transferred or disposed of by or under directions of person carrying on the business whether or not for consideration.
- Transfer of right in goods without transfer of title in goods.
- Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Solution

- Supply of services
- Supply of goods
- Supply of services
- Supply of goods

Concept Problem 8

Determine whether following supplies is treated as supply of goods or supply of services as per Schedule II:

- Temporary transfer or permitting use or enjoyment of any intellectual property right.
- Any treatment or process which is applied to another person's goods.
- Transfer of title in goods.

Solution

- Supply of services
- Supply of services
- Supply of goods

Concept Problem 9

The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of statement.

Solution

The statement is not correct. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

Concept Problem 10

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017?

This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.

- a) Miss 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.
- b) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.
- c) Will your Solution change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence?

Solution

- a) Supply, under section 7 of the CGST Act, 2017, inter alia,
 - includes import of services for a consideration
 - even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business [as the interior decoration services is availed in respect of residence], it would amount to supply.

- b) Schedule I of CGST Act stipulates that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

Explanation to section 15, inter alia provides that persons shall be deemed to be related persons if they are members of the same family. Further as per section 2(49) of the CGST Act 2017 family means-

- 1) The spouse and children of the person and
- 2) The parents, grandparents, brothers and sister of the person **if they are wholly or mainly dependent** on the said person.

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her.

However, Miss Shrinti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shrinti's brother to her would not be treated as supply under section 7 read with Schedule I.

- c) In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti's brother to her would be treated as supply u/s 7 read with Schedule I.

Concept Problem 11

Determine whether the following supplies amount to composite supplies?

- a) A hotel provides 4 days 3 nights package wherein the facility of breakfast and dinner is provided along with the room accommodation.
- b) A toothpaste company has offered the scheme of free toothbrush along with the toothpaste.

Solution

Under composite supply, two or more taxable supplies of goods or services or both of 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 [Sec 2(30)]. In view of the same

- a) since supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, said supplies qualify as composite supply.
- b) since supply of toothbrush along with the toothpaste are not naturally bundled, said supplies do not qualify as composite supply

Concept Problem 12

This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.

Dumdum Electronics has sold the following electronic items to Akbar Retail Store.

- i) Refrigerator (500 litres) taxable @ 18%
- ii) Stabilizer for refrigerator taxable @ 12%
- iii) LED television (42 inches) taxable @ 12%
- iv) Split air conditioner (2 Tons) taxable @ 28%
- v) Stabilizer for air conditioner taxable @12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of INR 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

Solution

In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply.

Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Therefore, said supply is also not a mixed supply.

Supply of these goods is, therefore, supply of individual items taxable at respective rates applicable to them.

Concept Problem 13

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/Services supplied	GST Rate
Chocolates	18%
Fruit Juice bottle	12%
Toy balloons	5%

Solution

As per section 2(74) of the CGST Act, 2017, 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.

Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per section 8(b) of CGST Act, 2017, the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax.

Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of INR 6,00,000 (20,000 × INR 30) is 18%

Concept Problem 14

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipments, consumables, tools, parts etc. from Haryana workshop to its own repairing centres (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired.

Discuss the levability of GST on the inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. in Haryana to its own repairing centres located in other States across India.

Solution

This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.

As per section 25(4), a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as 'distinct persons'.

Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration. Supply of goods and/or services between 'distinct persons' as specified in section 25, when made in the course or furtherance of business is one such activity included in Schedule I.

However, as per CBIC circular, the inter-State movement of various modes of conveyance including, inter alia, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in section 25(4), not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to IGST. Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance.

Thus, in the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centres located in other States is 'neither a supply of goods nor supply of service'.

Concept Problem 15

PTL Pvt. Ltd. is a retail store of merchandise located in 25 States/UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. Launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. Determine how the taxability of the goods supplied under "Buy One Get One Free" scheme is determined.

Solution

As per section 7(1)(a), the goods or services which are supplied free of cost (without any consideration) are not treated as "supply" except in case of activities mentioned in Schedule I of the CGST Act. Under "Buy One Get One Free" scheme, it may appear at first glance that in case of offers like "Buy One, Get One Free", one item is being "supplied free of cost" without any consideration.

However, it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined accordingly.

Concept Problem 16

Sarvanna & Sons wishes to start supplying liquor in the State of Tamil Nadu. Therefore, it applies for license for selling liquor to the Tamil Nadu Government for it has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply.

Solution

Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such licence is granted against consideration in the form of licence fee or application fee or by whatever name it is called.

This special dispensation is applicable only to supply of service by way of grant of liquor licenses by the State Governments and is not applicable/has no precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.

2. ICAI RTPS, MTPS AND PAST YEAR QUESTIONS

Concept Problem 17

A dealer of washing machines who has availed input tax credit on washing machines, permanently transfers a washing machine from his stock in trade for personal use at his residence.

Will this transfer for personal use be treated as supply and liable for GST?

Solution

Such permanent transfer of business asset on which input tax credit has been availed, though without consideration, shall constitute supply and be liable to GST as per Schedule I read with section 7 of CGST Act, 2017.

Concept Problem 18

Under a scheme of finance, Maruti Ltd. gives the possession of car to the buyer in November 20XX. It agrees to transfer the ownership of the car to the buyer in December 20XX upon payment of full consideration of INR 9,60,000 in instalments as agreed.

What will be the nature of this transaction?

Solution

As per schedule II of the CGST Act, 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 shall be treated as supply of goods.

Thus, the aforesaid transaction shall be treated as supply of goods and liable to GST.

Concept Problem 19

R is a manufacturer of goods. He sends his goods for the purpose of special packaging to G on job work. The packaging material has also been provided by R.

What is the nature of this activity?

Solution

As per schedule II read with section 7 of the CGST Act, treatment or process applied to another person's goods shall be treated as supply of services. Further, it shall be **immaterial whether the job work is to be carried out by a job worker with or without any material.**

In the given case, the activity of special packing by G shall be treated as supply of services. Further it shall be immaterial whether G uses his own packing material or the same is provided by R

Concept Problem 20

R deals in home appliances like washing machines, refrigerator etc. He uses computers in his shops for keeping track of inventory and for other business purposes. Out of 2 computers, R takes home one computer to be used by his son for his studies during the month of October 20XX and thereafter computer is brought back to the show room of R.

What will be the nature of this transaction?

Solution

As per schedule II read with section 7 of the CGST Act, where goods held or used for the purposes of the business are put to any private use, whether or not for a consideration, such usage is supply of services.

The aforesaid private use of a computer by son of R shall be treated as a supply of services and thus liable to GST.

Concept Problem 21

R has closed down his business but was left with certain capital goods and inputs forming part of the assets of the business carried on by him. The closure of the business is due to his ill health.

What will be the nature of this transaction?

Solution

As per schedule II read with section 7 of the CGST Act, goods forming part of the assets of any business carried on by a person 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-

- The business is transferred as a going concern to another person: or
- The business is carried on by a personal representative who is deemed to be a taxable person.

In this case, such goods shall be deemed to be supplied by him in the course of furtherance of his business immediately before he ceases to be a taxable person.

Thus, the capital goods which have some useful life and such inputs lying with him on which credits has been availed should be treated as deemed supply and shall be subject to GST.

Concept Problem 22

R who is interested in taking loan from some bank but does not have any collateral security, approaches G who agrees to mortgage his property as collateral security to the bank for advancing loan to R. G charges some consideration from R for providing such collateral security.

What will be the nature of this transaction?

Solution

As per schedule II read with section 7 of the CGST Act, agreeing to the obligation or to refrain from an act or to tolerate an act or to do an act shall be treated as supply of services.

Thus, the consideration received by G shall be covered under the scope of this entry and shall be subject to tax as a supply of services.

Concept Problem 23

R dispatched chocolates to G from Delhi to Punjab after getting it packed and paying insurance charges of such goods. What is the kind of such supply of chocolates?

Solution

Where goods are packed and transported with insurance, the supply of goods, packing, transport and insurance is a composite supply and supply of goods is the principal supply.

GST rate applicable in this case shall be the GST rate of chocolates i.e., the principal supply. [Section 8(a)]

Concept Problem 24

R purchases air travel ticket of Air India from Delhi to Bangalore for INR 9,000 which includes free food on board and free insurance. What is the kind of such supply and at what rate will GST be applicable?

Solution

Air travel ticket from Delhi to Bangalore costing INR 9,000 includes free food on board and free insurance. Therefore, it is a case of composite supply. In this case, the transport of passenger constitutes the pre-dominant element of the composite supply and is treated as the principal supply and all other supplies are ancillary.

Hence GST rate applicable in this case shall be the GST rate of transportation of passenger by air. [Section 8(a)]

Concept Problem 25

R is selling certain goods comprising of set of articles at a consolidated price of INR 80,000. R claims that the value of various articles and GST rate on such articles are as under

a) Articles 'X'	INR 40,000	5%
b) Articles 'Y'	INR 30,000	18%
c) Articles 'Z'	INR 10,000	Exempt

How much GST is payable by R if

- All articles are sold separately?

b) All articles are sold as one set for a consolidated price of INR 80,000?

Solution

a) All articles are sold separately

The amount of GST shall be 5% of INR 40,000 for Articles X; 18% of INR 30,000 for article Y and Nil for Article Z.

Article	Amount	Rate	GST
X	40,000	5%	2,000
Y	30,000	18%	5,400
Z	10,000	Exempt	Nil
Total			7,400

b) All articles are sold as one set

This is a case of mixed supply and GST shall be charged at the maximum rate of 18% on INR 80,000 i.e., 14,400.

Concept Problem 26

Exchange is a form of supply of goods or services or both, made or agreed to be made for a consideration by a person in the course or furtherance of business. Explain it with help of an example.

Solution

When two persons mutually transfer the ownership of one thing for the ownership of another, neither thing nor both things being money only, the transaction is called an exchange.

Exchange offers on products such as televisions, mobile phones and refrigerators are leviable under GST.

Example: Mr. X is a dealer of new cars. He sells new cars for ₹ 8,25,000 but agrees to reduce ₹ 1,25,000 on surrendering of old car. Y, who intends to buy new car worth 8,25,000 agreed to exchange his old car with new car.

Under GST law, it will be treated as Y has made supply of old car to dealer X and X has made supply of new car to Y.

If Y is registered person, he will be liable to pay GST on ₹ 1,25,000. X will be liable to pay GST on ₹ 8,25,000 whether Mr. Y is a registered person or not.

Note: It is assumed that the sale of old care by Mr. Y is in the course of business.

Concept Problem 27

M/s M Ltd. being a garment manufacturer appoints Mr. Ram as an agent, who stores garments manufactured by M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Is it a supply? Justify.

Solution

As per schedule I read with section 7 of CGST Act, 2017, Supply of goods by a principal to his agent, without consideration, where the agent undertakes to supply such goods on behalf of the principal is considered as supply.

A person shall be treated as agent for the purpose of schedule I of CGST Act, 2017 if he has the authority to pass or receive the title of the goods on behalf of the principal.

In this case, Ram simply stores garments manufactured by M Ltd. and sends to dealers whenever M Ltd. asks him to do so. He does not have the authority to pass or receive the title of the goods on behalf of the principal.

Hence, transfer of garments from M Ltd. to Mr. Ram without consideration shall not be deemed as supply under GST in accordance with section 7 of CGST Act 2017 read with schedule I.

Concept Problem 28 [RTP May 2020]

The temple of ancestral deity of Mr. Aman Goel and his family is located at Beri, Haryana. The temple is run by a charitable organisation registered under section 12AA of the Income Tax Act, 1961. The family has got unshakeable

faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated INR 10 lakh to the said temple for construction of a sitting hall in the temple. On main door of the sitting hall, a name plate was placed stating “Donated by Mr. Aman upon birth of his first child”.

You are required to examine the levability of GST on the donation received from Mr. Aman Goel?

Solution

It has been clarified vide Circular No. 116/35/2019 GST dated 11.10.2019 that when the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor’s act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, hence GST is not leviable.

Concept Problem 29 [ICAI May 2021]

Explain the composite supply and mixed supply. If a trader launches a package sales for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each goods separately. Whether this is case of mixed supply or composite supply. Explain

Solution

Composite supply comprises 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.

Where such supply does not constitute a composite supply, it is treated as mixed supply.

Items such as double bed, refrigerator washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price.

Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually.

Note: The question specifies that the various items are supplied at “single rate”. The “single rate” expression is construed as single rate of tax in the above answer.

Further, “Single rate” may also be construed as single price as given in the below mentioned answer.

Items such as double red refrigerator, washing machine and wooden wardrobe are not naturally bundled. Therefore, supply of such items as a package is not composite supply. Further, a single price has been charged for the package.

Consequently, supply of such items as a package will be treated as mixed supply.

Concept Problem 30 [ICAI Nov 2020]

With reference to provisions of the CGST Act, 2017 discuss in brief, when "Importation of services" is to be considered as supply and when it is not to be considered as supply.

Solution

Importation of services for a consideration whether or not in the course or furtherance of business is to be considered as supply.

Importation of services by a person without consideration is deemed as supply if following conditions are satisfied:-

a) such import is from related person or from his establishments located outside India, and

This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.

b) such import is in the course or furtherance of business.

In case any or both of the above two conditions is/are not satisfied, the import of services without consideration shall not be deemed as supply.