

Supply Under GST

★ Introduction :

- GST is destination-based tax applicable on SOG & SOS.
- The taxable event under GST is "supply" (not sale, manufacture, or provisions of services as in earlier laws).
- Supply includes : sale, transfer, barter, exchange, rental, lease, disposal.
- Essential elements of supply :
 - a) SOG/s (not money or securities)
 - b) For consideration (except in specified cases)
 - c) In the course or furtherance of business (except import of services)

★ Definition of Goods, Services & Supply :

Aspect	Goods	Services
Definition	<p>Movable property excluding money & securities but includes actionable claims.</p>	<p>Anything other than goods, money & securities.</p>

Examples	Machinery, furniture ↳ laptops, crops ↳ electricity.	Banking, consultancy, transportation, software, hotel accommodation.
Key Differences	Tangible, can be stored & transported	Intangible, consumed at the ToS

★ Concept of Supply : (Section 7)

A] Supply with Consideration in Course of Business :

• Must fulfill all 3 conditions :

- Involves goods or services
- Has consideration (except in Sch I cases)
- Made in the course or furtherance of business

• Forms of Supply :

- Sale - Transfer of ownership for a price.
- Transfer - Movement of goods between branches.
- Barter - Exchange of goods / services without money.

- Exchange - Part payment in money, part in goods / services.
- License - Right to use an asset.
- Rental / Lease - Temporary transfer of asset for a fee.
- Disposal - Permanent transfer of business assets.

B Supply without Consideration : (Sch I)

Scenario	Explanation
Permanent transfer of business assets	If ITC was availed on them.
Supply between Related Persons	Between branches, subsidiaries without consideration.
Supply between Principal & Agent	If agent supplies goods on behalf of principal.
Import of Services from Related Person	Without consideration, if for business.

* Types of Supply :

Type	Meaning	Examples
Taxable Supply	Liable to GST	Sale of goods, professional services.
Exempt supply	Not taxable under GST	Agricultural produce, education services
Zero-rated supply	Exports & supplies to SEZ	Export of goods, IT services to USA.
Non-taxable supply	Outside GST scope	Alcohol for human consumption.
Composite Supply	Bundled supply where one item is principal	AC + installation services (tax rate of AC applies)
Mixed Supply	Two or more independent items supplied together	Gift hampers (tax @ highest rate applies)

★ Schedule I - Supply without consideration:

A) Transfer of Business Assets:

- If ITC was claimed → transfer is taxable
- If ITC was not claimed, no GST liability.

B) Supply Between Related Persons:

- Includes ER-EE transactions, holding-subsidary transactions, branch transfers.
- Exception: Gifts upto ₹ 50,000 to EE are taxable.

C) Supply Between Principal & Agent:

- If an agent supplies goods on behalf of a principal, it's a supply.
- If agent acts merely as a facilitator, it's not a supply.

D) Imposit of Services from Related Person:

- If imposed for business, it's a supply even without consideration.

★ Schedule II - Classification as goods or services

Scenario	Classification
Renting of immovable property	Service
Transfer of business assets	Goods if sold ; Service if transferred rented
Development of software	Service
Restaurant & catering	Service
Works contract (construction)	Service

★ Schedule III - Activities Neither Goods Nor Services

Scenario	GST impact
Services by an EE to ER	Not taxable
Sale of land or completed buildings	Not taxable

Funeral & burial services	Not taxable
Court or tribunal fees	Not taxable

★ Time, Place & Value of Supply

A Time of Supply :

Scenario	Time of Supply
Supply of goods (forward charge)	Date of invoice or payment, whichever is earlier.
Supply of services (forward charge)	Date of invoice or payment, whichever is earlier.
Reverse charge Mechanism	Date of payment or 30 days from invoice

B) Place of Supply :

Nature of Transactions	Place of Supply
Domestic sale of goods	Location where goods are delivered
Service within India	Location of recipient
Import of services	Location of recipient
Export of services	O/s India (zero-rated)

c) Value of Supply :

- Transactions Value = Price Actually paid + Additional charges
- Includes : packing charges, taxes (except GST), interest, late fee, subsidies (except government subsidies)

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9. Exam Tips : How to write in papers

A) Answer structure :

1. Identify the issue
(whether supply is taxable)
2. Mention relevant section
(e.g. as per sec 7)
3. Apply concept (Sch I, II, III, composite / mixed supply)
4. Provide conclusion (whether GST applies or not)

B) Common Mistakes to Avoid :

- forgetting section number
- Confusing composite & mixed supply
- composite has one principal supply, mixed has independent supplies.
- Not explaining the business nexus -
Mention "in the course or furtherance of business".