Sec. 7 Supply
[handwritten chart]

Sec. 7 (2)
Supply excludes

Schedule III

Para 1 Service by EE to ER
- in relation to
- in the course of employment

Para 2 Service by court or Tribunal

Para 3 - Functions by MP/MLA
- Duties performed by any person at constitutional post
- Duties performed by any person on Govt. bodies who is not an EE

Para 4 Services of funeral, burial etc.

* Para 5 Sale of Land & Building
Except Bldg. intended for sale under Para 5 (b) of Sch. II

Para 6 Actionable claim other than specified actionable claim.

7(2)(b) Notified activities of Govt. NOT treated as supply

(a) Activity of Panchayat or Municipality
(b) Alchol liquor licence by SG

Circulars

Activities not treated as supply

(1) Inter / Intra state moument of conveyance between DDP
(2) Inter / Intra state moument of conveyance between DDP with rigs, tools, spare parts etc.
(3) Agreeing to refrain or to do an act which is not independent contract.

SOG = Supply of Goods
SOS = Supply of service
EE = Employee
ER = Employer

Supply Includes

With Consideration

Sec. 7(1)(a)

All forms supply of goods/services

Such as	Made or Agreed to be made	for consi. derth by a person	In the course or furth. of Biz.
sale Trf. Barter Exch. Licence Lease Rental Disposal			

7(1)(aa) Activities/Transtn between Person (other than individual) & its members.

Sec 7(1)(b)

Importation of Services

Import Service

- For Consideration
- Whether/NOT in the course of bis.

Note

- If an individual import service & used for other than Bis then it is exempt.
- In case of import of goods IGST is payable under Custom Tariff Act.

Without Consideration

Schedule I

Para 1 Permanent trf. / disposal of Bis. Asset where ITC has been availed on such asset.

Para 2 SOG / SOS / Both
- between Related Person
- Between DDP in the course / furth. of Bis.

Gift by ER to EE upto ₹50000 = Not supply

Para 3 Supply of goods
(a) by Principal to agent who undertakes further supply
(b) by an Agent to Principal where agent receives the goods on behalf of Principal.

Para 3 is not applicable only in case of where agent issue his own invoice.

Para 4 Import of Service from
- Related Person
- Own establishment o/s India for bis.

Note

Normally free import service is not taxable unless covered in Para 4.

Sec. 7 (1A)

Where certain activities / transaction constitute supply in accordance with Sec. 7 (1) they shall be treated either SOG / SOS as referred in

Schedule II

Para 1 Trf. of Goods

SOG → Trf. title of goods.
Trf. title on future date.

SOS → Trf. of rights / undivided shares in goods.

Para 2 Land & Building

SOS → Lease, tenancy, easement licence to occupy land.
→ Leasing / letting out any bldg

Para 3 SOS → Treatment / Process of another person goods

Para 4 Trf. bis. Asset

- (a) Permanent trf. of biz. asset → SOG
- (b) Temporary trf. of bis. asset → SOS

(c) if person ceases to be a taxable person goods in Asset = Deemed Supply.

Exception 1) Bis. trf. as goils concern to another person.
2) Bis. carried on personal representative.

Para 5 SOS

(1) Renting of immovable Property

(2) Construction of bldg. intended for sale to buyer but entire consideration is reced. after
- completion Certificate
- 1st occupation

whichever is earlier.

(3) Temporary trf. of IPR

(4) Devlopment, designing, Programming etc. of IT Software
(Prepacked software = SOG)

(5) Agreeing to an obligation
- to refrain
- to tolerate
- to do an Act.

(6) Right to use goods for cash, deffered payment, other valuable consideration.

Para 6

(1) Works Contract = SOS

(2) Restaurant / Catering services = SOS