

Sec. 7 Supply

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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) Alcohol liquor licence by SG

Circulars

Activities not treated as supply

- (1) Inter / Intra state movement of conveyance between DDP
- (2) Inter / Intra state movement 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

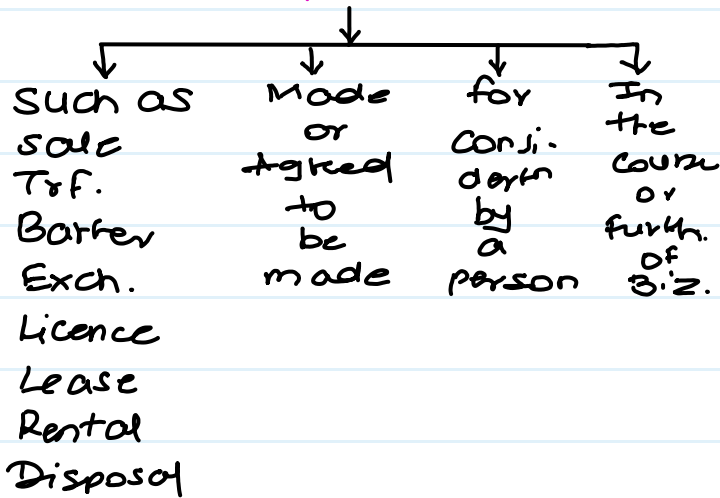
ER = Employer

Supply Includes

With Consideration

Sec. 7(1)(a)

All forms supply of
goods/services



7(1)(aa) Activities/Transn
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 outside 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.

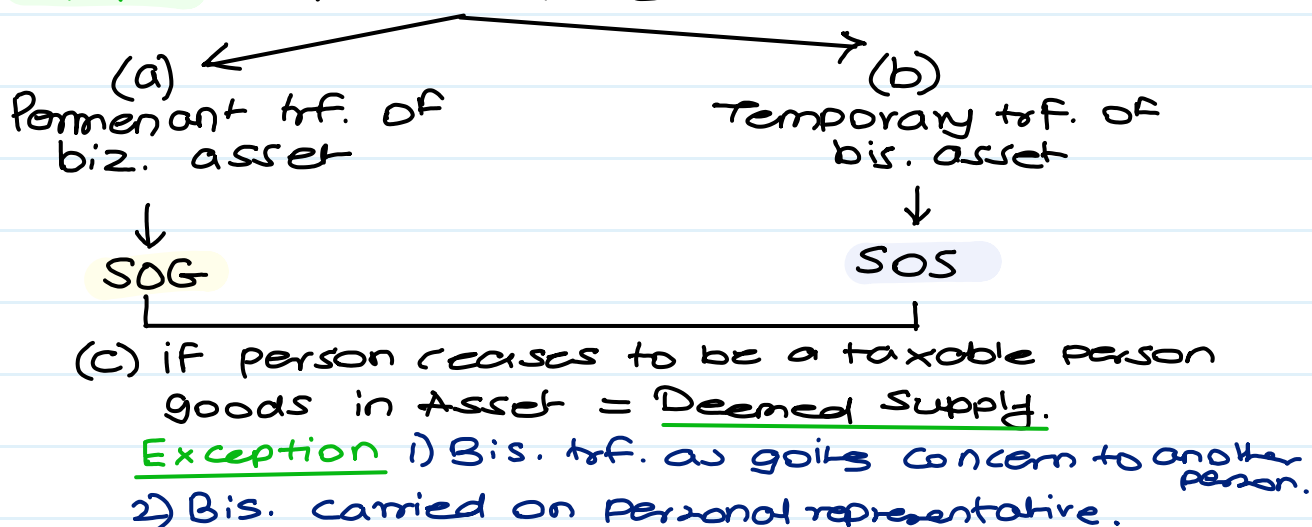
SOS → Trf. of rights / undivided shares in goods.

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



Para 5

SOS

- (1) Renting of immovable Property
- (2) Constnction 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) Development, 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