

GST Reboot By
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Questionnaire Book
Demo Chapter

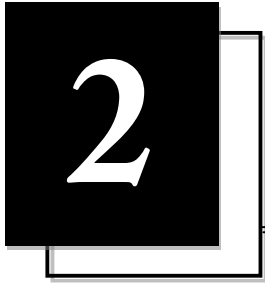
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LEVY OF GST

Question 1

List the activities to be treated as supply under CGST Act, 2017 even if made without consideration.

[Suggested May 2018, 5 Marks]

Answer :

Activities to be treated as supply even if made without consideration in terms of section 7 of CGST Act, 2017 read with Schedule I:-

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25 of the CGST Act, 2017, when made in the course or furtherance of business.

However, gifts not exceeding Rs. 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

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 taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Question 2

Mrs. Pragati received legal advice for her personal problems & paid 1,000 pound as a legal fees to Miss Unnati of U.K. (London).

Explain whether the above activity of import of service would amount to supply u/s 7 of the CGST Act, 2017?

If in above case both of them are real sisters & no consideration is paid then will it change your answer?

Further in the above case if both of them are real sisters & Mrs. Pragati receives legal advice for her business & she doesn't pay any consideration then what will be your answer?

[Suggested May 2018, 5 Marks]

Answer :

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 Mrs. Pragati is not in course or furtherance of business, it would amount to supply.

Further, import of services by a taxable 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.

In the given case, import of service without consideration by Mrs. Pragati from her real sister - Miss Unnati [real sister (It has been most logically assumed that Miss Unnati is wholly/mainly dependent on Mrs. Pragati), being member of the same family, is a related person] will not be treated as supply as it is not in course or furtherance of business.

However, import of service without consideration by Mrs. Pragati from her sister - Miss Unnati (related person) will be treated as supply if she receives legal advice for her business, i.e. in course or furtherance of business.

Question 3

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:

- (i) Renting of immovable property
- (ii) Transfer of right in goods without transfer of title in goods.
- (iii) Works contract services
- (iv) Temporary transfer of permitting use or enjoyment of any intellectual property right
- (v) Sale of personal car to dealer.

[Suggested Nov. 18, 5 Marks]

Answer :

- (i) Renting of immovable property would be treated as supply of services in terms of Schedule-II of CGST Act, 2017.
- (ii) As per Schedule-II of CGST Act, 2017, transfer of right in goods without transfer of title in goods would be treated as supply of services.
- (iii) As per Schedule-II of CGST Act, 2017, works contract services would be treated as supply of services.
- (iv) As per Schedule-II of CGST Act, 2017, temporary transfer of permitting use or enjoyment of any intellectual propertyright would be treated as supply of services.
- (v) As per Schedule-II of CGST Act, 2017, sale of personal car to dealer would be treated as supply of goods as any transfer of the title in goods is a supply of goods.

However, it is also possible to take view that sale of personal car to dealer is not a supply per se as supply is not made by the individual in the course or furtherance of business – in terms of CBIC FAQs [Q. 10 of Chapter 4 - Meaning and scope of supply].

Note: The question may be answered on the basis of either of the two views.

Question 4

Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017.

[Suggested Nov. 2018, 5 Marks]

Answer :

As per section 7(1) of CGST Act, 2017, the term supply includes –

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person, in the course or furtherance of business;
- (b) import of services for a consideration whether or not in the course or furtherance of business; and
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration;

Question 5

Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017.

[Suggested May 2019, 4 Marks] [MTP May 2020, 5 Marks]

Answer :

Non-performance of a contract is the failure to fulfill the obligations under a contract. It is generally one of the conditions stipulated in any contract for supply of goods/services.

The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party.

Tolerating non-performance of a contract in lieu of damages or fines is a supply in terms of section 7 of the CGST Act, 2017 as it is made for a consideration by a person in the course or furtherance of business.

Further, tolerating non-performance of a contract is treated as a supply of service in terms of section 7 read with Schedule II of CGST Act, 2017.

However, in case of supplies to Government, non-performance of contract by the supplier of service for which consideration in the form of fines or liquidated damages is payable is exempt from GST.

Question 6

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.

[Suggested Nov. 2020, 5 Marks]

Answer :

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 provided the following two conditions are satisfied:-

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

Question 7

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. Examine whether the said activity would amount to supply under section 7 read with Schedule I of the CGST Act

Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai? *[MTP Nov. 2019, 6 Marks]*

Answer :

Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable 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, –

- (i) the spouse and children of the person, and
- (ii) the parents, grand-parents, brothers and sisters 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)(ii) 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 dependent 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 read with Schedule I of the CGST Act.

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 services have not been received from a related person.

Question 8

Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas. *[MTP May 2021, 5 Marks]*

Answer :

Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

Question 9

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 Rs. 10 lakh to the said temple for construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was placed stating “Donated by Mr. Aman Goel upon birth of his first child”.

You are required to examine the leviability of GST on the donation received from Mr. Aman Goel? *[RTP May 2020]*

Answer :

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.

Question 10

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of Rs. 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- (ii) Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to Rs. 1,25,000, Rs. 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, Rs. 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services. **[RTP May 2021]**

Answer :

- (i) As per Para I of Schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis.

Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.

- (ii) The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, Rs. 60,000 declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.

Further, Rs. 65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services is treated as

consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

Multiple Choice Questions

Question 1

M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same? *[RTP May 2019]*

- (a) GST is payable as the same amounts to taxable supply of goods.
- (b) GST is payable as the same amounts to taxable supply of services.
- (c) GST is not payable as the same is an exempt supply.
- (d) GST is not payable as the same does not amount to supply at all.

Answer : (d)

Question 2

Which is not considered as supply under GST Law?

[RTP Nov. 2019]

- (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
 - (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
 - (c) A Health club supplies lunch to its members at its annual meeting against a nominal charge.
 - (d) Mr. A sells a flat to Mr. B
- | | | |
|------------------------------------|---|------------|
| (i) Date of completion certificate | - | 31/01/20XX |
| (ii) Date of agreement with buyer | - | 01/02/20XX |
| (iii) Consideration received | - | 05/02/20XX |

Answer : (d)

Question 3

Which of the following activity shall be treated neither as a supply of goods nor a supply of services?

[RTP Nov. 2019]

- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
- (ii) temporary transfer of intellectual property right
- (iii) transportation of deceased
- (iv) services by an employee to the employer in the course of employment

- (a) (i) & (iii) (b) (ii) & (iv)
(c) (i) & (ii) (d) (iii) & (iv)

Answer : (d)

Question 4

Mr. Avishkar is a painter registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST? *[RTP May 2020]*

- (a) When painting is completed.
(b) When painting is sent for exhibition in Mumbai.
(c) When painting is displayed at the exhibition in Mumbai.
(d) When painting is purchased by one of the visitors in the exhibition.

Answer : (d)

Question 5

Which of the following is not covered under Schedule III of CGST Act, 2017? *[RTP May 20]*

- (a) Director's monthly salary under employment agreement
(b) Sitting fees to independent directors for attending AGMs
(c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
(d) Both (b) and (c)

Answer : (d)

Question 6

Which of the following services received without consideration for business use amount to supply?

- (1) Import of services by a person in India from his son well-settled in Australia
(2) Import of services by a person in India from his brother well-settled in Canada
(3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
(4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
(a) 1), 3) and 4) (b) 2), 3) and 4)
(c) 2) and 3) (d) 1) and 2)
- [MTP May 2020, 2 Marks]*

Answer : (a)

Question 7

Which of the following is not a supply of services?

[MTP Nov. 2019]

- (a) Renting of Commercial Office Complex
- (b) Payment of Non-Compete Fee by an ex-employee to his previous employer
- (c) Repairing of Mobile Phone
- (d) Permanent transfer of business assets on which ITC is availed

Answer : (d)

Question 8

Which of the following activity shall be treated neither as a supply of goods nor a supply of services?

- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
- (ii) Temporary transfer of intellectual property right
- (iii) Transportation of deceased
- (iv) Services by an employee to the employer in the course of employment

(a) (i) & (iii) (b) (ii) & (iv) (c) (i) & (ii) (d) (iii) & (iv)

Answer : (d)

Question 9

Which of the following activities is a supply of services?

- (i) Transfer of right in goods/ undivided share in goods without transfer of title in goods
- (ii) Transfer of title in goods
- (iii) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date upon payment of full consideration.

(a) (i) (b) (iii) (c) (i) and (iii) (d) (i), (ii) and (iii)

Answer : (a)

Question 10

Which of the following statements is true under GST law?

- (a) Grand-parents are never considered as related persons to their grand-son/ grand-daughter
- (b) Grand-parents are always considered as related persons to their grand-son/ grand-daughter
- (c) Grand-parents are considered as related persons to their grand- son/ grand-daughter only if they are wholly dependent on their grand-son/ grand-daughter
- (d) Grand-parents are considered as related persons to their grand- son/ grand-daughter only if they are not dependent on their grand-son/ grand-daughter

Answer : (c)

Question 11

Which of the following is not considered as 'goods' under the CGST Act, 2017?

(i) Ten-paisa coin having sale value of Rs. 100.

(ii) Shares of unlisted company

(iii) Lottery tickets

(a) (i)

(b) (ii)

(c) (ii) and (iii)

(d) (i), (ii) and (iii)

Answer : (b)

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LEVY OF GST

1. Extent of CGST Act / SGST Act / UTGST Act/ IGST Act (Section 1)

Applicability	CGST	SGST	UTGST	IGST
	Intra-State supply			Inter-State supply
All States of India	✓	✓		✓
Union Territories with Legislature (Delhi, Puducherry and Jammu & Kashmir)	✓	✓		✓
Union Territories without Legislature (UT) (a) the Andaman and Nicobar Islands; (b) Lakshadweep; (c) Dadra and Nagar Haveli and Daman and Diu; (d) Ladakh; (e) Chandigarh; and (f) Other territory.	✓		✓	✓

2. Commencement - 01.07.2017 (J & K - 08.07.2017)

3. Levy and collection of CGST / IGST

Particulars	CGST [SEC.9(1)] of CGST Act,2017	IGST [SEC. 5(1)] of IGST Act,2017
Levied on	Intra State supplies of goods/services/both	Inter State supplies of goods/services/both
Supply outside purview of GST	Alcoholic liquor for human consumption	
Value for levy	value under section 15 of the CGST Act	
Rates	Rates as notified by Government Maximum rate of CGST can be 20%.	IGST rate= CGST rate + SGST rate Maximum rate of IGST can be 40%
Collected and paid by	Taxable person	
Supplies on which tax would be levied w.e.f. a notified date [Sec. 9(2)/5(2)]	<ul style="list-style-type: none"> ➤ petroleum crude ➤ high speed diesel ➤ motor spirit (commonly known as petrol) ➤ natural gas and 	

	➤ aviation turbine fuel
Tax payable under reverse charge mechanism by recipient of supply	➤ Supply of goods or services or both, notified by the Government. [Sec. 9(3)/5(3)] ➤ Supply of specified categories of goods or services or both by an unregistered supplier to specified class of registered persons. [Sec. 9(4)/5(4)] ➤ All the provisions of the act shall apply to such recipient as if he is the person liable for paying the tax.
Tax payable by the electronic commerce operator [Sec. 9(5)/5(5)]	The Government may notify categories of services the tax on supplies of which shall be paid by electronic commerce operator (ECO) if such services are supplied through it and all the provisions of the act shall apply to such ECO as if ECO is the supplier liable for paying the tax.

Taxable event under GST = Supply [Section 7]

Statutory Provisions		
Sec. 7	Meaning and Scope of Supply	
Sub-Sec.	Particulars	
(1)	Supply includes -	
	(a)	all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
	(b)	importation of services, for a consideration whether or not in the course or furtherance of business and
	(c)	the activities specified in Schedule I, made or agreed to be made without a consideration.
	(d)	the activities to be treated as supply of goods or supply of services as referred to in schedule II [omitted retrospectively by CGST (Amendment) Act, 2018, w.e.f. 01.07.2017]
(1A)	where certain activities or transactions constitute a supply in accordance with the provisions of sub section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II. [sub-section (1A) inserted retrospectively by CGST (Amendment) Act, 2018, w.e.f. 01.07.2017]	
(2)	Notwithstanding anything contained in sub-section (1),	
	(a)	activities or transactions specified in Schedule III; or
	(b)	such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council
	shall be treated neither as a supply of goods nor a supply of services.	
(3)	Subject to sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as -	
	(a)	a supply of goods and not as a supply of services; or
	(b)	a supply of services and not as a supply of goods.

Supply in Brief

Supply should be of goods or services or both

Includes			Excludes
1	Supply for consideration in course or furtherance of business [Section 7(1)(a)]	Activities to be treated as supply of goods or supply of services [Section 7(1A)+ Schedule II]	Negative list of services [Section 7(2) + Schedule III]
2	Importation of services for consideration whether or not in course or furtherance of business [Section 7(1)(b)]		
3	Supply without consideration [Section 7(1)(c) + Schedule I]		

ANALYTICAL DISCUSSIONS

Supply includes all forms of supply of goods or services or both. Supply of anything other than goods or services does not attract GST. Let us analyse the terms “Goods” and “Services” as defined under the Act

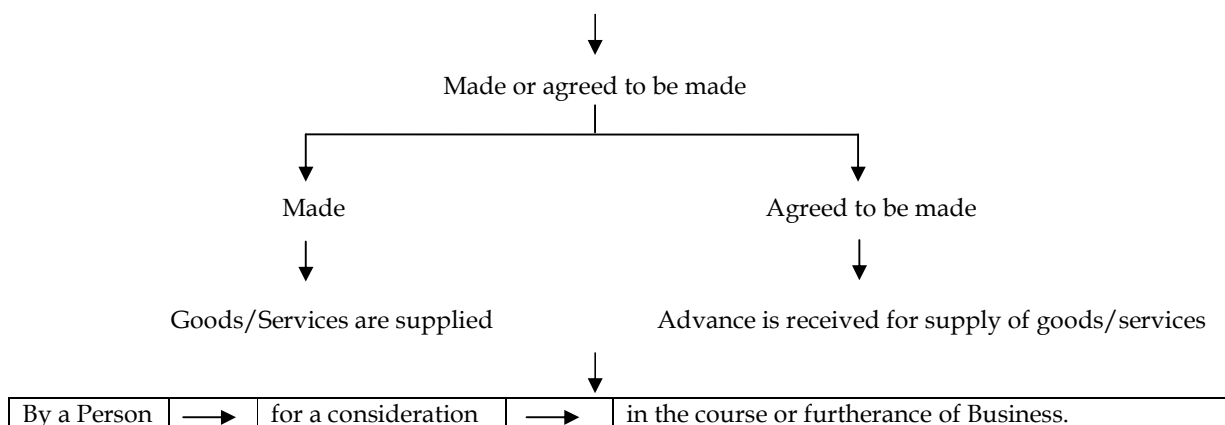
Definitions		
	Goods	Services
Means	Every kind of movable property	Anything other than goods
Excludes	Money and securities	Money and securities
Includes	(i) actionable claim (ii) growing crops, grass and things attached to/ forming part of the land which are agreed to be severed before supply or under a contract of supply.	Activities relating to : (i) Use of money or (ii) Conversion of money by cash/by any other mode, from one form/currency/ denomination, to another, for which a separate consideration is charged. (iii) facilitating or arranging transactions in securities

Analysis of Sec. 7(1)(a)

All forms of supply of goods or services or both such as



Sale	A laptop dealer sells laptop to XYZ
Transfer	A branch transfers goods to another branch
Barter	Mr. XYZ exchanges his laptop with Mr. PQR's camera without cash exchange between the two parties
Exchange	A laptop dealer sells new laptop for Rs. 40,000 along with an exchange of old laptop [Price of new laptop without exchange is Rs. 50,000]
License	A developer (license holder) of information technology software gives license to use the software to his various clients
Rental	Bike is given on rent
Lease	A machinery is given on finance lease or operating lease
Disposal	Sale of Old machineries after expiry of its useful life



1. Following are the essential ingredients for any transaction to be considered as “Supply” as per sec 7(1)(a):

- (i) Supply should be of goods or services. Supply of anything other than goods or services like money, securities etc. does not attract GST.
- (ii) Supply should be made for a consideration.
- (iii) Supply should be made in the course or furtherance of business.

2. Analysis of the term “Consideration”:

- (i). To be taxable, a supply should be carried out by a person for a ‘consideration’.
- (ii). Consideration does not always mean money. It covers anything which may be in money or may be in kind.
- (iii). Supply made without any consideration like donations, gifts or free charities are therefore outside the ambit of the term “supply” [except if covered by sec. 7(1)(c)].
- (iv). Donations to a charitable organization are not consideration unless charity is obligated to provide something in return e.g. display or advertise the name of donor in a specified manner or such that it gives a desired advantage to the donor.
- (v). Levy of GST on the service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donation or gifts from individual donors **[Circular No. 116/35/2019-GST, dated 11.10.2019]**

If display of name is aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it will be supply of service for a consideration (in the form of donation) and will be chargeable to GST. Otherwise, donation will not be chargeable to GST, as it is not a consideration.

- (vi) Art works sent by artists to galleries for exhibition is not a supply as no consideration flows from the gallery to the artists

Artists give their work of art to galleries where it is exhibited for supply. However, no consideration flows from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply.

It is only when a buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply [Circular No. 22/22/2017 GST dated 21.12.2017].

3. Analysis of “In the course or furtherance of business” :

- (i) GST is essentially a tax only on commercial transactions. Hence, only those supplies that are in the course or furtherance of business qualify as supply under GST. Resultantly, any supplies made by an individual in his personal capacity do not come under the ambit of GST unless they fall within the definition of business.

Example : Mrs. A buys jewellery for her personal use and after a few years, sells it to a jeweller. Sale of jewellery by Mrs. A to jeweller is not a supply under CGST Act because supply is not made by Mrs. A in the course or furtherance of business.

- (ii) Any activity undertaken in course/for furtherance of business would constitute a supply. Since, ‘business’ includes vocation, sale of goods or service even as a vocation (whether or not there is volume, frequency, continuity or regularity of such transactions is a supply under GST.

Analysis of Sec. 7(1)(b)

Supply includes importation of services, for a consideration whether or not in the course or furtherance of business

Example: Mr. Pankaj, has Subscribed Videos (OIDAR services) for his entertainment from www.netflix.com (a US Based Website) at an agreed consideration of \$ 50. The import of services by Mr. Pankaj is supply under section 7(1)(b), though it is not in course or furtherance of business.

Note: Import of services by Central Government, State government, Union Territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession is exempt from GST [other than OIDAR service]. [Entry 10(a) of Mega Exemptions]

Note: Import of goods is governed by Customs Act.

Analysis of Sec. 7(1)(c) read with Schedule I [Supply without consideration - Deemed Supply]

As per Schedule I, in the following four cases, supplies made without consideration will be treated as supply under section 7 of the CGST Act:

Statutory Provisions - Schedule I	
1.	Permanent transfer or disposal of business assets where input tax credit has been availed on such assets. Example: ABC & Co. donates old A.C. to Charitable Schools. This will qualify as supply provided input tax credit had been availed by ABC & Co. on such A.C.
2.	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: Provided that 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. Example: Raghubir Fabrics transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so that the same can be sold from there. The factory and retail showroom of Raghubir Fabrics are registered in the States where they are located. Although no consideration is charged, supply of goods from factory to retail showroom constitutes supply.
3.	Supply of goods – (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the

	<p>principal; or</p> <p>(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.</p> <p>Example:</p> <p>Wonder Cement Ltd. engages Siddharth & Sons as an agent to sell goods on its behalf. For the purpose, Wonder cement Ltd. has supplied the goods to Siddharth & Sons located in Rajasthan. Supply of goods by Wonder Cement Ltd. to Siddharth & Sons will qualify as supply even though Siddharth & Sons has not paid any consideration yet.</p> <p>Example:</p> <p>Mr. Mangal works as an agent and is located in Maharashtra. Mr. Yash is a manufacturer and located in Maharashtra. Mr. Mangal agrees to purchase certain goods on behalf of Mr. Yash every month and supply the same to Mr. Yash. Supply of goods by Mr. Mangal to Mr. Yash shall fall within the ambit of term 'supply' even if made without consideration.</p>
4.	<p>Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business ["Taxable person" word substituted by "person" by CGST (Amendment) Act, 2018, w.e.f. 01.02.2019].</p> <p>Example:</p> <p>Mangal Associates received legal consultancy services from its head office located in USA. The head office has rendered such services free of cost to its branch office. Since Mangal Associates and the branch office are related persons, services received by Mangal Associates will qualify as supply, even though the head office has not charged anything from it.</p>

- (a) **Related persons:** As per explanation to section 15, related persons have been defined as follows:

Person (Includes Legal person) deemed as related person, if:

- Such persons are officers/directors of one another's business
- Such persons are legally recognised partners
- Such persons are employer & employee
- A third person controls/own/holds (directly/indirectly) at least 25% voting stock/shares of both
- One of them controls (directly/indirectly) other
- A third person controls (directly/indirectly) both of them
- Such person together control (directly/indirectly) a third person
- Such persons are member of the same family
- One of them is the sole agent/sole distributor/sole concessionaire of the other.

- (b) **Family :** As per sec. 2(49) of the CGST Act, 2017, "Family" means -

- (i) the spouse and children of the person, and
- (ii) the parents, grandparents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

- (c) **Distinct Persons specified under section 25:** A person who has obtained/is required to obtain more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons. Further, where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an

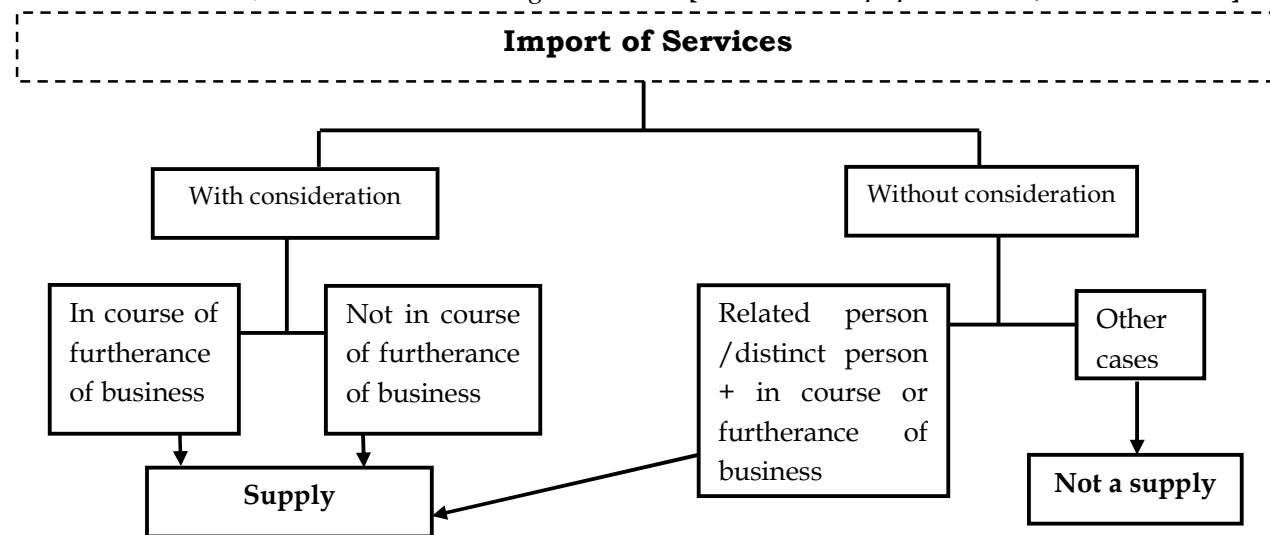
establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons.

Circulars regarding transactions between Distinct Persons:

1. GST is leviable on inter-state branch transfer of aircraft engines, parts and accessories for use by their own airlines. Further, Input Tax Credit of GST paid on aircraft engines, parts & accessories will be available for discharging GST on inter-state supply of such aircraft engines, parts & accessories by way of inter-state stock transfers between distinct persons [Circular No. 16/ 16/2017-GST, dated 15.11.2017].
2. Inter-state movement of goods like movement of various modes of conveyance carrying goods or passengers(Ex. Trains, Aircrafts), between distinct persons as specified in section 25(4) of the CGST Act, may not be treated as supply and consequently, IGST will not be payable on such supply.
However, applicable CGST/SGST/IGST, as the case may be, shall be leviable on repairs and maintenance done by distinct person for such conveyance. [Circular No. 1/1/2017 IGST dated 07.07.2017]
3. Inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes, etc.], between distinct persons as specified in section 25(4) of the CGST Act, 2017 is not leviable to IGST [except in cases where such movement is for further supply of these goods] [Circular No. 21/21/2017 IGST dated 02.11.2017]

Circulars regarding transactions between Principal & Agent:

1. If the invoice issued by the agent to the customer is in his own name, then, it is covered by Sch. 1 – Para 3.
But, if the invoice issued by the agent to the customer is in of the name of the principal, then, it is not covered by Sch II – Para 3 [Circular No. 57/31/2018 - GST, dated 04.09.2018]
2. On the same lines, if the transactions between principal and Del-Creder Agent (DCA) is covered under Sch. I – Para 3, then, the interest charged by DCA to his customers will form part of value of supply by DCA to customers & hence, GST will be charged on entire value including interest.
But, if the transaction between Principal & DCA does not fall in Sch. I – Para 3, then the interest charged by DCA to customer is merely an interest charged for extending loans or advances to customer which is exempt from GST. Hence, interest will not be chargeable to GST [Circular No. 73/47/2018 - GST, dated 05.11.2018]



Section 7(1A)

Where certain activities or transactions constitute a supply in accordance with the provisions of sub section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

Schedule II

"Activities or transactions to be treated as supply of Goods or supply of services"

Sr. No.	Transaction		Type	Nature of Supply
1	Transfer	(a)	Title in goods	Supply of Goods
		(b)	Right in goods/undivided share in goods without transfer of title in goods	Supply of Services
		(c)	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.	Supply of Goods
2	Land and Building	(a)	Lease, tenancy, easement , licence to occupy land	Supply of Services
		(b)	Lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly. Example : Lease rentals collected shall be taxable as supply of services under GST.	Supply of Services
3	Treatment or Process	Applied to another person's goods Example : "Job Work" performed by a job worker like dyeing of fabric in various colours.		Supply of Services
4	Transfer of Business Assets	(a)	Goods forming part of assets of a business are transferred or disposed off 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 [Omitted words, omitted by Finance Act, 2020, retrospectively w.e.f. 01.07.2017 to remove ambiguity in the scope of the term 'Supply']. Example: ABC & Co. donates old A.C. to Charitable Schools. This will qualify as supply of goods, if input tax credit had been availed by ABC & Co. on such A.C.	Supply of Goods
		(b)	Goods held/used for business are put to private use or are made available to any person for use, for any purpose other than a purpose of the business, by/under the direction of a person carrying on the business, whether or not for a consideration [Omitted words, omitted by Finance Act, 2020, retrospectively w.e.f. 01.07.2017 to remove ambiguity in the scope of the term 'Supply']. Example: A director using car provided by the company for personal travels.	Supply of Services

	<p>(c) Goods forming part of assets of any business carried on by a person who ceases to be a taxable 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.</p> <p>Example: Mr. A, a trader, is winding up his business. Any goods left in stock shall be deemed to be supplied by him and GST shall be payable.</p> <p>Exceptions:</p> <ul style="list-style-type: none"> ➤ Business is transferred as a going concern to another person. ➤ Business is carried on by a personal representative who is deemed to be a taxable person. 	Supply of Goods
5	<p>(a) Renting of immovable property</p> <p>Analysis:</p> <p>(i) As per this clause, renting of immovable property for any commercial activity, permitting use of immovable property for placing vending/ dispensing machines, allowing erection of communication tower on a building for consideration, renting of land or building for entertainment or sports and renting of theatres by owners to film distributors are all chargeable to GST.</p> <p>(ii) Halls, rooms, etc. let out by hotels/restaurants for a consideration for organizing social, official or business functions or letting out of halls for cultural functions are covered within the scope of renting of immovable property and would be taxable.</p>	Supply of Services
	<p>(b) Construction of complex, building, civil structure, etc.: 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.</p> <p>The term construction includes additions, alterations, replacements, or remodelling of any existing civil structure.</p> <p>The expression competent authority means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:</p> <p>(i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or</p> <p>(ii) a chartered engineer registered with the Institution of Engineers (India); or</p> <p>(iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority.</p> <p>Analysis :</p> <p>If the builder/developer is constructing flats, offices, etc. in a complex, and then booking them against advance payment before grant of completion certificate from competent authority, then, the value of the flats, offices, etc. (which are booked before grant of completion certificate) shall be chargeable to GST under the heading of “construction service”.</p>	Supply of Services

	(c) Temporary transfer or permitting use or enjoyment of any Intellectual Property Right (IPR)	Supply of Services
	(d) Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of Information Technology Software. Example : Supply of software to run video classes for smooth processing, encryption and decryption of videos is a supply of service. encryption and decryption of videos is a supply of service.	Supply of Services
	(e) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act. Analysis : In non-compete agreement, where one party agrees, for consideration, not to compete with the other in any specified products, services, geographical location or in any other manner, such action on the part of one person is also a supply of service for consideration and will be covered by this clause.	Supply of Services
	(f) Transfer of right to use any goods for any purpose	Supply of Services
6	Following composite supplies : (a) Works contract as defined u/s 2(119) As per sec. 2(119) of the CGST Act, 2017, Works contract: means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract. Analysis: (i) If the construction, repairs, etc. contract is a composite contract of labour plus material (i.e. material is also supplied by service provider along with construction, repairs, etc. service), then, it is a supply of service and GST would be charged on such contract under the heading of “Works Contract Service”. (ii) If the construction, repairs, etc. contract is a pure labour contract (i.e. no materials are supplied by service provider), then, GST would be charged on such service under the heading of “construction service” or “repairing, etc. service”.	Supply of Services
	(b) Supply by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration. Analysis: The activities of supply of food or drinks in a restaurant, etc. and supply of foods and drinks by an outdoor caterer are covered in this clause. [Restaurant and Outdoor Catering Services]	Supply of Services

7	<p>Supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.</p> <p>Analysis:</p> <p>(i) If any AOP/BOI is incorporated, then, undoubtedly it becomes a different person by itself and supplies between such AOP/BOI and its members will be chargeable to GST. But, to remove the ambiguity, it is specifically given in this para that supply of goods by an unincorporated AOP/BOI to its members, shall also be supply of goods and chargeable to GST.</p> <p>Example: A local club supplies snacks, etc. to its members during its monthly meeting for a nominal payment is supply of goods.</p> <p>(ii) Membership fee or any other consideration paid by members to unincorporated AOP/BOI (e.g. Friends Club/Club Mahindra/etc.) for availing various services is also chargeable to GST [Supply of Service, as explained by circular given below].</p>	Supply of Goods
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Clarification regarding taxable services provided by the members of the Joint Venture (JV) to the JV and vice versa and inter se between the members of the JV [Circular No. 35/9/2018 – GST, dated 05.03.2018].

Contribution from the members of the Joint venture (JV) is called ‘Cash Calls’.

- (a). ‘Cash calls’, sometimes, could be in the nature of advance payments made by members towards taxable services received from JV, hence, will be taxable under GST.
- (b). ‘Cash calls’, sometimes, could be in the nature of Capital Contributions made by members to raise the funds for JV and would be considered merely ‘a transaction in money’, hence, will not be taxable under GST, as it is not in the nature of consideration.
- (c). Further, taxable services received by JV from a member or a third party against payments made by JV out of amount collected through cash calls, is in the nature of consideration and hence, attracts GST.

Clarification regarding Issue related to taxability of ‘tenancy rights’ under GST [Circular No.44/18/2018-CGST, dated 02.05.2018]

The activity of transfer of ‘tenancy rights’ is squarely covered under the scope of supply and taxable per-se. Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, renting of residential dwelling for use as a residence is exempt [Sl. No. 12 of notification No. 12/2017-Central Tax (Rate)]. Hence, grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt. As regards services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST.

Clarification regarding taxability of goods imported under lease [Circular No. 113/32/2019-GST, dated 11.10.2019]

Goods like aircrafts, aircraft engines, other aircraft parts, rigs & ancillary items for oil / gas exploration / production, etc. which are imported into India on temporary basis are the transactions which are covered by item 1(b) or 5(f) of Schedule II of the CGST Act, 2017 and are liable to pay IGST leviable u/s 5(1) of the IGST Act, 2017. Further, these are exempted from Customs duty as per notifications issued under Customs Act, subject to certain conditions.

Section 7(2)(a) read with Schedule III [Negative List under GST]: Activities or transactions which shall be treated neither as a supply of goods nor a supply of service

S. No.	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services
1.	<p>Services by an employee to the employer in the course of or in relation to his employment.</p> <p>Analysis:</p> <p>(i) Any amount paid to a director of a company for attending board of director's meeting, etc., shall be chargeable to GST, because it is not paid in the capacity of an employee. But, if any amount is paid to whole time director in the capacity of employee, then, no GST will be charged on the same.</p> <p>(ii) Further, GST on the services provided by a director to the company or body corporate is chargeable to GST under Reverse Charge Mechanism u/s 9(3) of the CGST Act, 2017 (i.e. company or body corporate will be liable to pay GST to the government directly on the amount paid to director). It means, every company or body corporate paying any amount to director, not in the capacity of employee, shall be compulsorily required to get themselves registered under GST law and consequentially, all the provisions of GST law would be attracted.</p>
2.	<p>Services by any Court or Tribunal established under any law for the time being in force.</p> <p>Explanation: The term "Court" includes District Court, High Court and Supreme Court.</p>
3.	<p>(a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;</p> <p>(b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or</p> <p>(c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.</p>
4.	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5.	Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
6.	<p>Actionable claims, other than lottery, betting and gambling.</p> <p>Illustration:</p> <p>M/s Rohit ASREC Ltd. procured a portfolio of NPAs (of Rs. 50 crores) from Pankaj Bank Ltd. for a consideration of Rs. 7 crores (under the provisions of SRFAESI Act, 2002). Whether GST is leviable on Rs. 7 crores ?</p> <p>Solution:</p> <p>A transaction of procurement of a portfolio of NPAs is a transaction in actionable claim and is covered under para 6 of Schedule III of the CGST Act, 2017. Therefore, no GST would be charged on this transaction.</p>

Clarification in respect of levy of GST on Director's remuneration [Circular No: 140/10/2020-GST, dated 10.06.2020]

- 1. Leviability of GST on remuneration paid by companies to the independent directors or those directors who are not the employee of the said company**

The primary issue to be decided is whether or not a "Director" is an employee of the company. In respect of independent directors or those directors who are not the employees of the company, the services provided by them to the Company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, in this case, the recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis.
- 2. Leviability of GST on remuneration paid by companies to the directors, who are also an employee of the said company**

Once, it has been ascertained whether a director, irrespective of name and designation, is an employee, it would be pertinent to examine whether all the activities performed by the director are in the course of employer-employee relation (i.e. a “contract of service”) or is there any element of “contract for service”.

The part of Director’s remuneration which are declared as “Salaries” in the books of a company and subjected to TDS under Section 192 of the Income Tax Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

Further, the part of employee Director’s remuneration which is declared separately other than “salaries” in the Company’s accounts and subjected to TDS under Section 194J of the Income Tax Act as Fees for professional or Technical Services shall be treated as consideration for providing services which are outside the scope of Schedule III of the CGST Act, and is therefore, taxable. Further, in this case, the recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis.

Clarification on GST chargeable on the amount payable to Consumer Disputes Redressal Commission office and its subordinate offices [Circular No. 32/06/2018-GST, dated 12.02.2018]

Fees paid by litigants in the Consumer Disputes Redressal Commissions are not leviable to GST. Any penalty imposed by or amount paid to these Commissions will also not attract GST.

Section 7(2)(b): Activities/Transactions notified by the Government

Following activities have been notified which shall be treated neither as supply of goods nor supply of services:

- (i). Services provided by Central Government, State Government, Union territory or any local authority by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the constitution or to a Municipality under article 243W of the constitution [NN 14/2017 – CT(R.), dated 28.06.2017, as amended by NN 16/2018 CT(R) w.e.f. 27.07.2018].
- (ii). Service provided by State Government by way of grant of alcoholic liquor license, against consideration in the form of license fee or application fee or by whatever name it is called. [inserted by NN 25/2019 – CT(R.), w.e.f. 30.9.2019]

Note: [Circular No. 121/40/2019-GST, dated 11.10.2019]

This special dispensation applies only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and has no applicability or precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

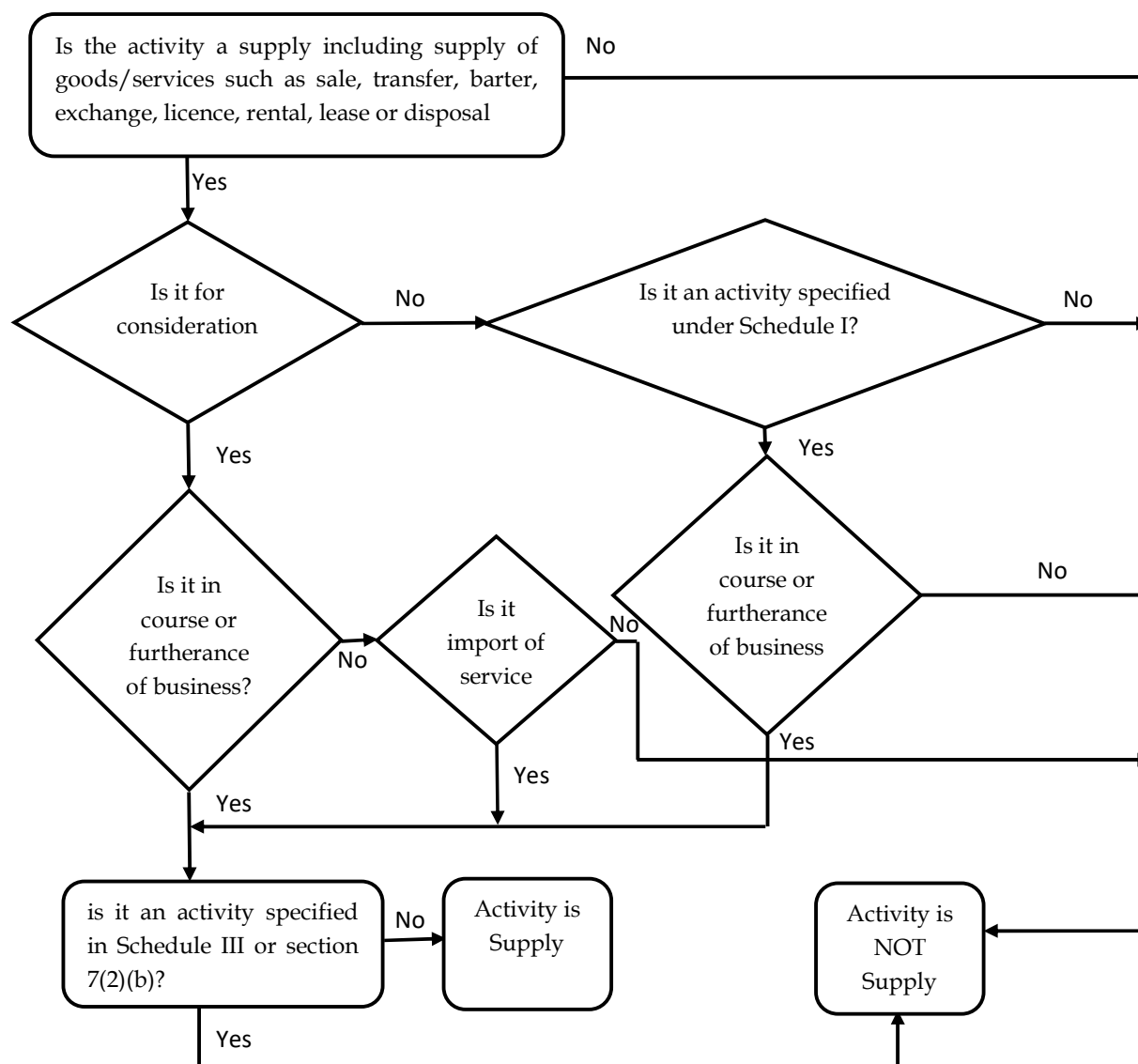
Clarification regarding taxability of supply of securities under Securities Lending Scheme, 1997 [Circular No. 119/38/2019-GST, dated 11.10.2019]

- (i). The activity of lending of securities is not a transaction in securities as it does not involve disposal of securities.
- (ii). The lender temporarily lends the securities held by him to a borrower and charges lending fee for the same from the borrower. The borrower of securities can further sell or buy these securities and is required to return the lent securities after stipulated period of time. The lending fee charged from the borrowers of securities has the character of consideration and this activity is taxable in GST since 01.07.2017.
- (iii). Apart from above, the activities of the intermediaries facilitating lending and borrowing of securities for commission or fee are also taxable separately.
- (iv). Further, w.e.f. 1st October, 2019, the borrower of securities shall be liable to discharge GST as per Sl. No 16 of Notification No. 22/2019-Central Tax (Rate) dated 30.09.2019 under reverse charge mechanism (RCM). The nature of GST to be paid shall be IGST under RCM.

Circular No. 76/50/2018-GST, dated 31.12.2018

The supply of used vehicles, seized and confiscated goods, old and used goods, waste and scrap by Government departments are taxable under GST

The Following Diagram summaries the steps to determine whether an activity undertaken is supply or not



Statutory Provisions	
Section 8	Tax liability on composite and mixed supplies
Clauses	Particulars
The tax liability on a composite or a mixed supply shall be determined in the following manner, namely :	
(a)	a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

(b)	a mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax.
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ANALYTICAL DISCUSSIONS

Analysis of Composite Supplies

- As per Section 2(30) of the CGST Act, Composite supply means a supply made by a taxable person to a recipient and :
 - Comprises two or more taxable supplies of goods or services or both, or 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.
- This means that in a composite supply, goods or services or both are bundled owing to natural necessities. The elements in a composite supply are dependent on the 'principal supply'.
- As per Section 2(90) of the CGST Act, Principal Supply means the supply of goods and services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.
- How to determine the tax liability on composite supplies.

Composite supply comprising of two or more supplies, one of which is principal supply, shall be treated as a supply of such principal supply.

Example :

When a consumer buys a television set and he also gets warranty and a maintenance contract with the TV, this supply is a composite supply. In this example, supply of TV is the principal supply, warranty and maintenance services are ancillary.

- Whether the services are bundled in the ordinary course of business, would depend upon the normal or frequent practices followed in the area of business to which services relate. Such normal and frequent practices adopted in a business can be ascertained from several indicators

Analysis of Mixed Supplies

- As per Sec. 2(74) of the CGST Act, 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.
- The individual supplies are independent of each other and are not naturally bundled.
- How to determine if a particular supply is a mixed supply?
 - In order to identify if the particular supply is a mixed supply, the first requisite is to rule out that the supply is a composite supply.
 - A supply can be a mixed supply only if it is not a composite supply. As a corollary it can be said that if the transaction consists of supplies not naturally bundled in the ordinary course of business, then, it would be a mixed supply.

- Once the amenability of the transaction as a composite supply is ruled out, it would be a mixed supply, classified in terms of supply of goods or services attracting highest rate of tax.

4. How to determine the tax liability on mixed supplies?

A mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax.

Illustration:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

Clarification regarding Transportation services provided by GTA

If any intermediary and ancillary services (like loading/unloading, packing/unpacking, transshipment, temporary warehousing, etc.) are provided in relation to transportation of goods by road, and charges, if any, for such services are included in the invoice issued by the Goods Transport Agency (GTA), then, such services would form part of the GTA service, being a composite supply, and would not be treated as a separate supply. However, if such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies.

Clarification regarding Retreading of Tyres [Circular No. 34/8/2018 – GST, dated 01.03.2018]

- Retreading of tyres (in which Rubber is also used in the process) is a composite supply, in which the predominant element is the process of retreading which is a supply of service.
- Where owner of the retreaded tyres sells the retreaded tyres, then, it is a supply of goods (i.e. retreaded tyres).

Clarification regarding activity of bus body building

In the case of bus body building, there is supply of goods as well as services. This is composite supply of goods and services. The principal supply in this case is “Supply of Service”, as per explanation added in NN. 11/2017 – C.T. (R), by NN. 26/2019 – C.T. (R), dated 22.11.2019. ~~[Circular No. 34/8/2018 – GST, dated 01.03.2018]~~

Clarification regarding Taxability of Printing Contracts [Circular No. 11/11/2017 – GST dated 20.10.2017]

Printing contracts are composite supplies.

In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.

In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc., printed with design, logo, etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods.

Clarification regarding supply of books [Circular No. 27/01/2018 – GST dated 04.01.2018]

The supply of books shall be treated as supply of goods as long as the supplier owns the books and has the legal rights to sell those books on his own account.

Clarification regarding servicing of cars involving both supply of goods (spare parts) and services (labour)
[Circular No. 47/21/2018 – GST, dated 08.06.2018]

The taxability of supply would have to be determined on a case to case basis looking at the facts and circumstances of each case.

Where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

Clarification regarding betting/ gambling [Circular No. 27/01/ 2018 – GST, dated 04.01.2018]

- GST will be levied on the admission charge or entry fee charged for admission into casino [Supply of Service].
- GST will be levied on betting / gambling services being provided by casinos [Supply of Service].
- GST is leviable at 28% on the transaction value of betting/gambling, i.e. the total bet value. For example, If entire bet value is Rs. 100, GST leviable will be Rs. 28/-.
- GST will be levied on horse racing [Supply of Service].
- GST is leviable at 28% on the transaction value of betting, i.e. the total bet value i.e. total of face value of any or all bets paid into the totalisator or placed with licensed book makers, as the case may be. For example, If entire bet value is Rs. 100, GST leviable will be Rs. 28/-.