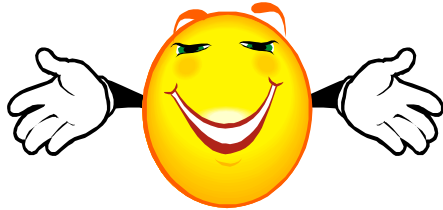


GOODS AND SERVICE TAX



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Taxable Event

SUPPLY

7. Meaning and scope of supply

(1) for the purpose of this Act , the expression 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;
- (c) a supply specified **in Schedule I**, made or agreed to be made **without a consideration;** and

What is schedule1

Schedule I

ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

1. **Permanent Transfer or** Disposal of Business Assets where ITC has been availed on such assets.
2. Supply of goods or services 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.
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.

(d) The activities to be treated as a **supply of goods** or a **supply of services** as referred in Schedule II.

SCHEDULE II

ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

1. Transfer

(a) Any transfer of the title in goods is a **supply of goods**.

(b) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a **supply of services**.

(c) Any transfer of title in goods under an agreement which stipulates that property in goods will pass at a future date upon payment of full consideration as agreed, is a **supply of goods**.

2. Land and Building

- (a) Any lease, tenancy, easement, licence to occupy land is a **supply of services**.
- (b) Any lease or letting out of building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, **is a supply of services**.

3. Treatment or process

Any treatment or process which is being supplied to another person's goods is a **supply of services**.

4. Transfer of business assets

- (a) Where goods forming part of the assets of a business are transferred or disposed of 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, such transfer or disposal is **a supply of goods** by the person.

- (b) Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, **the usage or making available of such goods is a supply of services.**
- (c) Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him 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—
- (i) the business is transferred as a going concern to another person; or
 - (ii) the business is carried on by a personal representative who is deemed to be a taxable person.

5. The following shall be treated as “supply of service”

- (a) **renting of immovable property;**
- (b) **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 before its first occupation, whichever is earlier.
- (c) temporary transfer or permitting the use or enjoyment of any **intellectual property right;**
- (d) development, design, programming, customisation, adaptation, implementation of **information technology software;**
- (e) **agreeing to the obligation** to refrain from an act, or to tolerate an act or a situation, or to do an act;
- (f) **transfer of the right to use any goods** for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6. Composite supply : The following composite supplies shall be treated as a supply of services, namely:—

(a) works contract as defined in clause (119) of section 2; and

(119) “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;

(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. Old Restaurant service.

7. The following shall be treated as supply of goods

(a) supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

- (2) Notwithstanding anything contained in sub-section (1),
- (a) activities or transactions specified in **schedule III**; or
 - (b) 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.

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any Court or Tribunal established under any law
3. (a) The functions performed by the MP MLA, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
(c) The duties performed by any person as a Chairperson or a Member or a Director in a body established by CG or SG or local authority and who is not deemed as employee before the commencement of this clause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
6. Actionable claims, other than lottery, betting and gambling.

Tax liability on Composite and Mixed supplies

8. 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

(30) “composite supply” means a supply made by a taxable person to a recipient consisting 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;

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

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

(74) “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.

Illustration.— A supply of a package consisting of canned foods, sweets, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply.

REGISTERED AND TAXABLE PERSON

(94) “**registered person**” means a person who is registered under section 25 but does not include a person having a Unique Identity Number;

(107) “**taxable person**” means a person who is registered or liable to be registered under section 22 or section 24;

Sec. 22 Person Liable for Registration

- Liability to pay tax arises only when the taxable person crosses the exemption threshold i.e. [Rs. **20 lakhs./10Lakhs**]
- **If he is registered or holds licence in earlier law shall be registered under this Act wef from appointed day**
- **Taxable person transfers business to another business, transferee or successor shall be liable to register wef. Date of transfer or succession.**
- **Transfer due to scheme / merger/ demerger etc. by order of high court the person liable to register from the date when certificate of incorporation granted by ROC.**

REGISTERED AND TAXABLE PERSON

Sec 23 Person Not liable for registration

(1) The following persons shall not be liable to registration, namely:—

(a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;

(b) an agriculturist, to the extent of supply of produce out of cultivation of land.

(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

REGISTERED AND TAXABLE PERSON

Sec 24 Compulsory Registration: Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,—

- (i) persons making any inter-State taxable supply;
- (ii) casual taxable persons making taxable supply;
- (iii) persons who are required to pay tax under reverse charge;
- (iv) person who are required to pay tax under sub-section (5) of section 9;
- (v) non-resident taxable persons making taxable supply;
- (vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;
- (vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- (viii) Input Service Distributor, whether or not separately registered under this Act;
- (ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
- (x) every electronic commerce operator;
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; and
- (xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

12. Time of Supply of Goods

(1) The liability to pay tax on the goods shall arise at the time of supply as determined in terms of the provisions of this section.

(2) The time of supply of goods shall be the earlier of the following dates, namely,-

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31(1), to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

PROVIDED that where the supplier of taxable goods receives an amount up to Rs1000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

12. Time of supply of goods

Explanation 1.- For the purposes of clauses (a) and (b), the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2.- For the purpose of clause (b), “**the date on which the supplier receives the payment**” shall be the date on which the **payment is entered in his books of accounts** or the **date on which the payment is credited to his bank account, whichever is earlier.**

12. Time of supply of goods....

- (3) In case of supplies in respect of which tax is paid or liable to be paid **on reverse charge basis**, the time of supply shall be the earliest of the following dates, namely—
- (a) the date of the receipt of goods, or
 - (b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
 - (c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:
- PROVIDED** that where it is not possible to determine the time of supply under clause (a), (b) or (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

12. Time of supply of goods...

- (4) In case of supply of **vouchers** by a supplier, the time of supply shall be-
- (a) the date of issue of voucher, if the supply is identifiable at that point; or
 - (b) the date of redemption of voucher, in all other cases;
- (5) Where it is **not possible to determine the time of supply** under the provisions of sub-section (2), (3) or (4) the time of supply shall
- (a) in a case **where a periodical return** has to be filed, be the date on which such return is to be filed, or
 - (b) in any other case, be the date on which the tax is paid.
- (6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

13. Time of Supply of Services

(1) The liability to pay tax on services shall arise at the time of supply, **as determined in accordance with the provisions of this section.**

(2) The time of supply of services **shall be the earlier** of the following dates, namely:-

a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or

b) the date of provision of service, if the invoice is not issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or

c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause *(a)* or clause *(b)* do not apply:

13. Time of supply of Services

Provided that where the supplier of taxable service receives an amount up to 1000 Rs in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

Explanation For the purposes of clauses (a) and (b),

(i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

(ii) “**the date of receipt of payment**” shall be the date on which the **payment is entered in the books of accounts** or the **date on which the payment is credited to his bank account**, whichever is earlier.

13. Time of supply of Services

(3) In case of supplies in respect of which tax is paid or liable to be paid on **reverse charge basis**, the time of supply shall be the earlier of the following dates, namely-

(a) the **date of payment as entered in the books of account** of the recipient or the **date on which the payment is debited in his bank account, whichever is earlier**; or

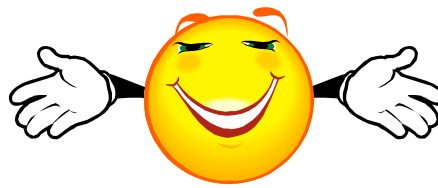
(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

PROVIDED that **where it is not possible** to determine the time of supply under clause (a) or (b), the time of supply shall be the **date of entry in the books of account of the recipient of supply**:

PROVIDED FURTHER that in case of 'associated enterprises', where the supplier of service is located outside India, the time of supply shall be **the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.**

13. Time of supply of Services

- (4) In case of supply of vouchers by a supplier, the time of supply shall be-
- (a) the **date of issue of voucher**, if the supply is identifiable at that point; or
 - (b) **the date of redemption of voucher**, in all other cases;
- (5) Where it is not possible to determine the time of supply of services in the manner specified in sub-sections (2), (3) or (4), time of supply shall
- (a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
 - (b) in any other case, be the date on which the tax is paid.
- (6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.



.....THANK YOU.....

***WISHING YOU ALL HAPPY GST
LIFE.***

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