

# Supply under GST

## Sec 7(1)

### Supply includes

#### Supply with consideration

**Sec 7(1)(a)**  
All forms of supply of goods/ services

**Such as**  
→ Sale  
→ Transfer  
→ Barter  
→ Exchange  
→ Lease  
→ Rental  
→ Disposal

**made or agreed to be made**  
↓  
Advance money received

**for a consideration**  
- Pymt = Money otherwise  
- Monetary = Act of forbearance

**in the course or furtherance of business.**

**Excludes**  
• Subsidy (Govt)  
• Deposits

**Sec 7(1)(aa):** Activities between persons & their members

Persons (other than individual) ↔ SOG/SOS ↔ (Constituents/ Members)

↓  
Consideration for Cash, deferred pymt, others.

### Supply without consideration

#### Sec 7(1)(c) - Sch - I

- Para - 1:** Permanent trf. of business assets on which ITC has been claimed.
- Para - 2:** Supply of Goods or Services or both between Related persons / distinct person.  
**Proviso:** Gift by employer to employee upto ₹ 50000 in a F.Y per employee.
- Para - 3:** Supply of Goods by:  
i) Principal to agent where agent undertakes to do further supply (NOT IN NAME AGENT NAME)  
ii) Agent to principal where agent undertakes to receive goods on behalf of Principal (NOT IN NAME AGENT NAME)
- Para - 4:** Import of service  
→ w/o consideration  
→ from RIP or own establishment located outside India.  
→ In the course of FOB.

## Sec 7(2)

### Supply Excludes: (Negative list)

#### (a) Schedule - III

- Para 1:** Services supplied by employee to employer in the course of or in relation to his employment.
- Para 2:** Services by any Court or Tribunal established under any law for time being in force.
- Para 3:** a) Functions performed by M.P, M.L.A, members of Panchayat or local Authority.  
b) Duties performed by any person who holds such position due to constitutional provisions.  
c) Duties performed by any person as chairperson or member or director in Govt. Bodies
- Para 4:** Services of funeral, burial, crematorium, mortuary incl. transportation of deceased.
- Para 5:** Sale of land & sale of bldg subject to Para 5(b) of sch-II.
- Para 6:** Actionable claims other than specified Actionable Claims.
- Para 7:** & **Para 8:** → Not applicable for Inter.
- Para 9:** Activity of apportionment of Co-ins by lead Ins. to the Co-insurer where entire GST is paid by lead-insurer.
- Para 10:** Ceding Comm<sup>n</sup> or re-ins. premium paid by the insurer to the re-insurer where GST is paid on gross re-insurance premium which is inclusive of ceding comm<sup>n</sup> or re-ins. premium.

### Sec 7(1A) read with Sch - II: If activity is supply, whether SOG or SOS.

- Para 1:** Trf of goods  
1) Trf of title or future title of goods → SOG  
2) Trf of rights or undivided share of goods → SOG
- Para-2:** 1) Any lease, tenancy, easement or license → SOS  
2) Lease or letting out of bldg → SOS  
**Note:** If sale of land / bldg → Not a supply (Para 5 of sch-III)
- Para-3:** Job work → Any treatment on another person goods →
- Para-4:** Permanent trf. of goods → SOG  
Temporary trf. of goods → SOS  
★ Deemed supply: If person ceases to be a taxable person then all goods forming part of assets shall be deemed to be transferred by him.  
**Exception:**  
① Bus. trf. as a going concern.  
② Bus. is carried on by a person or representative.

#### Para 6: Composite supply

- a) Works contract  
b) Restaurant, mess, catering, etc. where food / drink is supplied as a part of service. → SOS

#### (b) Notified activities of Govt.

- i) functions of Panchayat under Article 243 G & functions of Municipality under Article 243 W.  
ii) license fees by St for Alcoholic Liquor

#### Para 5: Following activities always treated as SOS.

- 1) Renting of Imm. property.  
2) Construction of complex / bldg. intended for sale by builder to buyer.  
**Exception:** If entire cons. recd after completion certificate then not treated as supply.  
3) Temporary transfer of an intellectual property rights.  
4) Development, design, programming, adaptation or upgradation of IT software.  
**Note:** Prepackaged software = SOG  
Customized software = SOG  
Licensed software = SOG  
5) Agreeing to obligation to refrain from act or to tolerate an act or to do an act. (As per circulars)



**ADITYA**  
PROFESSIONAL  
ACADEMY

For more details, give us a call on:  
**80807 81010 | 80805 71010**

## Section 15: Value of Supply.

### Sec 15(1): Transactional Value (T.V)

As per Sec 15(1),

$$VOS = TV$$

i.e. price paid or payable

Conditions:

- 1) Price is sole consideration
- 2) seller & buyer are not Related Persons.

### Sec 15(2)(d): Interest, late fees, penalty

Int, late fees, penalty for delayed payment of consideration for goods.

Note:

- i) TOS = When such Int. is received.
- ii) Value = Always assumed than it is incl. in value of supply.
- iii) Rate = That of original supply.
- iv) If interest charged is waived off, it shall not be added.

### Sec 15(2)(e): Subsidy

Only price linked subsidy is to be added that too other than that recd. from SG/CG.

∴ Blanket subsidy = } Not to be added in T.V.  
∴ Any type of subsidy = }  
recd from CG/SG

### Sec 15(2): Additions in T.V

#### 15(2)(a): All taxes other than GST

Any taxes, duties, cesses, fees levied under any law other than GST if charged separately.

Note:

- 1) If VOS includes GST  
$$T.V = \frac{\text{Total Value} + 100}{100 + \text{GST Rate}}$$

Eg: T.V = ₹ 50,000 (incl. GST@18%)  
∴ Taxable Value =  $\frac{₹ 50,000 \times 100}{100 + 18}$   
= ₹ 42,372.

#### Sec 15(2)(b): Payment to 3<sup>rd</sup> party

- i) Any amt paid by recipient to 3<sup>rd</sup> person in relation to supply.
- ii) Supplier was liable to pay such amt.
- iii) Such amt has not been included in price charged by supplier.

#### Sec 15(2)(c): Incidental expenses

- Any incidental exp. incl. packing or comm<sup>n</sup> charged by supplier to recipient
- Any amt charged for anything done by supplier in respect of supply at the time or before delivery of goods / services.

### Sec 15(2): Deductions in T.V (Discounts)

#### Sec 15(2)(a): Pre-supply discounts

Any discount allowed before or at the time of supply & is shown in invoice. ⇒ Allowed.

#### Sec 15(2)(c): Post-supply discount

Discount allowed post supply shall be allowed as deduction from T.V. only if foll<sup>g</sup> cond<sup>s</sup> are satisfied:

- i) Discounts are as per the agreement which existed before the supply.
- ii) Discount is linked to past invoices.
- iii) Proportionate ITC is reversed by the recipient.



**ADITYA**  
PROFESSIONAL  
ACADEMY

For more details, give us a call on:  
80807 81010 | 80805 71010

# Time of Supply (Sec 12 & 13)

## Sec 12: TOS for SOLT

## Sec 12(3): TOS for SOG

Due date of issuance of invoice → sec 31

In case of Goods:

\* When goods involve movement of goods

D.D = Dt. of removal of goods.

\* When goods does not involve movement of goods.

D.D = Dt. when such goods are made available

In case of Services:

\* In case of other services

D.D = 30 days from dt. of supply of service.

\* In case of services by Bank/FI/NBFC/Insurer

D.D = 45 days from dt. of supply of service.

### Situations

1) Formal Charge Mechanism (FCM)

Sec 12(2): TOS

- i) Dt. of issue of invoice
- ii) Due date of issue of invoice  
... whichever is earlier

#) As per NN-66 (2017): For SOG,  
No TOS on the date of receipt of goods except for specified Actionable claims.

Sec 13(2): TOS shall be the earlier of follr dates:

- i) If invoice issued within → Date of invoice <sup>(or)</sup> Date of receipt of payment
- ii) If invoice issued beyond → Date of completion <sup>(or)</sup> Date of receipt of payment.
- iii) If TOS cannot be determined → Date on which recipient shows receipt of such service in his BOA.

# Note: i) Date of receipt of payment

- Dt. of entry in BOA <sup>(or)</sup>
- Dt. of credit in Bank
- ... (whichever is earlier)

2) Inv. is within time is such is issued within 30/45 days.

**ADITYA**  
PROFESSIONAL  
ACADEMY



For more details, give us a call on:  
**80807 81010 | 80805 71010**

Sec 12(3): TOS

- i) Dt. of receipt of goods.
- ii) Dt. of payment
  - Dt. of entry in BOA
  - Dt. of Dr. in bank
  - ... (whichever is earlier)
- iii) 31<sup>st</sup> day from dt. of invoice from supplier or equivalent document.

Proviso: If TOS cannot be determined as per above section then,  
TOS = Dt. when recipient makes entry in his BOA for entry of goods.

Sec 13(3): TOS shall be earlier of the follr dates:

- i) Dt. of payment
  - Dt. of entry in BOA
  - Dt. of Dr. in banks
  - ... whichever is earlier
- ii) 61<sup>st</sup> day from dt. of invoice by supplier (if supplier is regd)
- iii) Dt. of issuance of self-invoice by recipient (if supplier is unregd) <sup>#) Amendment</sup>

Proviso: If TOS cannot be determined as per above section then,  
TOS = Dt. when recipient makes entry in his BOA for entry of goods.

(\*) <sup>(advance)</sup> Excess payment upto ₹1000, TOS = at the option of supplier = Dt. of issue of next invoice (Dt. when such excess is adjusted)

(\*) Residual Cases → Sec 12(5) → If TOS cannot be determined as per → TOS = i) In case if periodical return to be filed → Dt. when such return is filed

Sec 13(5) above section

ii) In other cases → Dt. of payment of tax.

(\*) Interest / late fees for delayed pymt → It is not exempted as exemption only for Int. on loans / advances / deposits → TOS = Dt. of receipt of such Int / late fees.