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A complete Understanding of the term "Supply" under GST



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Why we need to understand the term "supply":-

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Supply is considered as taxable event under GST. If a particular activity is not considered as supply then the activity is out from the purview of GST which means GST will not be applicable on such transaction. However if a particular activity is treated as supply it might be possible that GST is not applicable on such activity because list of exemptions are there in GST law. Tax liability under GST arises at the time of supply, which might be of Goods or Services. Therefore it is very essential to understand the term supply.

What is Supply Section-7(1):-

Supply includes all forms of supply of Goods(Note-1) and Services(Note-2) such as Sale, Exchange, Barter, Transfer, Lease, Disposal . But a particular activity has to satisfy the following three conditions(General Rule) for considering itself as a supply:-

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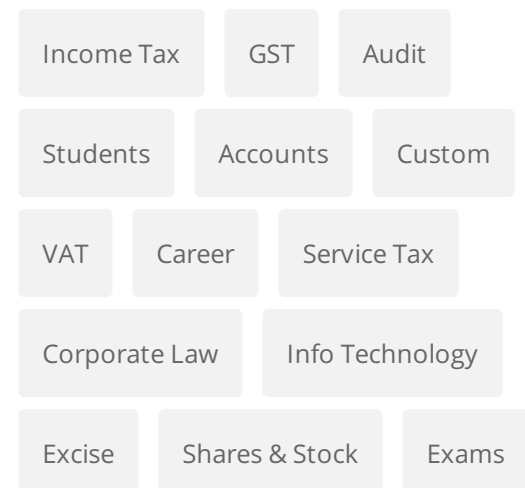


1. It should be a supply either of Goods or Services.
2. It should be made for a consideration.
3. It should be in the course or furtherance of Business.

However Import of Service for a consideration whether for business purpose or for personal purpose is considered as supply. But as per notification no.12/2017 Import of Services by an Individual for personal purpose is exempt.

Note-1:- Meaning Of Goods:- Goods means every kind of movable property other than money and security, but including growing crops, things attach to

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land and forming part of land and Actionable Claim(only betting, gambling, and lottery are covered as per Schedule-III).

Note-2:- Meaning Of Services:- Anything other than Goods, money and security it might be active or passive activity i.e. to do something or not to do something.

Activities to be considered as Supply even without consideration (Schedule-I) :-

There are certain exceptions to point number II above means activity can be considered as supply even without consideration which are cited below:-

1. Permanent transfer/disposal of Business Asset where ITC has been availed on such asset.
2. Supply of Goods and Services between related and distinct person.
3. Supply of Goods and Services by a principal to agent and Vice-versa.
4. Import of service by a person for business purpose from a related person or from any of his establishment outside India.

Activities Neither considered as Supply of Goods or Supply of Services (Schedule-III) :

Following activities are neither considered as supply of goods or supply of services even if the all three conditions of section-7(1) cited above are satisfied:

1. Services by the employee to the employer in relation to employment.
2. Services by Courts, Tribunal.
3. Services by Government officials like president, prime minister, chief minister, MP, MLA etc.
4. Sale of Land and completed building.

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5. Mortuary Services.

6. ACTIONABLE CLAIMS other than betting , gambling and lottery.

Some Clarifications whether a particular activity is supply of goods or supply of service(Schedule-II):-

Business Assets:

- If permanently transferred then it is supply of Goods.
- If temporarily transfer then it is Supply of Service.
- In case of closer of Business it is supply of Goods.

Movable Property:

- If Ownership is transferred then it is supply of Goods.
- If Right is transferred then it is supply of services.

Intangible Property:

- Always to be considered as supply of service whether permanent or temporarily transferred.

Immovable Property:

- Leasing and renting of immovable property is considered as supply of service.
- Sale of Under construction property is treated as supply of service.
- Sale of completed property are neither treated as supply of goods or supply of services.





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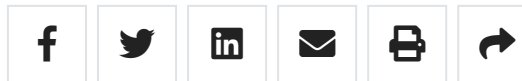
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And supply involve movement so as per section 31 invoice is issued before or at the time time of removal of goods and as per section 12 tos is the date of invoice at which liability to pay tax arises....

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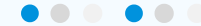
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