



WHAT IS GST?



BCom Semester IV

C8- INDIRECT TAX AND GST

अप्रत्यक्ष कर और जीएसटी

Unit III

Unit III: Determination of Value of Supply / Time of Supply

- 1) Taxable Supply
- 2) Supply of Goods and Supply of Services
- 3) Course or Furtherance of Business
- 4) Special Transactions affecting Value and Time of Supply
- 5) Time of Supply for Goods and Services
- 6) Other Important Points

What is supply under GST?

Supply includes sale, transfer, exchange, barter, license, rental, lease and disposal. If a person undertakes either of these transactions during the course or **furtherance of business for consideration**, it will be covered under the meaning of Supply under GST.

Elements of Supply

Supply has two important elements:

- Supply is done **for a consideration**
- Supply is done **in course of furtherance of business**

If the aforementioned elements are not met with, it is not considered as a sale.

Examples:

- Mr. A buys a table for Rs.10,000 for his personal use and sells it off after 10 months of use to a dealer. This is not considered as supply under CGST as this is not done by Mr A for the furtherance of business
- Mrs. B provides free coaching to neighbouring students as a hobby. This is not considered as supply as this act is not performed for a consideration.
- However, as specified in Schedule I of GST Act, certain activities are considered as supply even if it is [made without consideration](#).

Some Important Terms

1. GOODS & SERVICES

Goods

- ANY movable property
- Actionable claim
- Growing crops, grass and things attached to land

Services

- Anything other than goods
- Use of money
- Conversion of Money

EXCLUDE
Money and Securities



Actionable claim means: i.e. Lottery, betting and gambling, secured debt, insurance.

2. CONSIDERATION

- Any payment in Money Other → Against supply of goods/services

than money
(act or forbearance)

↓
Paid by recipient/3rd person

Not include subsidy given CG/SG



Note: Deposit to be considered as payment only when applied as consideration for said supply.

3. BUSINESS

INCLUDE:

- Trade/commerce/manufacture/profession/vocation
- Facility by club to its members
- Admission to any premises (zoo, movie hall etc.)
- Race club, book maker etc
- Any other business activity for profit/not for profit

4. RELATED PERSON **PET FB DP**

- partner/officer/directors
- employer & employee
- together they control a third person*
- direct/indirect control/share $\geq 25\%$
- principle agent
- Both of them controlled by a third person*
- **same family members** ⚠

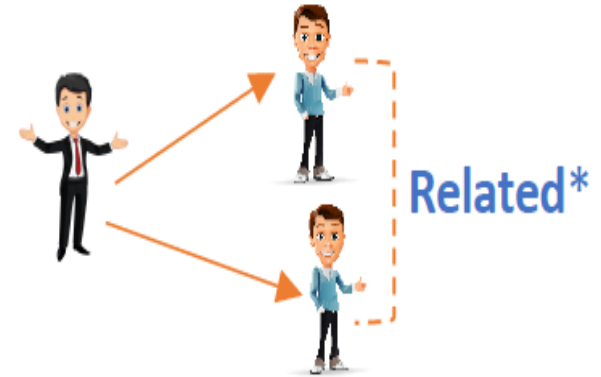
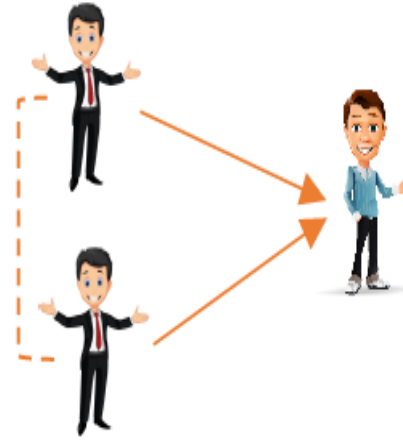
Spouse/Children

ALWAYS

Parents/Grand Parents/Bro/Sis.

IF DEPENDENT UPON YOU

***Related**

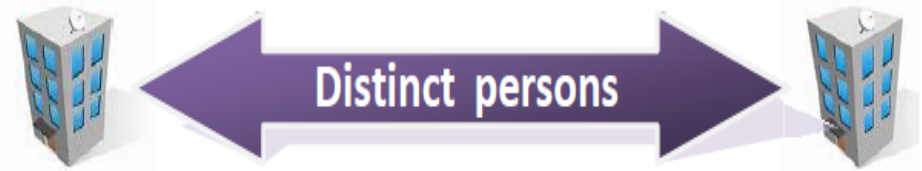


5. DISTINCT PERSON(SMQ)

Separate
Registration

Whether Same State/Ut

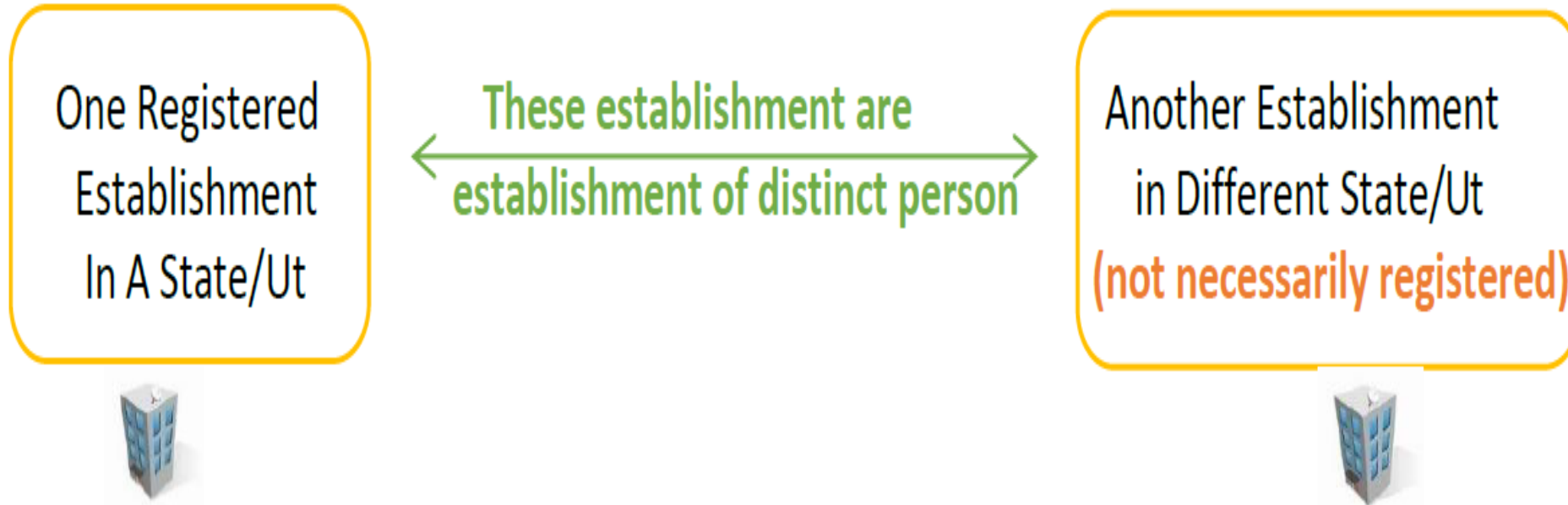
Or Different States/Ut's



E.g. 1. Stock transfer from Gurgaon to Rohtak branch under same registration – **Not Distinct person**

2. If Gurgaon and Rohtak were separately registered even though same state – **Distinct person**

6. ESTABLISHMENT OF DISTINCT PERSONS



E.g. A registered restaurant in Haryana & an unregistered liquor shop in Mumbai.

SECTION 7: SCOPE OF SUPPLY

SEC 7 (1) SUPPLY INCLUDE

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graph TD; A["SEC 7 (1) SUPPLY INCLUDE"] --> B["If for a consideration"]; A --> C["Without consideration"]
```

If for a consideration

Without consideration

If For Consideration

Sec 7(1)(a)

- All forms of supply** of goods or services or both
- **such as** sale, transfer, barter, exchange, license, rental, lease or disposal *
 - **made/agreed to be made** by a person(advance)
 - **in the course or furtherance** of business

Sec 7(1)(b) Import of services

- **Personal**
or
- **business purpose**

Sec 7(1) (aa)

Activities or transactions

By a person
(other than an individual)



To its members
/constituents

For: cash, deferred payment or other valuable consideration.

Explⁿ: person & its constituents treated as separate person.

E.g.

Tenants of a society form a club & club procure beverage items & provide to members when required on sale basis ↓

So, any goods supplied by club to its members
Considered as supply of goods

* (Examples)

- **Sale** (A laptop dealer sells laptop to ram)
- **Transfer** (hire purchase)
- **Disposal** (sale of old machine)
- **Barter** (goods k badle me goods)
- **Exchange** (goods + money for goods or goods +money)
- **License** (software license)
- **Lease** (machine given on finance/operating lease)
- **Rental** (bike is given on rent)

If Without Consideration

Sec 7(1)(c) Activities specified in schedule I (SMQ)

[TRAI]

1. Permanent transfer or disposal of business asset.

(input tax credit has been availed on such assets)

E.g.

(a) Holding company $\xrightarrow[\text{Consideration}]{\text{Asset transfer for nil}}$ subsidiary company

(b) Dhruv gives old laptops being used in his business to his friend free of cost. This will qualify as supply if ITC has been availed by Dhruv on such laptops.

2. Supply between related person/distinct persons (only if business purpose) (SMQ)

E.g. Stock transfer between branches: supply even without consideration

Exception:

Employer $\xrightarrow[\text{(per employee per year)}]{\text{Gift up to Rs 50000}}$ Employee

Note: Incentive not gift i.e. production /sales bonus

3. Supply of goods (only goods not service)

- a) by a principal to his agent where agent undertakes to supply such goods on behalf of principal; or (agent issuing his own invoice)
- b) by an agent to his principal where agent undertakes to receive such goods on behalf of principal (agent issuing his own invoice)

4. Import of services from (SMQ)



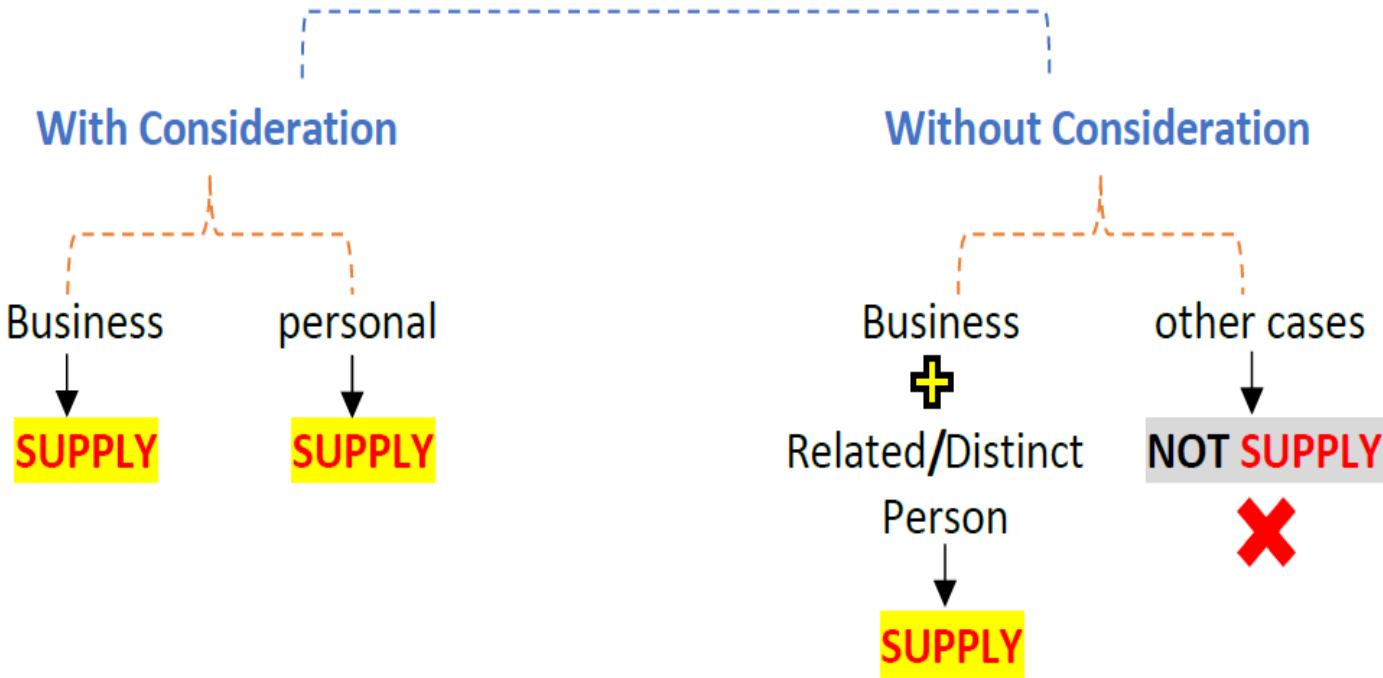
related person/Own establishment



in the course or furtherance of business

(business purpose)

Clarification regarding import of services. ~~Goods~~



EXAMPLES FOR PRACTICE:

1. A doctor got his hair cut from a barber and provides him medical consultancy in return
 - It is supply under 7(1)(a) (**BARTER**)
2. Salman Khan received interior design service for residential house from Japan for yen 5000
 - It is supply under 7(1)(b) (**personal + consideration**)
3. Papu & Co. received legal service from Dubai for \$200
 - It is supply under 7(1)(b) (**business + consideration**)
4. Rahul obtained consultancy service from his son staying in Canada for his office purpose without any consideration
 - It is supply under 7(1)(c) (**business + related + no consideration**)
5. Shivam Nagpal & Co. chartered accountant donated its old laptop in charity to CA students (ITC Taken)
 - It is supply under 7(1)(c) (**business asset transfer + ITC taken + no consideration**)

6. Modi pvt. Ltd. Sold old car for 2 lakhs

- It is supply under 7(1)(a) (furtherance of business + consideration)

7. Jetha gifted a mobile worth Rs 50000 to Daya



- No consideration, no supply (related person but not for business purpose hence not covered under schedule I)

8. Jetha gifted a mobile worth Rs 60000 to bagha

- It is supply under 7(1)(c) (as gift to employee & value > 50000 GST applicable on entire Rs 60000)

SCHEDULE II: DETERMINING SUPPLY OF GOODS OR SERVICE

1. Transfer of goods: (SMQ)

Transfer of  

- a. Title in goods: **supply of goods**
- b. Title in goods at a future date: **supply of goods** (hire purchase)
- c. Right in goods: **supply of services**

2. Transfer of business assets:

- a. Permanent transfer/disposal: **supply of goods**
- b. Temporary transfer or private use: **supply of services**
- c. On closure of business/
Business cease to be taxable person: **supply of goods**

Exception:

- Transfer as a going concern
- business carried on by representative



3. Land and Building:

- a. Any lease, tenancy, letting out: supply of services
- b. Renting of immovable property: supply of services
- c. Construction of building, civil structure: supply of service



* consideration should be received “before”

- issuance of completion certificate
- 1st occupation



w.e.is
earlier

Note: Here “before” word is important as “after” would be treated as sale of land & building

⇒ Which is outside scope of GST



E.g.: Construction Service (flat value 80 lakh)

4. Software:

- a. Customized software: supply of services
- b. Readymade software: supply of goods

5. Intangible Property:

- a. Permanent transfer: supply of goods
- b. Temporary transfer: supply of services

i.e. patents



6. Always Supply of Services:

- a. Restaurant/ catering: supply of service
- b. Work contract: supply of service
- c. Job work: supply of service



Job work means: Any treatment or process applied to another person's goods.

- d. Agreeing to the obligation to refrain from an act or to tolerate an act: supply of service
e.g. Non-compete agreement



CIRCULAR & CLARIFICATIONS (imp.)

1) DONATION received by charitable institutions from individual donors without quid pro quo.

i.e. nothing is to be done by done in return

⇒ If all below conditions satisfied then – no supply otherwise supply

Gift/donation
To charitable institution

payment in terms of
gift/donation

purpose is philanthropic
& not advertisement
(no commercial gain)



*Merely displaying name plate for gratitude is no consideration, no GST.

2) ART WORK SEND BY ARTIST TO GALLERIES FOR EXHIBITION

- Till it's not sold ⇒ No consideration ⇒ No supply
- Sold from exhibition ⇒ supply ⇒ GST payable



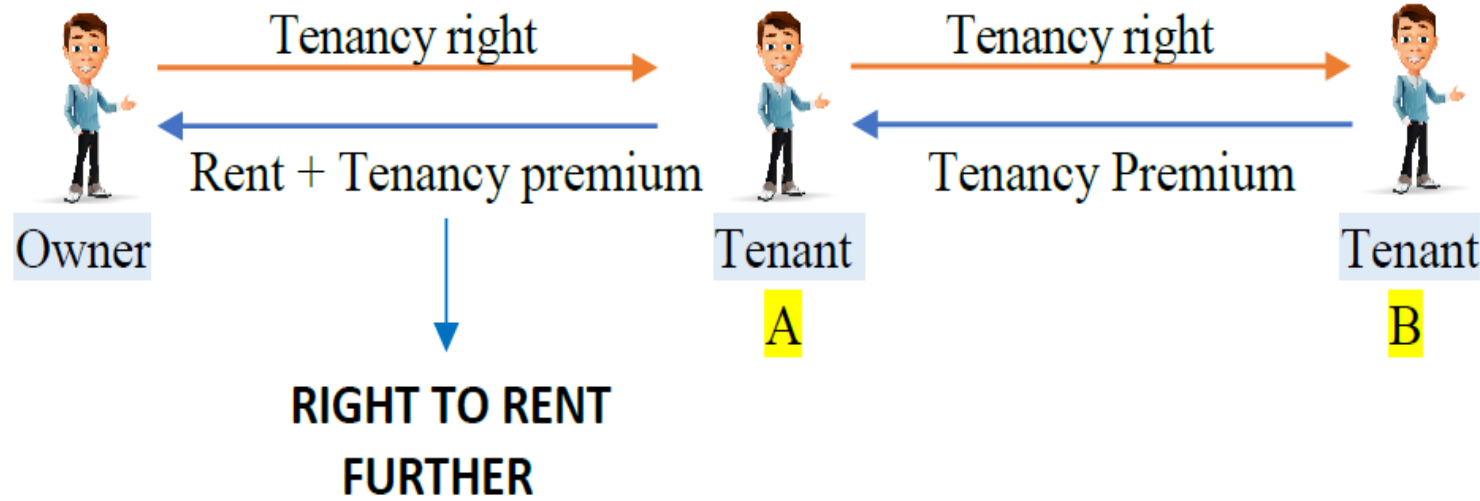
3) CLARITY ON COURSE OR FURTHERANCE OF BUSINESS

GST is essentially a tax on commercial transactions

- Selling **personal car** after use
 - Selling **old jewellery** after use
- } Not Supply
- A famous actor paints **painting** → Supply
& **sell them & donate** the earning



4) Tenancy right taxability (pagdi system)



⇒ Transfer of **tenancy right** against premium: **supply of service**

* However, rent on residential dwelling is exempt

5) SALE PROMOTION SCHEME: (SMQ)



- **Free Samples and Gifts:** No Consideration, No Supply
Except: Schedule I

i.e. Pharmaceutical companies which provide drug samples to their stockiest, dealers, medical practitioners, etc. Without charging any consideration.

- **Buy One Get One Free Offer:** This is not without consideration as two or more goods supplied at a single price
Apply provisions of composite & mixed supply.

6) PRINCIPAL-AGENT-RELATIONSHIP

Clarification: -

(1) Supply by Principal to Agent, where Agent shall issue, for further supply

- **Invoice in his name:** - Agent shall be covered under, Schedule I
- **Invoice in the name of Principal:** - Agent shall not be covered under, Schedule I

(2) Supply by Agent to Principal, where goods being procured by Agent on behalf of Principal

- **Invoice in his name:** - Agent shall be covered under, Schedule I
- **Invoice in the name of Principal:** - Agent shall not be covered under, Schedule I



7) PERQUISITES PROVIDED IN TERMS OF CONTRACTUAL AGREEMENT TO EMPLOYEE



NOT liable to GST [schedule III]

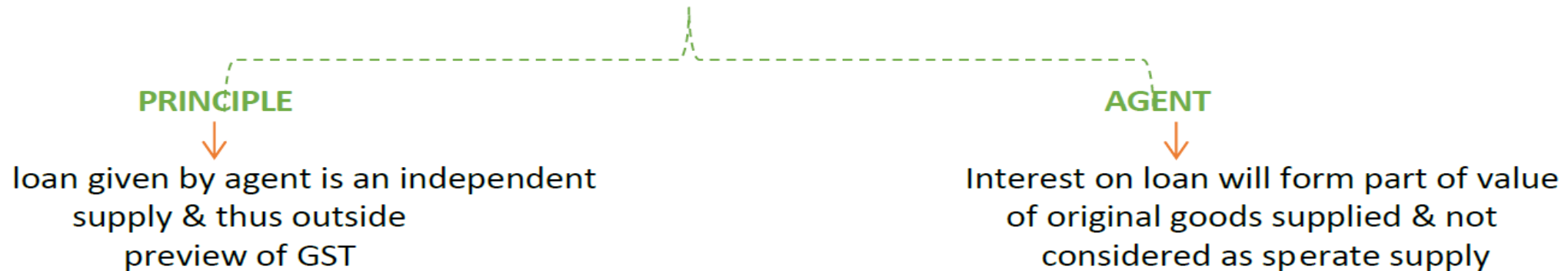
E.g. Rent-free accommodation, company car, medical facility

8) DEL CREDERE AGENT (DCA)

- A selling agent engaged by principle to **assist in supply of goods/ service** by contracting potential buyers on behalf of principal
- DCA for **guarantee timely payment to principal**
- DCA provide **various loans to buyers & paying to supplier himself** and recover amount from buyer after some time with interest.

So How Interest Is Treated in This Case??

Invoice of Original Supply in Whose Name??



9) Inter-State movement of various modes of conveyance (SMQ)

Inter-State movement of various modes of conveyance, between distinct persons including-

- Trains,
- Buses,
- Trucks,
- Tankers,
- Trailers,
- Vessels,
- Containers,
- Aircrafts,



1. Conveyance carrying goods/ passenger/ both: - Treated neither as SOG/SOS, No IGST.

2. Conveyance for repair & maintenance: - Treated neither as SOG/SOS, No IGST.

(On such Repair and maintenance charges: - GST payable)

3. Conveyance moved for further supply: - Treated as SOG/SOS, IGST shall be levied.

[Same treatment in case of interstate movement of rigs, tools and spares and all goods on wheels [like cranes].

SECTION 8: COMPOSITE AND MIXED SUPPLIES

- When **goods or/ & service supplied in combination**, each individual component **may attract a different rate of tax creating challenges for decision of rate of tax.**
- **GST law identify composite & mixed supplies and provide certainty** in respect of tax treatment.

1. Composite or mixed supply? (SMQ)

Composite supply

Condition:

- two or more taxable supplies
- naturally bundled
- one of them is a principal supply

if all condition satisfies **composite supply** otherwise **mixed supply**.



2.

Tax rates? (SMQ)



Principal Supply: **predominant element** in combination and **other** supply forming part of that composite supply is **ancillary**.

Naturally bundled: whether **combination made is bundled in ordinary course** of business

Factors: 1. Normal business practice

2. Consumer perception

3. Ancillary service help in better enjoyment of main service/goods

4. Normally advertised as package.

Example of composite supply:

1. television set with mandatory warranty: TV is principal supply; warranty is ancillary.

2. Stay in hotel with breakfast: stay in hotel is principal supply; breakfast is ancillary.

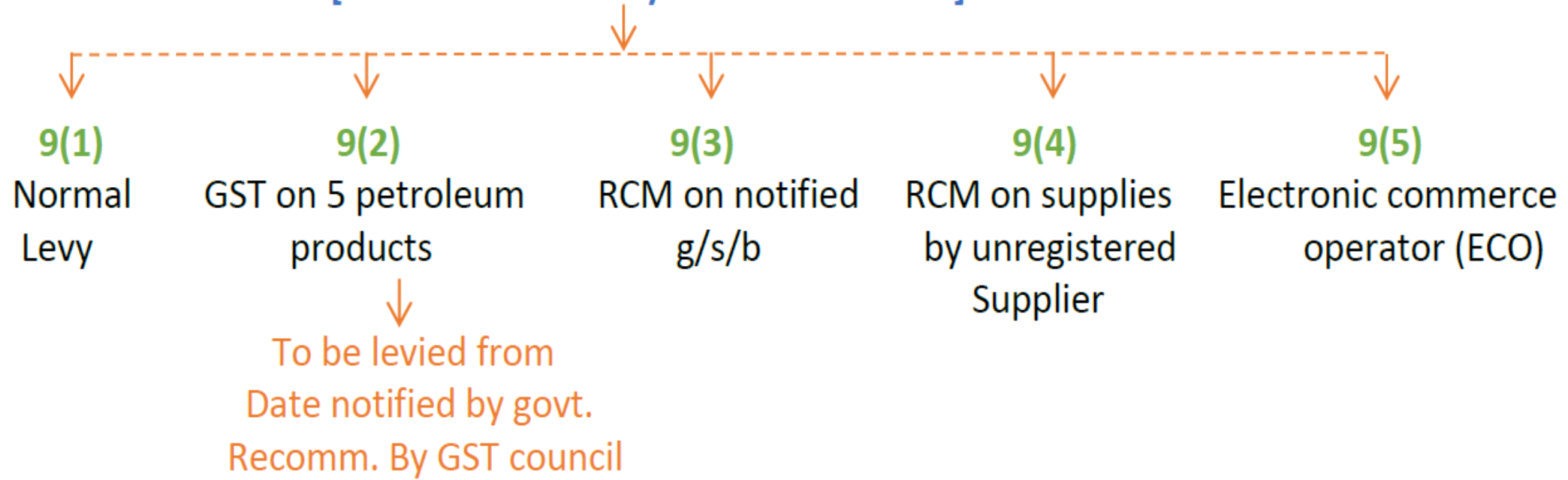
Example of mixed supply:

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

2. **Face cream with nail paint.**

- **Basis of Charge** Is Taxable Event I.e. Occurrence of An Event Which Triggers Levy of Tax
- **Taxable Event** in GST Is **Supply**
- GST Extend to **Whole of India**

LEVY & COLLECTION [SEC 9 OF CGST ACT /SEC 5 OF IGST ACT]



SECTION 9(1) NORMAL LEVY



On Value as Per **Sec 15**

Collected and paid by **taxable person**

At rate notified by govt. Max 20%/40%



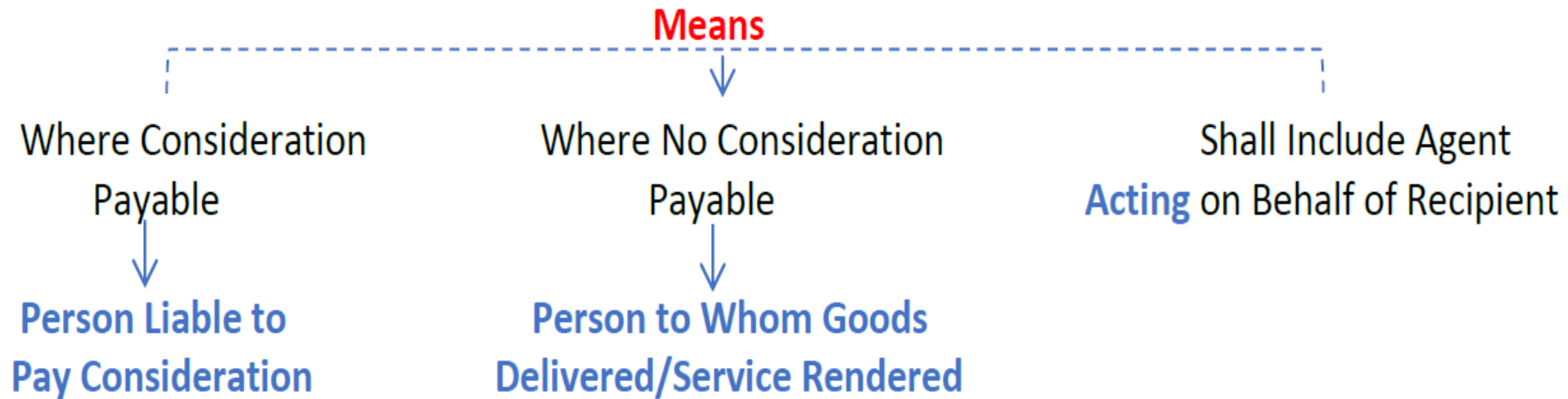
SOME IMPORTANT TERMS:

1. SUPPLIER

- **Means** person supplying the said goods/service/both
- **shall include** an agent acting in his behalf

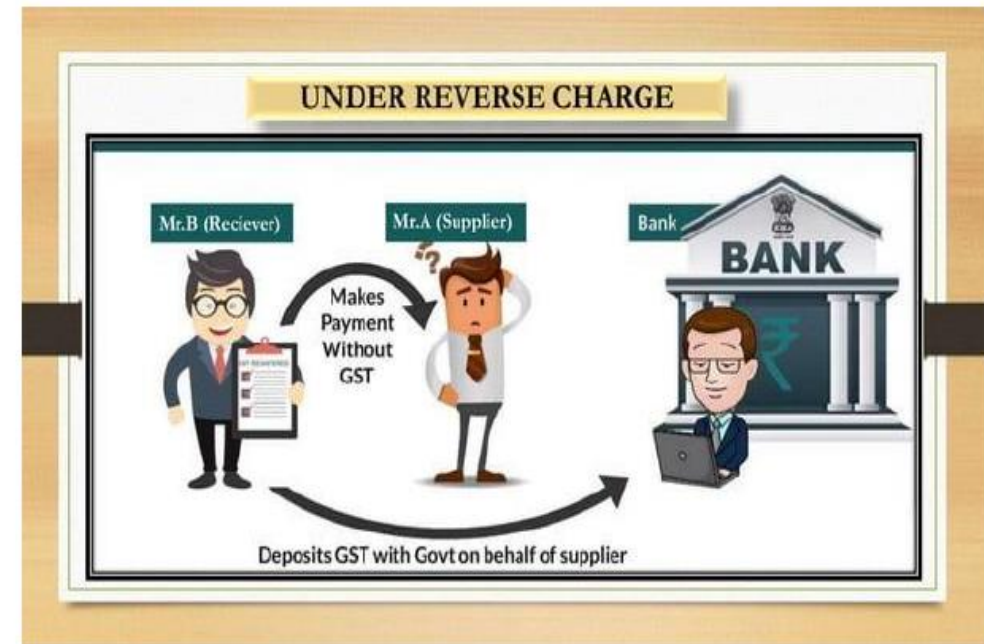
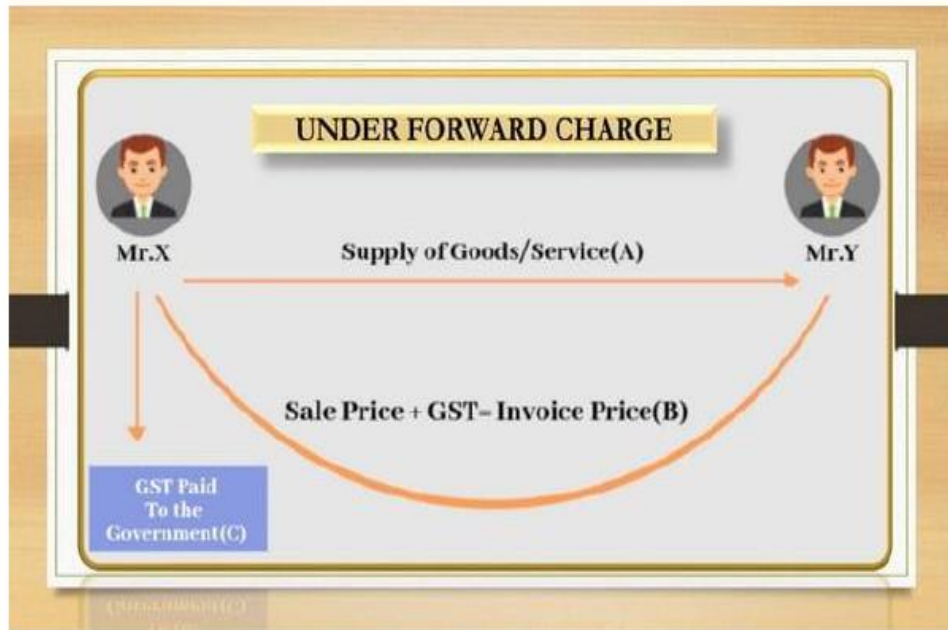


2. RECIPIENT OF GOODS & SERVICE



3. REVERSE CHARGE MACHANISAM(RCM)

- Normally **supplier liable** to collect & pay tax to govt.
- In RCM **recipient is liable** for same
(all the burden which was on supplier is on recipient in RCM for compliance & tax deposit)



4. TAXABLE PERSON

- Means a person who is **registered or liable to registered** u/s22 or sec u/s24



Forward Charge Sec 9(1)	Person Making Supply
Reverse Charge Sec 9(3)/9(4)	Recipient of Supply
E-Commerce Sec 9(5)	E-Commerce Operator

SEC 9(3) SUPPLY OF SERVICE TAXABLE UNDER RCM

Note: RCM in case of goods not applicable for exam

SEC 9(4)

Unregistered Supplier

Supply Notified G/S



Specified Class of Regd. Recipient

1. Notified in this section: REAL ESTATE SECTOR

Effective rate of GST on real estate sector for new projects by promotor



Construction of Affordable Houses



1% WITHOUT ITC

Construction of All Houses Other Than Affordable Houses



5% WITHOUT ITC

Commercial Apartment in A RREP (Residential Real Estate Project)

[Commercial Carpet Area \leq 15% Of Total Carpet Area]



5% WITHOUT ITC

AFFORDABLE HOUSES:

AREA 60 SQM IN METRO
90 SQM IN NON-METRO



& VALUE UP TO 45 LAKHS

SEC 9(5) ELECTRONIC COMMERCE OPERATOR (ECO)

Means any person who owns, operate or manage digital/electronic facility or platform for electronic commerce

GST payable by ECO: - (just read)

(a) Passenger Transportation: Always ECO pay tax. (e.g.: OLA, UBER)

↓ by

- Radio taxi
- Motor cab / maxi cab
- Motor cycle
- Omnibus/other motor vehicle

(b) Hotel Accommodation residential /lodging purpose

Except supplier liable to register (e.g.: OYO)

(c) Housekeeping service:

Except supplier liable to register (e.g.: Urban Clap, like plumber/Carpenter)

(d) Restaurant service:

Except through specified premise (e.g. Zomato, swiggy)

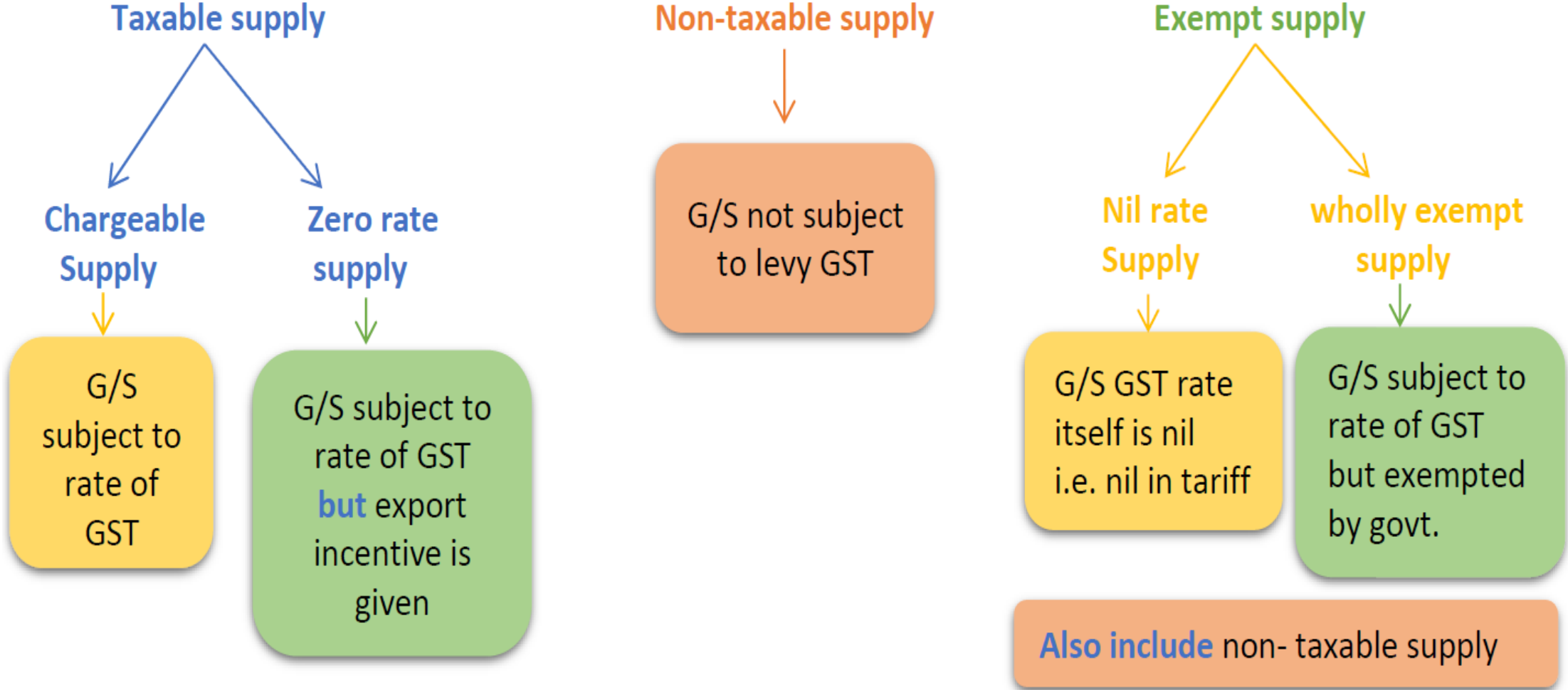
Specified premise: where hotel accommodation tariff > 7500 per day or equivalent



PERSON LIABLE TO PAY:

- If ECO in India – then ECO liable to pay.
- If ECO not a physical presence in India, - Person representing ECO liable to pay.
- If ECO not have a physical presence & representative in India – Person appointed by ECO for GST purposes.

LET'S UNDERSTAND TYPE OF SUPPLY



Liability to pay GST arise at time of supply (TOS) (20th of next month)

AN OVERVIEW(TOS)

GOODS



- a. Under FCM
- b. Under RCM

SERVICES



- a. Under FCM
- b. Under RCM
- c. In case of associate

COMMON PONTs

FOR G/S



- a. Voucher's
- b. Int./Late/Penalty
- c. Residual Cases

1. TIME OF SUPPLY FOR GOODS (SEC 12) (SMQ)



a. Forward charge mechanism



- (i) Date of issue of Invoice or
- (ii) Last Date of issue of Invoice

Whichever is earlier

Note: TOS is not on receipt of advance
(Not apply to composition supplier)

b. Reverse charge mechanism



- (i) Date of Receipt of goods or
- (ii) Date of Payment or
- (iii) 31st Day from Supplier's Invoice

Whichever is earlier

Note: If (i) (ii) or (iii) is not possible
Date of Entry in Books of Accounts

2. TIME OF SUPPLY FOR SERVICE (SEC 13)



a. Forward charge mechanism



Invoice issued within time

- (i) Date of invoice or
- (ii) Date of payment

Whichever is earlier

Invoice **not** issued within time

- (i) Date of service provision or
- (ii) Date of payment

Whichever is earlier

b. Reverse charge mechanism



- (i) Date of Payment or
- (ii) 61st Day from Supplier's Invoice

Whichever is earlier

Note: If (i) or (ii) is not possible
Date of Entry in Books of Accounts

Note:

1. if above not possible date when recipient show receipt in his books
2. Payment 1000 in excess of Invoice:
At option of supplier
 - Receipt/date of invoice issue

**c. In case of associate enterprise (RCM)
& supplier located outside India**

- Date of entry in books of recipient or
- Date of payment

Whichever is earlier

3. COMMON POINTS FOR GOODS & SERVICE (SEC 12)

a. Vouchers for goods/service

- If supply is identifiable: date of issue of voucher i.e. Zomato voucher
- In other cases: date of redemption of voucher i.e. reliance trend voucher

b. Interest/late fee/penalty for delayed payment of consideration

Date on which supplier receive such addition in value

c. Residual cases

- If periodical return is filled - due date of return
- Otherwise - date of payment of tax

Value of Supply

AN OVERVIEW (VOS) SEC 15

TRANSACTION
VALUE
15(1)

+ INCLUSIONS
15(2)

3 TIPS D

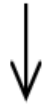
- a. Duties & Taxes
- b. 3rd party payment
- c. Incidental expenses
- d. Interest, late fee, penalty
- e. Subsidy

- EXCLUSIONS
15(3)
Discount

When value cannot be determined under section 15, the same is determined using CGST rules.

1. SECTION 15(1)

VALUE OF A SUPPLY = TRANSACTION VALUE



Price actually paid or payable.

Condition:

- Not Related Party
- Price Is Sole Consideration

2. SECTION 15(2) INCLUSIONS +

a. **Duties & taxes**, fees, cess other than GST **i.e.** municipal tax, excise duty

Note: Tax collected at source (TCS) not included as it is not sperate tax it's just a mechanism of tax collection



b. Payment to 3rd party by recipient

Only if supplier **contractually liable** to provide that part of supply

Even

- Amount not added in bill
 - Directly paid to 3rd party by recipient
- Doesn't matter → include in VOS

i.e.

1. transport cost paid by recipient supplier liable to pay(contract) – yes include
2. transport cost paid by recipient but supplier liable to arrange transport – not include

c. Incidental expenses (SMQ)

- Amount charged for anything done by the supplier in respect of the supply of goods **(before delivery)**

i.e. commission, packing, loading exp., customisation, testing, transportation

d. **Interest or late fee or penalty for delayed payment**

- Only if actually recovered, **if waived not part of supply**
- Considered composite supply tax rate same as main supply
- Interest usually considered inclusive of GST

Hence value of interest
To be included in VOS $\longrightarrow \left(\frac{\text{INTEREST}}{100 + \text{RATE}} \right) \times 100$

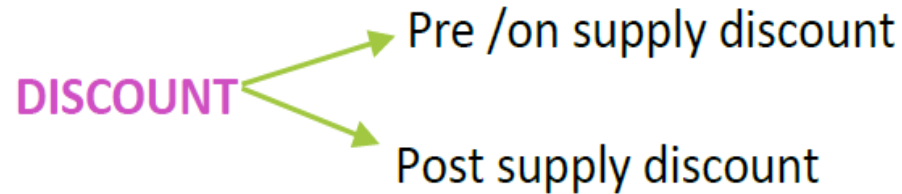
Note: only interest on loan/advance exempt **but above interest if different from it (in form of penalty)**

e. **Subsidies (SMQ)**

Only if:

1. Provided by other than CG/SG &
2. directly linked to the price

3. **SECTION 15(2) EXCLUSIONS** =



(A) Pre or on supply discount: Discount given before or on making supply & shown in invoice

(B) Post supply discount: all discount can't be decided on or before delivery
i.e. payment discount, volume discount

Important Questions from Chapter 3

Q1. Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017

केंद्रीय वस्तु एवं सेवा कर (जीएसटी), 2017 अधिनियम की धारा 7(1) के प्रावधान के अनुसार 'आपूर्ति' का अर्थ समझाएं

Q1. Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017

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

As per section 7(1)(c), the four activities mentioned in Schedule I shall be treated as supply even if they are made without consideration. These are: -

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, when made in the course or furtherance of business **Exception: -** 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 —
 1. by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal;
or
 2. 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 person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Q1. केंद्रीय वस्तु एवं सेवा कर (जीएसटी), 2017 अधिनियम की धारा 7(1) की प्रावधानिकता के अनुसार 'आपूर्ति' का अर्थ समझाएं।

Ans: केंद्रीय वस्तु एवं सेवा कर (जीएसटी), 2017 अधिनियम की धारा 7(1) के अनुसार, आपूर्ति" शब्द में वस्तु या सेवाओं की सभी प्रकार को शामिल किया गया है, जैसे बिक्री, स्थानांतरण, विनिमय, लाइसेंस, किराया, पट्टा, व्यापार की प्रक्रिया में किसी व्यक्ति द्वारा मुआवजा के तहत किया जाता है।

अधिनियम की धारा 7(1)(c) के अनुसार, चार गतिविधियों को भी आपूर्ति के रूप में माना जाएगा, चाहे उन्हें मुआवजा के बिना किया गया हो। ये हैं:

1. व्यापारिक संपत्ति के स्थायी स्थानांतरण या निपटान, जहाँ पर ऐसी संपत्ति पर इनपुट कर क्रेडिट लाभ उपलब्ध हो गया है।
2. वस्तुओं या सेवाओं की आपूर्ति संबंधित व्यक्तियों के बीच या विभिन्न व्यक्तियों के बीच, जैसा कि धारा 25 में उल्लिखित है, जब यह व्यापार की प्रक्रिया में किया जाता है।

अपवाद: – एक नियोक्ता द्वारा एक कर्मचारी को वित्तीय वर्ष में पचास हजार रुपये की मान में उपहार दिए जाने पर वस्तुओं या सेवाओं की आपूर्ति के रूप में मान्यता नहीं दी जाएगी।

3. वस्तुओं की आपूर्ति —

1. प्रमुख व्यक्ति द्वारा अपने प्रतिनिधि या एजेंट को ऐसी वस्तुएं आपूर्ति करने की प्रतिबद्धता लेते हुए, जहाँ पर एजेंट प्रमुख व्यक्ति के पक्ष में उन वस्तुओं की आपूर्ति करने का कार्य संभालता है।
 2. एक एजेंट द्वारा उसके प्रमुख व्यक्ति के पक्ष में जहाँ पर एजेंट प्रमुख व्यक्ति की ओर से ऐसी वस्तुएं प्राप्त करने की प्रतिबद्धता लेता है।
- 4. व्यापार की प्रक्रिया में, एक व्यक्ति द्वारा संबंधित व्यक्ति से, विदेशों में सेवाओं की आयात।**

Q2. Determine the time of supply from the given information.

May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
May 12	Bridge & Co receives the goods
May 30	Bridge & Co makes the payment

Q2. Determine the time of supply from the given information.

May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
May 12	Bridge & Co receives the goods
May 30	Bridge & Co makes the payment

Ans: Here, **May 12** will be the time of supply, being the earliest of the three stipulated dates namely,

1. receipt of goods,
2. date of payment and
3. date immediately following 30 days of issuance of invoice.

(Here, date of invoice is relevant only for calculating thirty days from that date.)

Q3. Determine the time of supply from the following particulars:

6th May	Booking of convention hall, sum agreed ₹ 15000, advance of ₹ 3000 received
15th September	Function held in convention hall
27th October	Invoice issued for ₹ 15000, indicating balance of ₹ 12000 payable
3rd November	Balance payment of ₹ 12000 received

Q3. Determine the time of supply from the following particulars:

6 th May	Booking of convention hall, sum agreed ₹ 15000, advance of ₹ 3000 received
15 th September	Function held in convention hall
27 th October	Invoice issued for ₹ 15000, indicating balance of ₹ 12000 payable
3 rd November	Balance payment of ₹ 12000 received

Ans: As per section CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per section 13(2)(b), in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.

Therefore, the time of supply of service to the extent of ₹ 3,000 is 6th May as the date of payment of ₹ 3000 is earlier than the date of provision of service. The time of supply of service to the extent of the balance ₹ 12,000 is 15th September which is the date of provision of service.

Q4. Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at RS 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

Q4. Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at RS 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

Ans: As per section 2(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. Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of RS 6,00,000 ($20,000 \times \text{RS } 30$) is 18%.

Q5. Dumdum Electronics has sold the following electronic items to Akbar Retail Store. (imp)

- (i) Refrigerator (500 litres) taxable @ 18%
- (ii) Stabilizer for refrigerator taxable @ 12%
- (iii) LED television (42 inches) taxable @ 12%
- (iv) Split air conditioner (2 Tons) taxable @ 28%
- (v) Stabilizer for air conditioner taxable @12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of Rs 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

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Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of Rs 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

Ans: In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply. Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Therefore, said supply is also not a mixed supply.

Supply of these goods is, therefore, supply of individual items which are taxable at the respective rates applicable to them.

Q6. State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II: (IMP)

- (a) Renting of immovable property.
- (b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business.
- (c) Transfer of right in goods without transfer of title in goods.
- (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Ans:

- (a) Renting of immovable property. **Supply of services**
- (b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business. **Supply of goods**
- (c) Transfer of right in goods without transfer of title in goods. **Supply of services**
- (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date. **Supply of goods**

Q7. Black and White Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colorful Pvt. Ltd.

Particulars	Rs
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
Packing charges (not included in price above)	1,000

Black and White Pvt. Ltd. received ₹2,000 as a subsidy from an NGO on sale of such goods. The price of ₹50,000 of the goods is after considering such subsidy. Black and White Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supply made by Black and White Pvt. Ltd.

Ans:

Computation of value of taxable supply

Particulars	RS
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	5,000
Packing charges [Includible in the value as per section 15(2)(c)]	1,000
Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	2,000
Total	58,000
Less: Discount @ 2% on ₹50,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15(3)(a)]	1,000
Value of taxable supply	57,000

Q8 Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement.

Q8 Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement.

Ans: The statement is not correct. Composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.



Thank
you.