



**The Institute of  
Cost Accountants  
of India (ICAI)**

**Goods & Services Tax (GST) Certification Course**

# Disclaimer

2

The information cited in this presentation has been drawn from various sources (including study material prepared by The Institute of Cost Accountants of India and The Institute of Chartered Accountants of India). While every efforts have been made to keep the information in this presentation error free, no responsibility for any typographical or clerical error which may have crept in while compiling the information provided can be taken.

The presentation has been prepared to provide an overview of the applicable law pertaining to the subject matter. For detailed insight and for better understanding, its is advised to refer to relevant provisions in the Act and the related rules & notifications.



# Supply under GST

# What is Supply?

4

- Sec 7(1) of CGST Act states that the expression “supply” includes –
  - 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.
  - import of services for a consideration whether or not in the course or furtherance of business
  - the activities specified in Schedule I of CGST Act, made or agreed to be made without a consideration
- Sec 7(2) of CGST Act states that the following shall not be treated as a “supply”
  - activities or transactions specified in Schedule III of CGST Act
  - 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
- Sec 7(3) of CGST Act empowers the Government to notify certain transactions to be treated as supply of goods or supply of services (notified as part of Schedule II of CGST Act).

# Some terminologies

5

- *Sec 2(31) of CGST Act* “consideration” in relation to the supply of goods or services or both includes -
  - any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.
  - the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.
  - *Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply*

# Some terminologies

6

- *Sec 2(17) of CGST Act* “business” includes -
  - any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
  - any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
  - any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
  - supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
  - provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
  - admission, for a consideration, of persons to any premises;
  - services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
  - services provided by a race club by way of totalisator or a licence to book maker in such club ; and
  - any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

# Schedule I

7

- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- 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.
- Supply of goods -
  - by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
  - by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- 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.



- Transfer
  - Any transfer of the title in goods is a supply of goods
  - Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services
  - Any transfer of 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, is a supply of goods.
- Land and Building
  - Any lease, tenancy, easement, licence to occupy land is a supply of services.
  - Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.
- Any treatment or process which is applied to another person's goods is a supply of services.



- Transfer of business assets
  - 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, such transfer or disposal is a supply of goods.
  - 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, the usage or making available of such goods is a supply of services.
  - 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—
    - the business is transferred as a going concern to another person; or
    - the business is carried on by a personal representative who is deemed to be a taxable person.

- Supply of services
  - Renting of immovable property;
  - 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.
  - Temporary transfer or permitting the use or enjoyment of any intellectual property right.
  - Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
  - Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act.
  - 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.

- Composite supply
  - Works contract
  - 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.

# Schedule III

12

- Services by an employee to the employer in the course of or in relation to his employment.
- Services by any court or Tribunal established under any law for the time being in force.
- Functions performed by
  - the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities
  - the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
  - the 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.
- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- Actionable claims, other than lottery, betting and gambling
- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- Supply of warehoused goods to any person before clearance for home consumption
- Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

# Some terminologies

13

- “Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. *Sec 2(52) of CGST Act*
- “Services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. *Sec 2(102) of CGST Act*

# Some terminologies

14

- Nil rated supplies – Not specifically defined under GST. This type of supply attracts a GST of 0%. Input tax credit cannot be claimed on such supplies. Some items which are nil rated include grains, salt, jaggery, etc.
- Exempt supplies – *Sec 2(47) of CGST Act*, “exempt supply” means supply of any goods or services or both which attracts *nil* rate of tax or which may be *wholly exempt* from tax u/s 11 of CGST Act or u/s 6 of IGST Act and *includes* non-taxable supply. This supply includes items which are used for everyday purposes. Since they are basic essentials, they do not attract any GST at all. You will not be able to claim any ITC on such supplies. Some examples include bread, fresh fruits, milk, curd, etc.
- Zero rated supplies – *Sec 16(1) of IGST Act*, “zero rated supply” means any of the following supplies of goods or services or both, namely –
  - Export of goods or services or both; or
  - Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

# Some terminologies

15

- Composite Supply – A supply comprising of two or more goods or services or both, which are naturally bundled and supplied in with each other in the ordinary course of business, one of which is a principal supply. It means that the items are generally sold as a combination and cannot be separated. Tax rate to be charged shall be the rate as applicable to the principal supply.

*Goods are packed and transported. The supply of goods, packing materials and transport is a composite supply. Transport cannot be done separately if there are no goods to supply. Thus, the supply of goods is the principal supply.*

- Mixed Supply – A supply of a combination of two or more goods or services or both made together for a single price. Each of these items can be supplied separately and is not dependent on any other. Tax rate to be charged shall be the tax rate of the item which has the highest rate of tax.

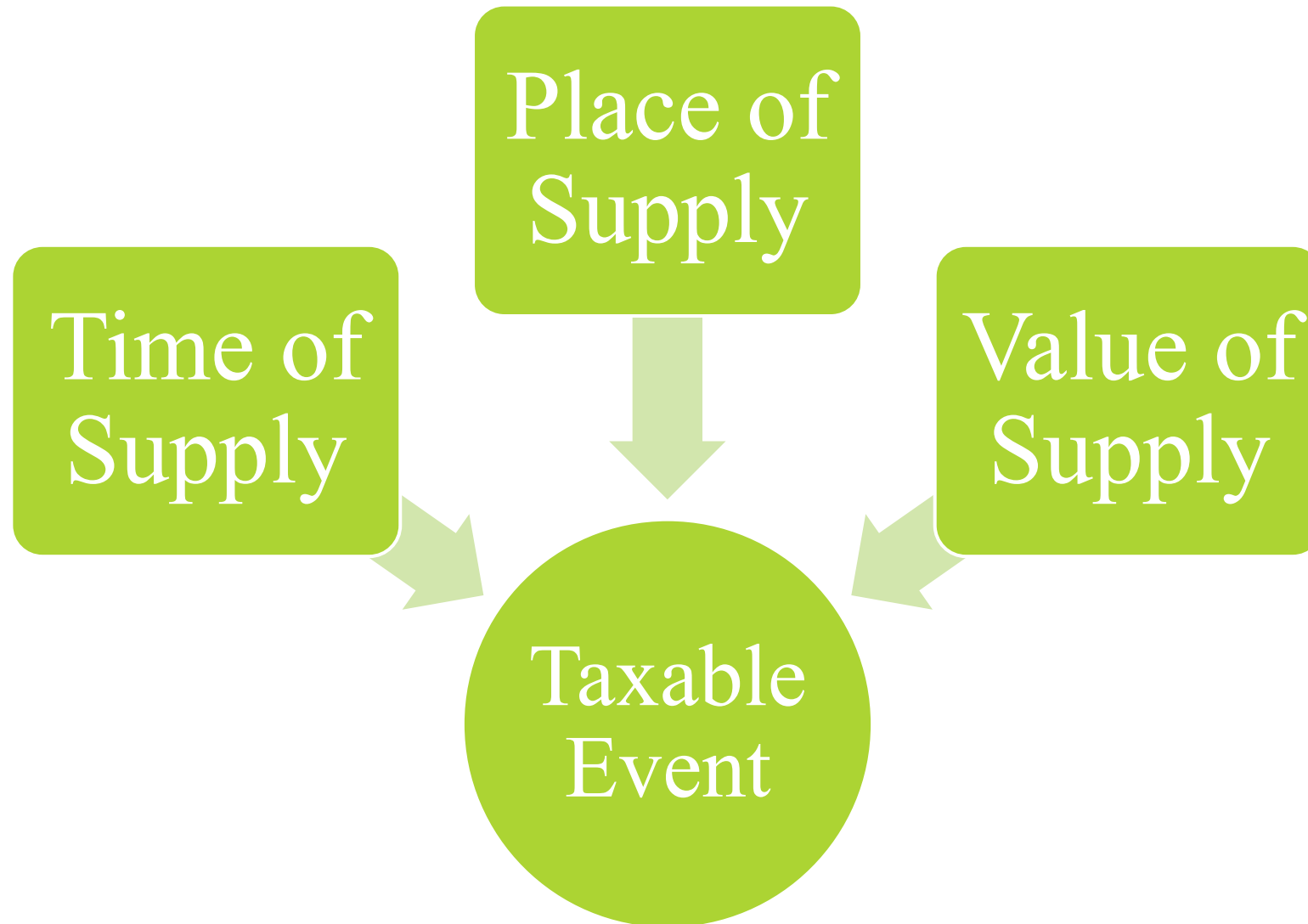
*A Diwali gift box consisting of sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices supplied for a single price is a mixed supply. All these items are also sold separately.*



# Supply & Taxable event

16

- Goods and Services Tax means a tax on supply of goods or services, or both. Note that the word used is “Supply” and not “sale” or “manufacture”.
- Tax becomes payable when liability to pay the tax arises and the liability to pay tax arises by the happening of the taxable event.
- Sec 9(1) of CGST Act is the charging section for tax leviable on supply of goods or services, or both.
- Sec 9(2) of CGST Act states that GST on Petroleum crude, diesel, petrol, natural gas and aviation turbine fuel will be levied from a later date.
- Sec 9(3) and Sec 9(4) of CGST Act deals with provisions related to discharge of tax liability on reverse charge basis.
- Sec 9(5) specifies category of services, the tax on which is to be paid by the Electronic Commerce Operator.
- Sec 11 of CGST Act gives powers to the Government to exempt specific goods or services or both from whole or part of tax leviable thereon.



# Time of Supply



- The liability to pay tax on goods or services or both arise at the time of such supply. *Sec 12(1) and Sec 13(1) of CGST Act.*
- “Time of supply” means the point in time when goods or services, or both are considered ‘supplied’. When the seller knows the ‘time’, it helps him identify due date for payment of taxes.

# Some terminologies

20

- “Supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied. *Sec 2(105) of CGST Act*
- *Sec 2(93) of CGST Act*, “Recipient” of supply of goods or services or both, means,
  - where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration
  - where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
  - where no consideration is payable for the supply of a service, the person to whom the service is rendered
- *Sec 2(96) of CGST Act*, “removal” in relation to goods, means,
  - despatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or
  - collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient;

# Time of Supply of goods

21

## Section 12(2)

### **Forward Charge**

Earliest of,

- Date of issue of invoice
- Due date for issue of invoice u/s 31(1)
- Date on which supplier receives payment \*

## Section 12(3)

### **Reverse Charge**

Earliest of,

- Date of receipt of goods
- Date of payment as per recipient
- 31<sup>st</sup> day of invoice issued

## Section 12(4)

### **Issue of Voucher**

- If supply identifiable, date of issue of voucher
- In other cases, date of redemption of voucher

## Section 12(5)

### **Residual provision**

- If periodical return to be filed, date of return
- In other cases, date on which tax paid

## Section 12(6)

### **Value addition**

- Date on which the supplier receives such addition (Interest, late fee, penalty) in value

# Time of Supply of goods - Illustrations

22

	Section 12(2)	Invoice date	Removal of goods	Payment entry in supplier's books	Credit in bank account	Time of supply
1	Invoice raised before removal	10-Oct-19	20-Oct-19	26-Oct-19	30-Oct-19	10-Oct-19
2	Advance received	20-Oct-19	20-Oct-19	10-Oct-19	30-Oct-19	20-Oct-19
	Supply involves movement of goods Section 12(2) read with Section 31(1)(a)	Invoice/ document date	Removal of goods	Delivery of goods	Receipt of payment	Time of supply
3	Delayed issue of invoice	26-Oct-19	25-Oct-19	26-Oct-19	26-Oct-19	25-Oct-19
4	Inter-State stock transfer	10-Oct-19	20-Oct-19	26-Oct-19	-	10-Oct-19
5	Advance received, invoice for full amount issued on same day	30-Oct-19	10-Nov-19	14-Nov-19	20-Oct-19	30-Oct-19
					20-Nov-19	30-Oct-19



# Time of Supply of goods - Illustrations

23

	Supply other than by involving movement of goods - Section 12(2) read with Section 31(1)(b)	Invoice date	Receipt of invoice by recipient	Delivery of goods	Receipt of payment	Time of supply
6	Delayed issue of invoice	30-Oct-19	05-Nov-19	29-Oct-19	10-Nov-19	29-Oct-19
7	Invoice issued prior to delivery	20-Oct-19	10-Nov-19	26-Oct-19	10-Nov-19	20-Oct-19

	Continuous supply of goods Section 12(2) read with Section 31(4)	Invoice date	Removal of goods	SoA date	Receipt of payment	Time of supply
8	Contract provides for successive statements of account/ successive payments	01-Nov-19	15-Oct-19	05-Nov-19	01-Nov-19	01-Nov-19
			25-Oct-19			
9		11-Dec-19	08-Nov-19	05-Dec-19	11-Dec-19	05-Dec-19
			30-Nov-19			
10		08-Jan-20	14-Dec-19	05-Jan-20	01-Jan-20	01-Jan-20
			23-Dec-19			

# Time of Supply of goods - Illustrations

24

	Sale on approval basis Section 12(2) read with Section 31(7)	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment	Time of supply
11	Acceptance communicated within 6 months of removal	01-Nov-19	25-Nov-19	15-Nov-19	25-Nov-19	15-Nov-19
12	Amount paid to supplier before informing acceptance	01-Nov-19	25-Nov-19	15-Nov-19	12-Nov-19	15-Nov-19
13	Acceptance not communicated within 6 months of removal	01-Oct-18	15-May-19	15-May-19	02-May-19	01-Apr-19

# Time of Supply of goods – Reverse charge

25

	Reverse charge Section 12(3)	Date of invoice issued by supplier	Removal of goods	Receipt of goods	Payment by recipient	Time of supply
1	General	31-Oct-19	31-Oct-19	20-Nov-19	30-Nov-19	20-Nov-19
2	Advance paid	31-Oct-19	31-Oct-19	20-Nov-19	05-Nov-19	05-Nov-19
3	No payment made for the supply	31-Oct-19	30-Dec-19	05-Jan-20	-	30-Nov-19

# Time of Supply of services

26

## Section 13(2)

### **Forward Charge**

Earliest\* of,

- Invoice date or receipt of payment
- Provision of services or receipt of payment
- Receipt of services

## Section 13(3)

### **Reverse Charge**

Earliest of,

- Date of payment as per recipient
- 61<sup>th</sup> day of invoice issued
- Date of entry in the books of recipient

## Section 13(4)

### **Issue of Voucher**

- If supply identifiable, date of issue of voucher
- In other cases, date of redemption of voucher

## Section 13(5)

### **Residual provision**

- If periodical return to be filed, date of return
- In other cases, date on which tax paid

## Section 13(6)

### **Value addition**

- Date on which the supplier receives such addition (Interest, late fee, penalty) in value

# Time of Supply of services – Sec 13(2)

27

If invoice issued within prescribed time u/s 31(2) - 30 days (45 days in case of Banking, Insurance, Financial Institution or NBFC company)

- Date of issue of Invoice or Receipt of Payment, whichever is earlier

If invoice not issued within 30 days (45 days in case of Banking, Insurance, Financial Institution or NBFC company)

- Date of provision of service or Receipt of payment, whichever is earlier

If both cases do not apply

- Date on which recipient shows services in his books of accounts

# Time of Supply of services - Illustrations

28

	Section 13(2)	Invoice date	Completion of services	Payment entry in supplier's books	Credit in bank account	Time of supply
1	Invoice raised before completion of service	10-Oct-19	20-Oct-19	26-Oct-19	30-Oct-19	10-Oct-19
2	Advance received	20-Oct-19	30-Oct-19	10-Oct-19	20-Oct-19	10-Oct-19
	Section 13(2) read with Section 31(2)	Invoice date	Commencement of service	Completion of service	Receipt of payment	Time of supply
3	Delayed issue of invoice	06-Dec-19	20-Oct-19	16-Nov-19	28-Jan-20	06-Dec-19
4	Advance received, invoice for full amount issued on same day	30-Oct-19	30-Oct-19	30-Dec-19	30-Oct-19	30-Oct-19
					04-Dec-19	30-Oct-19

# Time of Supply of services - Illustrations

29

	Continuous supply of services Section 13(2) read with Section 31(5)	Invoice date	Date as per contract	Receipt of payment	Entry of provision of services in books	Time of supply
5	Section 31(5)(a) Contract provides for payments monthly on the 10 <sup>th</sup> of the month	02-Nov-19	10-Nov-19	15-Nov-19	31-Oct-19	02-Nov-19
		17-Dec-19	10-Dec-19	15-Dec-19	30-Nov-19	10-Dec-19
		10-Jan-20	10-Jan-20	06-Jan-20	31-Dec-19	06-Jan-20
6	Section 31(5)(c) Contract provides for payments on completion of event.	12-Nov-19	10-Nov-19	25-Nov-19	12-Nov-19	10-Nov-19
		24-Apr-19	24-Apr-19	20-Apr-19	24-Apr-19	20-Apr-19



# Time of Supply of services – Reverse charge

30

	Reverse charge Section 13(3)	Date of invoice issued by supplier	Date of completion of service	Payment by recipient	Entry of receipt of services in recipient's books	Time of supply
1	General	31-Oct-19	31-Oct-19	20-Nov-19	30-Nov-19	20-Nov-19
2	Advance paid	31-Oct-19	31-Oct-19	05-Nov-19	31-Oct-19	05-Nov-19
3	Delay in payment (Max. 60 days from date of invoice)	31-Oct-19	31-Oct-19	10-Jan-20	31-Oct-19	31-Dec-19

# Time of Supply of Voucher – Illustration

31

	Issue of vouchers Section 12(4) & Section 13(4)	Service provided/ goods delivered	Issue of voucher	Redemption of voucher	Last date for acceptance of voucher	Time of supply
1	Voucher issued to a recipient after supply of goods or service, for the same goods/ service - valid for 1 year	01-Nov-18	01-Nov-18	14-Dec-18	30-Oct-19	01-Nov-18
2	Voucher issued to a recipient of machinery along at the time of delivery, for availing repair services [or specific goods] - valid for 1 year	01-Nov-18	01-Nov-18	14-Dec-18	30-Oct-19	01-Nov-18
3	Voucher issued to a recipient after supply of a service, for any other services or goods across India, - valid for 1 year	01-Nov-18	01-Nov-18	14-Dec-18	30-Oct-19	14-Dec-18

# Change in rate of tax – Sec 14

32

<b>Date of supply of goods or services (1)</b>	<b>Date of invoice (2)</b>	<b>Date of receipt of payment (3)</b>	<b>Time of supply * (4)</b>	<b>Rate of tax (5)</b>
Before	After	After	Earlier of (2) and (3)	<b>New</b>
Before	Before	After	(2)	<b>Old</b>
Before	After	Before	(3)	<b>Old</b>
After	Before	After	(3)	<b>New</b>
After	Before	Before	Earlier of (2) and (3)	<b>Old</b>
After	After	Before	(2)	<b>New</b>