



**The Institute of Cost Accountants of India**  
**(Statutory body under an Act of Parliament)**  
**Tax Research Department**

**Certificate Course on GST – 17<sup>th</sup> Batch (CCGST)**

Session-I

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**Introduction to GST**

- ❖ GST is known as the Goods and Services Tax.
- ❖ It is an indirect tax which has **replaced** many indirect taxes in India such as the excise duty, VAT, CST, Services tax, Entertainment Tax and Luxury Tax etc.
- ❖ The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.
- ❖ Goods and service tax or GST will be one tax which subsumed all the indirect taxes.
- ❖ The slogan of GST is “One nation one tax”



## **Background to GST:**


- ✚ The Structure of Indirect Tax in India (as existing up to 30.06.2017) was based on the 3 lists in the Seventh Schedule to Constitution of India, which came into force on 26.01.1950
- ✚ These lists are mostly based on Government of India Act, 1935 and the provisions were based on situations prevailing in 1935
- ✚ The structure had become outdated due to changes in the situations, technology and factors prevailing in the economy etc.,
- ✚ World has moved towards common Goods and Service Tax (GST) long ago.
- ✚ However, so far as India is concerned, GST is the tax for 21st Century
- ✚ It is rightly said that India is like an **elephant**, It, takes time to start, but once started, it is very difficult to stop it.
- ✚ Finally, India has moved into GST. The Goods and Service Tax Act was passed in the Parliament on 29-03-2017 and came into effect on 1st July 2017.
- ✚ GST is a **one-way street** - now there can be no going back. We have to face the challenges of GST and move forward.
- ✚ Prior to Constitutional amendments Central Government does not have a power to levy tax on goods and State Government does not have a power to levy tax on Services.
- ✚ Except Imports and Exports, as it always subject matter of Central Government
- ✚ After passing the 101<sup>st</sup> Constitutional Amendment Act, 2016
- ✚ Cross levy of powers introduced it means Central Government can levy duty on Goods and State Government can levy duty on Services
- ✚ **GST levied in such a way that both the Centre and the States received the power to levy and collect it**



### **GST is known as the Goods and Services Tax**

- ❖ It is an indirect tax which has replaced many indirect taxes in India such as the Excise duty, VAT, CST, Services tax, Entertainment Tax and Luxury Tax etc.
- ❖ Goods and Services Tax Law in India is a
  - ✓ **Comprehensive**: GST has wider in scope
  - ✓ **Multi-stage**: GST is levied on the value additions at each stage, i.e., the monetary value added at each stage to achieve the final sale to the end customer
  - ✓ **Destination Based Tax**: GST is called as destination-based tax or consumption-based tax, it means Goods and Service Tax is levied at the point of consumption.
  - ✓ **Taxable Event under GST is “Supply”**: GST is levied on the **Supply** of Goods and Services
- ❖ GST is levied on every value addition.
- ❖ Under the GST regime, the tax is levied at every point of sale.
- ❖ GST is a single domestic indirect tax law for the entire country.
- ❖ In the case of intra-state sales, Central GST and State GST are charged.
- ❖ All the inter-state sales are chargeable to the Integrated GST.

**Note:**

 **Destination Based Tax:** GST is called as destination-based tax or consumption-based tax, it means Goods and Service Tax is levied at the point of consumption.

**Ex:** Consider goods manufactured in Telangana and sold to the final consumer in Odisha. Since the Goods and Service Tax is levied at the point of consumption, the entire tax revenue will go to Odisha and not Telangana.

**Features of GST:**

- GST has mainly removed the cascading effect on the sale of goods and services.
- Removal of the cascading effect has impacted the cost of goods, since the GST regime eliminates the tax on tax, the cost of goods decreases.
- Also, GST is mainly technologically driven. All the activities like
  - ✓ Registration,
  - ✓ Return filing,
  - ✓ Application for refund
  - ✓ Appeals to Appellate Authority
  - ✓ Response to notice
- Needs to be done **online** on the GST portal, which accelerates the processes.

## **Structure of GSTIN: 21AHXP0062G1ZI**

### **GSTIN is a 15 characters Alpha Numeric**

Here is a format break-down of the GSTIN:

- ✓ The first two digits represent the state code as per [Indian Census 2011](#).
- ✓ Every state has a unique code. For instance,
  - ✓ State code of Karnataka is 29
  - ✓ State code of Delhi is 07
- ✓ The next 10 digits will be the PAN number of the taxpayer
- ✓ The 13<sup>th</sup> digit will be assigned based on the number of registration within a state
- ✓ The 14<sup>th</sup> digit will be “Z” by default “code”
- ✓ The last 15<sup>th</sup> digit will be for check digit / code. It may be an alphabet or a number.

#### **Note:**

- Maximum 35 (9+26) GST registrations can be taken in a single state
- GST Registration is required in every state where ever we carry our business operations

## **Advantages of GST:**

1. Removing the Cascading effect of tax
2. Higher threshold for GST Registration
3. Composition scheme for small businesses
4. Single return cum challan payment either monthly or quarterly
5. Simpler online facilities for GST compliances
6. Availing ITC on eligible goods and services including capital goods
7. Export of goods or services without payment tax based on LUT

8. Defined treatment for e-commerce activities
9. Concept of e-waybill & increased efficiency in logistics
10. Regulating the un-organized sectors like Transportation sector like GTA
11. Overall lesser compliances
12. Elimination of physical copies say C-Form, H-Form etc., in the course of inter-state sale or deemed exports

### **Type of Taxes in GST:**

There are **3 taxes** applicable under GST: **CGST, SGST & IGST**.

- ❖ **CGST:** It is the tax collected by the Central Government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- ❖ **SGST:** It is the tax collected by the state government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- ❖ **IGST:** It is a tax collected by the Central Government for an inter-state sale (e.g., Maharashtra to Tamil Nadu)

In most cases, the tax structure under the GST regime as follows:

Transaction	New Regime	Old Regime	Revenue Distribution
Sale within the State	CGST + SGST	Central Excise + VAT / Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Excise + CST / Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Centre will then share the IGST revenue based on the destination of goods.

## **Sources / Elements / Components / Ingredients of GST:**

1. The Central Goods and Services Act, 2017
2. The State / UT Goods and Services Act, 2017
3. The Integrated Goods and Services Act, 2017
4. Goods and Service Tax Rules, 2017
5. Decisions taken in Goods and Service Tax Council Meetings
6. Annual Finance Act
7. Circulars / Notifications issued by the CBIC
8. HC / SC Judgements



## **Taxable Event:**

- The Foundation stone of any taxation system is **“Taxable Event”**
- It determines the **point at which tax** would be levied
- Before levying any tax, taxable event needs to be ascertained.
- The GST laws resolve these issues by laying down **one comprehensive word** called as taxable event i.e., **“Supply”**

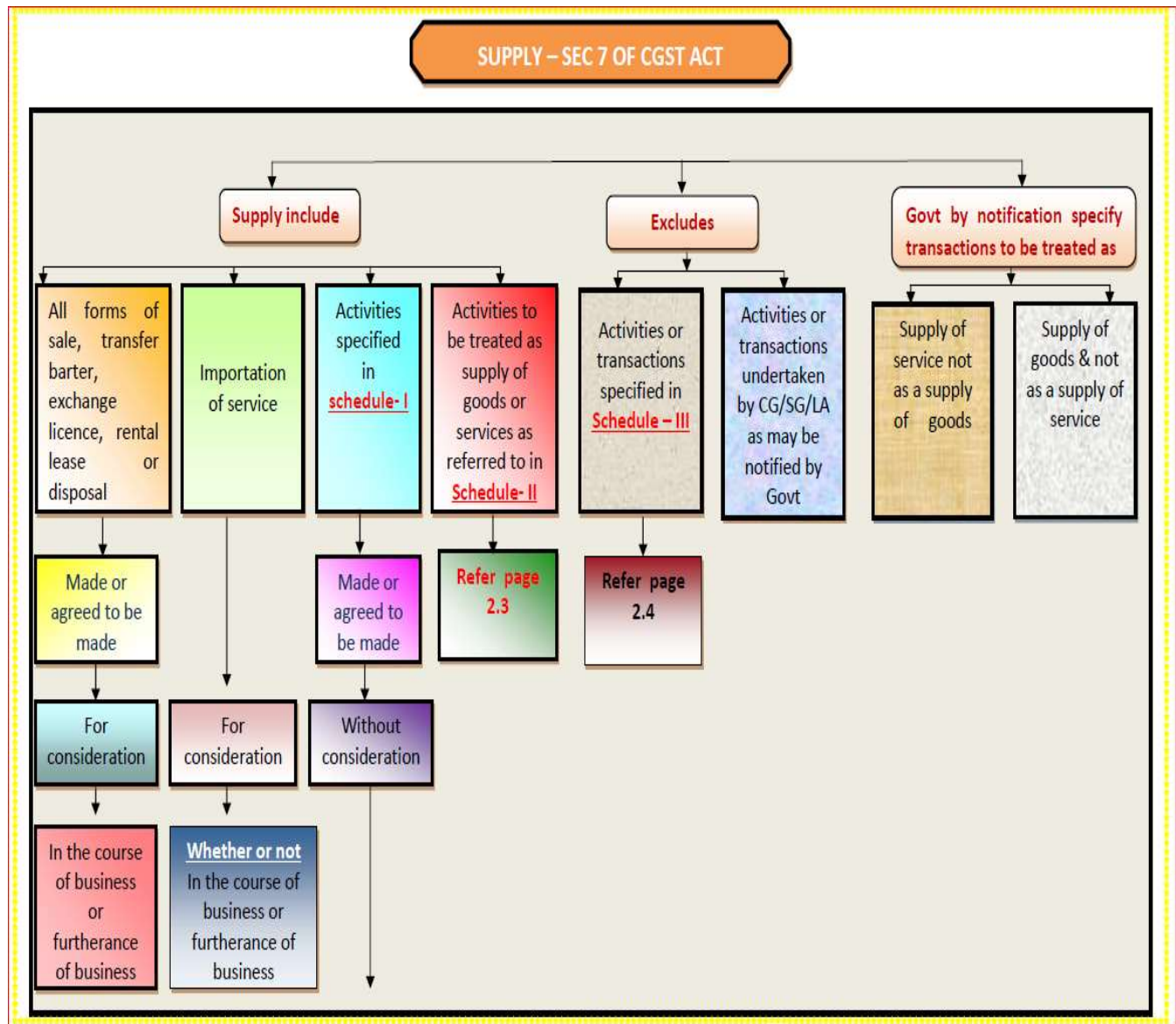


## **Parameters of “Supply”:**

- Supply should be of Goods or Services or both
- Supply of anything other than goods or services like money, securities, actionable claims etc. does not attract GST
- Supply should be made for a consideration
- Supply should be made in the course or furtherance of business.

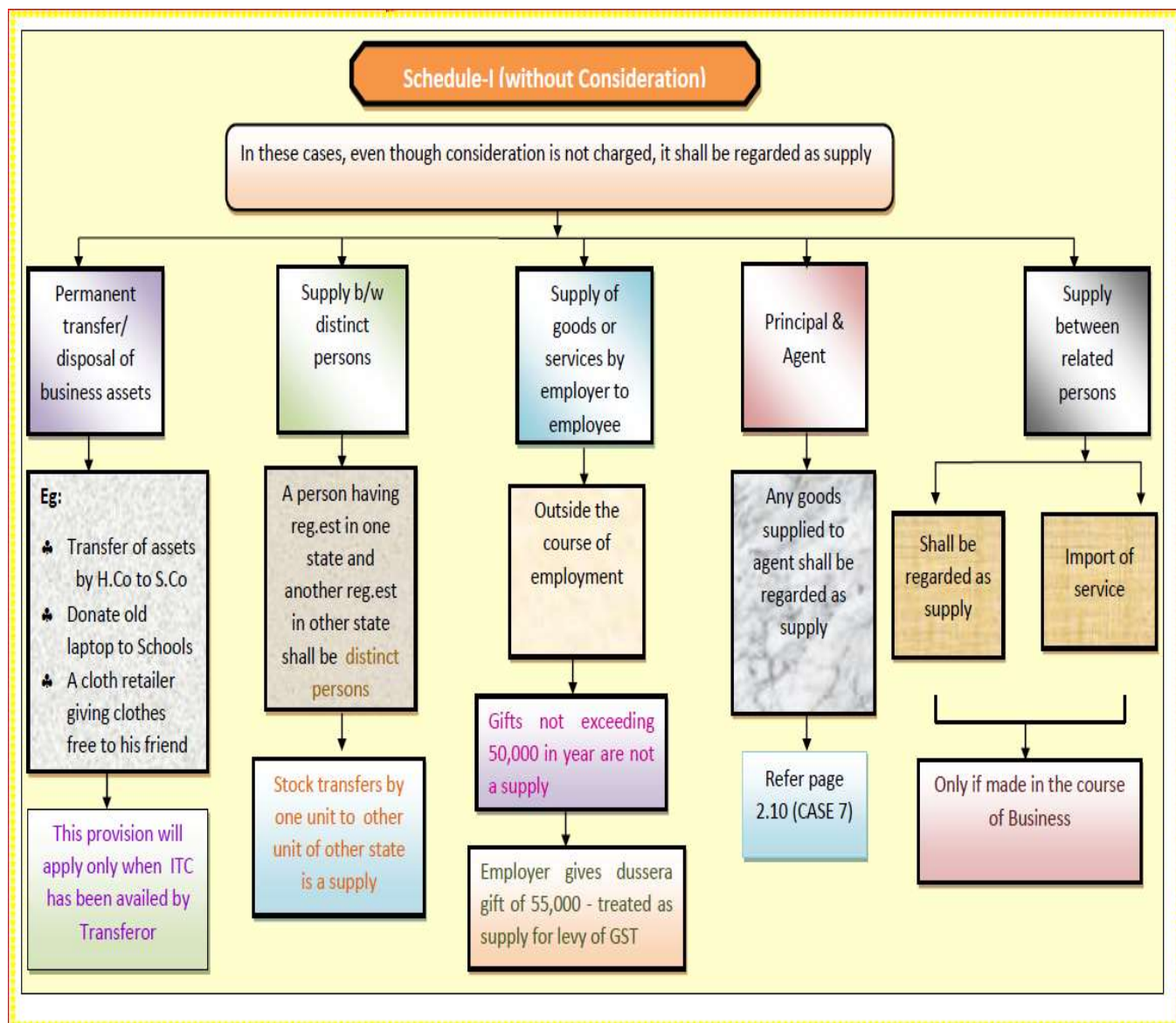


**Section of 7 of CGST Act, 2017 “Supply” includes:**



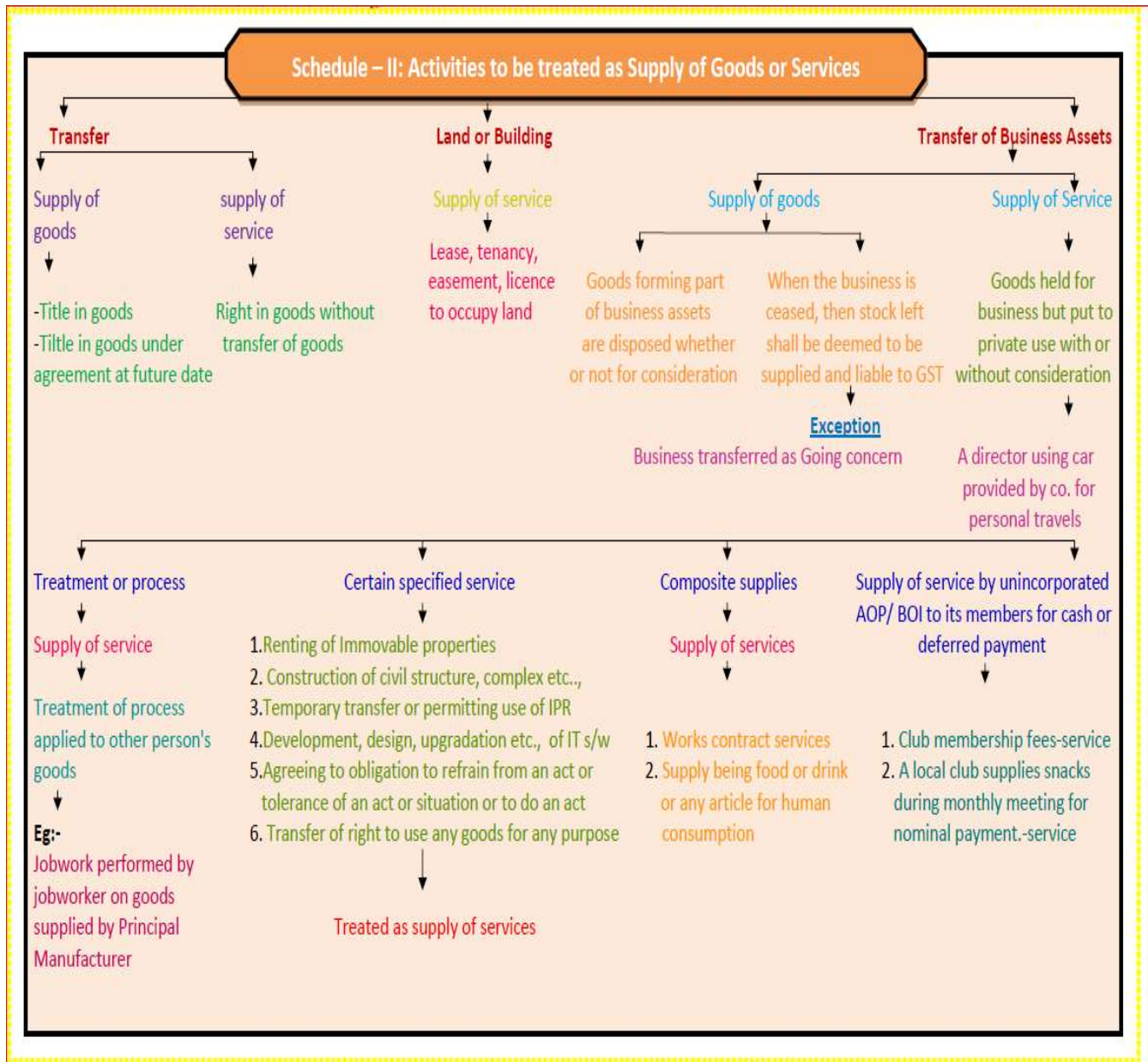
## Schedule-I of CGST Act, 2017

### Activities to be treated as "Supply" even if made without Consideration



## Schedule-II of CGST Act, 2017

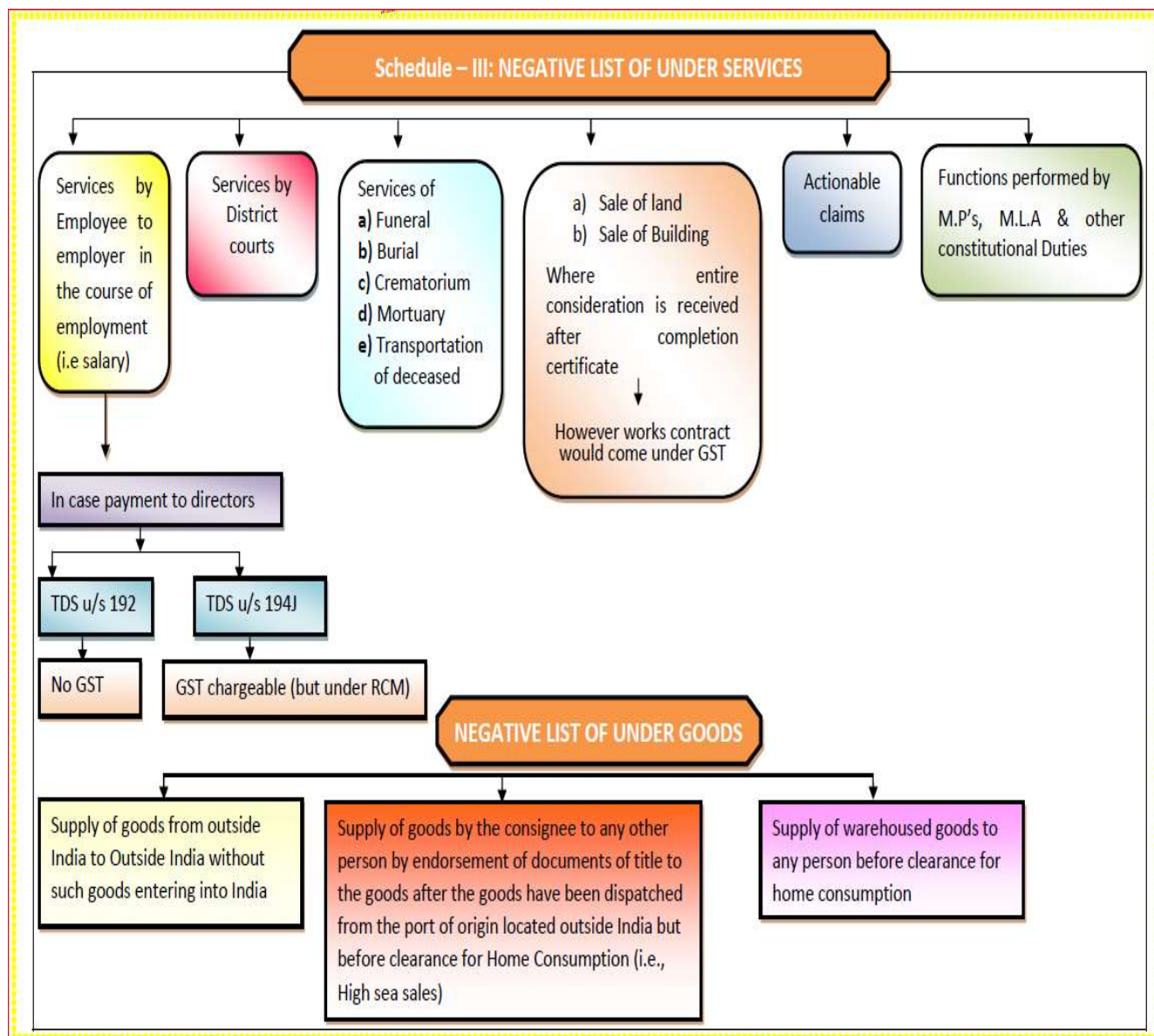
### Activities or Transactions to be treated as “Supply of Goods” (or) “Supply of Services”





### Schedule-III of CGST Act, 2017

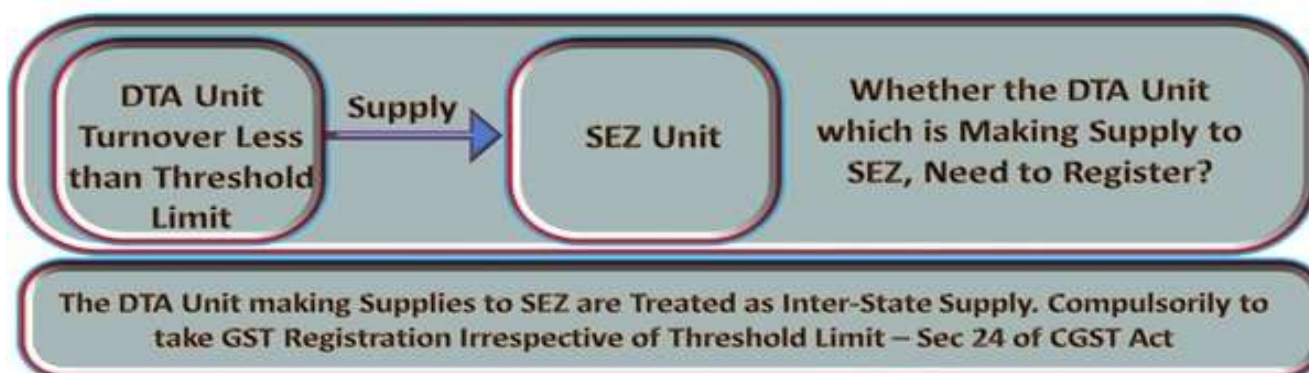
Activities or Transactions which shall be treated **Neither** as a “Supply of Goods” Nor A  
“Supply of Services”



## Supply from DTA to SEZ & Vis-à-vis



## **GST Registration for Supplier to SEZ**



-Thank You-

By

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## CHAPTER III : LEVY AND COLLECTION OF TAX

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### Section 7. Scope of supply.-

(1) For the purposes of this Act, the expression - "supply" includes-

- (a) 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;

<sup>1</sup>[(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

**Explanation.-** For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

- (b) import of services for a consideration whether or not in the course or furtherance of business; <sup>2</sup>[and]
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration; <sup>3</sup>[\*\*\*\*]
- (d) <sup>4</sup>[\*\*\*\*].

<sup>5</sup>[(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

(2) Notwithstanding anything contained in sub-section (1),-

- (a) activities or transactions specified in Schedule III; or
- (b) 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,

shall be treated neither as a supply of goods nor a supply of services.

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<sup>1</sup> Inserted w.e.f. 01.07.2017 by sec 108 of The Finance Act, 2021 (No. 13 of 2021) - Brought into force on 01.01.2022 vide Notification No. 39/2021-C.T., dated 21.12.2021.

<sup>2</sup> Inserted w.e.f. 01.07.2017 by sec 3 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force on 01.02.2019.

<sup>3</sup> Omitted - "and" w.e.f. 01.07.2017 by sec 3 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force on 01.02.2019.

<sup>4</sup> Omitted "(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II." w.e.f. 01.07.2017 by sec 3 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force on 01.02.2019.

<sup>5</sup> Inserted w.e.f. 01.07.2017 by sec 3 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force on 01.02.2019.

(3) Subject to the provisions of <sup>6</sup>[sub-sections (1), (1A) and (2)], the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as -

- (a) a supply of goods and not as a supply of services; or
- (b) a supply of services and not as a supply of goods.

#### **Section 8. Tax liability on composite and mixed supplies.-**

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
- (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.

#### **Section 9. Levy and collection.-**

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(4) <sup>7</sup>[The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.]

<sup>6</sup> Substituted for - "sub-sections (1) and (2)" w.e.f. 01.07.2017 by sec 3 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force on 01.02.2019.

<sup>7</sup> Substituted for "(4) The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both." by sec 4 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

**Provided** that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

**Provided** further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

#### **Section 10. Composition levy.-**

(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay,<sup>8</sup>[in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate] as may be prescribed, but not exceeding, -

- (a) one percent of the turnover in State or turnover in Union territory in case of a manufacturer,
- (b) two and a half percent of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
- (c) half percent of the turnover in State or turnover in Union territory in case of other suppliers,

subject to such conditions and restrictions as may be prescribed:

**Provided** that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding <sup>9</sup>[one crore and fifty lakh rupees], as may be recommended by the Council:

<sup>10</sup>**Provided** further that a person who opts to pay tax under clause (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II), of value not exceeding ten per cent. of turnover in a State or Union territory in the preceding financial year or five lakh rupees, whichever is higher].

<sup>8</sup> Substituted for "in lieu of the tax payable by him, an amount calculated at such rate", by sec 5 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>9</sup> Substituted for "one crore rupees" by sec 5 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>10</sup> Inserted by sec 5 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.



<sup>11</sup>**[Explanation.-** For the purposes of second proviso, the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in a State or Union territory].

(2) The registered person shall be eligible to opt under sub-section (1), if :-

- <sup>12</sup>[(a) save as provided in sub-section (1), he is not engaged in the supply of services;]
- (b) he is not engaged in making any supply of goods <sup>13</sup>[or services] which are not leviable to tax under this Act;
- (c) he is not engaged in making any inter-State outward supplies of goods <sup>14</sup>[or services];
- (d) he is not engaged in making any supply of <sup>15</sup>[goods <sup>16</sup>[or] services] through an electronic commerce operator who is required to collect tax at source under section 52; <sup>17</sup>[\*\*\*\*]
- (e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the <sup>18</sup>[Council ;and]
- <sup>19</sup>[(f) he is neither a casual taxable person nor a non-resident taxable person:]

**Provided** that where more than one registered persons are having the same Permanent Account Number [issued under the Income-tax Act, 1961(43 of 1961)], the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.

<sup>11</sup> Inserted by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

<sup>12</sup> Substituted for "(a) he is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II save as provided in sub-section (1), he is not engaged in the supply of services." by sec 5 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>13</sup> Inserted by sec 119 of The Finance Act, 2020 (No. 12 of 2020) - Brought into force w.e.f. 01.01.2021 vide Notification No. 92/2020-C.T. dated 22.12.2020.

<sup>14</sup> Inserted by sec 119 of The Finance Act, 2020 (No. 12 of 2020) - Brought into force w.e.f. 01.01.2021 vide Notification No. 92/2020-C.T. dated 22.12.2020.

<sup>15</sup> The words "goods or" have been omitted by The Finance Act, 2023, effective date yet to be notified.

<sup>16</sup> Inserted by sec 119 of The Finance Act, 2020 (No. 12 of 2020) - Brought into force w.e.f. 01.01.2021 vide Notification No. 92/2020-C.T., dated 22.12.2020.

<sup>17</sup> Omitted "and" by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

<sup>18</sup> Substituted for - "Council" by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

<sup>19</sup> Inserted by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

<sup>20</sup>[(2A) Notwithstanding anything to the contrary contained in this Act, but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, not eligible to opt to pay tax under sub-section (1) and sub-section (2), whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding three per cent. of the turnover in State or turnover in Union territory, if he is not-

- (a) engaged in making any supply of goods or services which are not leviable to tax under this Act;
- (b) engaged in making any inter-State outward supplies of goods or services;
- (c) engaged in making any supply of <sup>21</sup>~~goods or~~ services through an electronic commerce operator who is required to collect tax at source under section 52;
- (d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and
- (e) a casual taxable person or a non-resident taxable person:

**Provided** that where more than one registered person are having the same Permanent Account Number issued under the Income-tax Act, 1961 (43 of 1961), the registered person shall not be eligible to opt for the scheme under this sub-section unless all such registered persons opt to pay tax under this sub-section.]

(3) The option availed of by a registered person under sub-section (1) <sup>22</sup>[or subsection (2A), as the case may be,] shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1) <sup>22</sup>[or sub-section (2A), as the case may be.]

(4) A taxable person to whom the provisions of sub-section (1) <sup>22</sup>[or, as the case may be, sub-section (2A)] apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) <sup>22</sup>[or sub-section (2A), as the case may be,] despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, *mutatis mutandis*, apply for determination of tax and penalty.

<sup>22</sup>**[Explanation 1 .-** For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression "aggregate turnover " shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of

<sup>20</sup> Inserted by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

<sup>21</sup> The words "goods or" have been omitted by The Finance Act, 2023, effective date yet to be notified.

<sup>22</sup> Inserted by sec 93 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) - Brought into force w.e.f. 01.01.2020 vide Notification No. 1/2020-C.T., dated 01.01.2020.

extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

**Explanation 2** .- For the purposes of determining the tax payable by a person under this section, the expression " turnover in State or turnover in Union territory " shall not include the value of following supplies, namely:-

- (i) supplies from the first day of April of a financial year up to the date when such person becomes liable for registration under this Act; and
- (ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.]

**Section 11. Power to grant Exemption.**

(1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.

(2) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.

(3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

**Explanation** .- For the purposes of this section, where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate, on such supply of goods or services or both.

[Rules corresponding to Chapter III of the CGST Act are given at page nos. 174-178]

## SCHEDULES

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### SCHEDULE I

[See section 7 ]

#### ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION

- (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:  
**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 <sup>1</sup>[person] from a related person or from any of his other establishments outside India, in the course or furtherance of business.

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<sup>1</sup> Substituted for "taxable person" by sec 30 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019

**SCHEDULE II**

[See section 7]

**ACTIVITIES <sup>2</sup>[OR TRANSACTIONS] 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 shall 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 the 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 applied 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, <sup>3</sup>[\*\*\*\*] 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, <sup>3</sup>[\*\*\*\*] 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.

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<sup>2</sup> Inserted w.e.f. 01.07.2017 by sec 31 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019

<sup>3</sup> Omitted " whether or not for a consideration, " w.e.f. 01.07.2017 by sec 131 of The Finance Act, 2020 (No. 12 of 2020) - Brought into force w.e.f. 01.01.2021 vide Notification No. 92/2020-C.T., dated 22.12.2020

## Schedules

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### 5. Supply of services

The following shall be treated as supply of services, namely:-

- (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 after its first occupation, whichever is earlier.

**Explanation.** -For the purposes of this clause-

- (1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:-
  - (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972 (20 of 1972); or
  - (ii) a chartered engineer registered with the Institution of Engineers (India); or
  - (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;
- (2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;
- (c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
- (d) development, design, programming, customization, adaptation, upgradation, enhancement, 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; and
- (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
- (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.

### 7. <sup>4</sup> [\*\*\*\*]

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<sup>4</sup> Omitted w.e.f. 01.07.2017 by sec 122 of The Finance Act, 2021 dated 28.03.2021 for  
"7. Supply of Goods  
The following shall be treated as supply of goods, namely:-

**SCHEDULE III**

[See section 7]

**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 for the time being in force.
3.
  - (a) the functions performed by the Members of Parliament, Members of State Legislature, 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 the Central Government or a State Government or local authority and who is not deemed as an 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.
7. <sup>5</sup>[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.
8.
  - (a) Supply of warehoused goods to any person before clearance for home consumption;
  - (b) 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.]]

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*Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration."*

- Brought into force w.e.f. 01.01.2022 by Notification No. 39/2021-C.T., dated 21.12.2021

<sup>5</sup> Effective retrospectively from 01.07.2017 vide The Finance Act, 2023. It is also clarified that no refund shall be made of all the tax which has been collected, but which would not have been so collected, had paragraph 7 and 8 of schedule III and explanation 2 thereof, been in force at all material times.

<sup>6</sup> Inserted by sec 32 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019

## **Schedules**

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<sup>7</sup>[**Explanation 1.**-For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

<sup>5</sup>[<sup>8</sup>**Explanation 2.**- For the purposes of paragraph 8, the expression "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962 (50 of 1962).]

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<sup>7</sup> Re-numbered by sec 32 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019

<sup>8</sup> Inserted by sec 32 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019