

Taxable event - Supply of goods & services.

- The taxable event in GST is supply of goods or services or both.
- **“Supply” of Goods and Services** 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.
- The term, “supply” has been inclusively defined in the Act.

The following six parameters can be adopted to characterize a transaction as supply:

1. Supply of goods or services. Supply of anything other than goods or services does not attract GST
2. Supply should be made for a consideration
3. Supply should be made in the course or furtherance of business
4. Supply should be made by a taxable person
5. Supply should be a taxable supply
6. Supply should be made within the taxable territory

Important aspects regarding Supply under the Act:

- There are a few exceptions to the requirement of supply being made for a consideration and in the course or furtherance of business.
- Goods as well as services have been defined in the GST Law.
- A supply between two non-taxable persons does not constitute supply under GST.
- The securities and money are excluded from the definition of goods as well as that of services.

- However, 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 are included in services.
- Schedule II to the CGST Act, 2017 lists a few activities which are to be treated as supply of goods or supply of services.
- For instance, any transfer of title in goods would be a supply of goods, whereas any transfer of right in goods without transfer of title would be considered as services.
- Schedule III to the CGST Act, 2017 spells out activities which shall be treated as neither supply of goods nor supply of services or outside the scope of GST. This includes:
 - ✚ 1. *Services by an employee to the employer in the course of or in relation to his employment.*
 - ✚ 2. *Services of funeral, burial, crematorium or mortuary including transportation of the deceased.*
 - ✚ 3. *Sale of land and sale of building where the entire consideration has been received after completion certificate is issued or after its first occupation.*
- The activities mentioned below shall be treated as supply even if made without consideration:
 - ✚ *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— (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.

✚ *Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.*