

# GST- SCOPE OF SUPPLY

GOODS & SERVICES



# *Scope of Supply*

*Section 7 of CGST Act, 2017*

## ***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
  - b) import of services for a consideration whether or not in the course or furtherance of business;
  - c) the activities specified in Schedule I, made or agreed to be made without a consideration; and
  - d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

***Scope of Supply***

- 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.

***Scope of Supply***

- 3) Subject to the provisions of sub-sections (1) 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.

**Schedule I : 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 taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

## *Related Person*

Persons shall be deemed to be related, if -

- ▶ such persons are officers or directors of one another's business;
- ▶ such persons are legally recognised partners in business;
- ▶ such persons are employer and employee;
- ▶ any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them;
- ▶ one of them directly or indirectly controls the other;
- ▶ both of them are directly or indirectly controlled by a third person;
- ▶ together they directly or indirectly control a third person; or
- ▶ they are members of the same family;



## *Distinct Person – Section 25*

**Section 25 (4) :** A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

**Section 25 (5) :** Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

## *Principal & Agent*

**Section 2 (88) :** “principal” means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both;

**Section 2 (5) :** “agent” means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another;

**Schedule II: Activities 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, whether or not for a consideration, 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, whether or not for a consideration, the usage or making available of such goods is a supply of services;

*Classification of Supply – Schedule -II*

- 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.

## **5. Supply of services**

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

- a) renting of immovable property;
- c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
- d) development, design, programming, customisation, adaptation, up gradation, 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.

- 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;

## **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. Supply of Goods**

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

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



**Schedule III: 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;
  - 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.

*Transactions not considered as Supply – Schedule -III*

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.

**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.

## GST- TIME OF SUPPLY

GOODS & SERVICES

TAX



*Time of Supply of Goods*  
*Section 12 of CGST Act, 2017*

## *Time of Supply of Goods – Section 12*

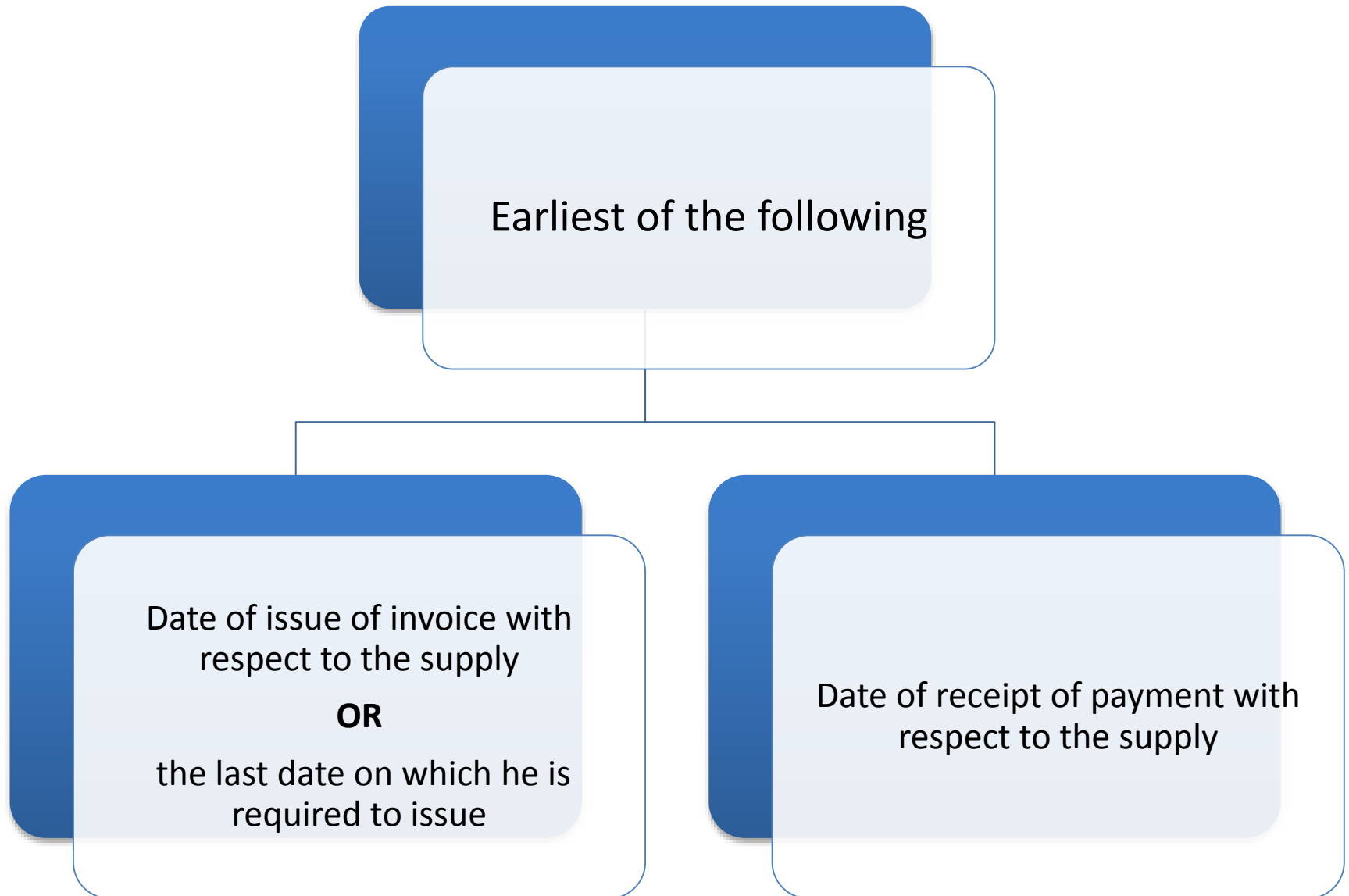
- 1) The Liability to pay tax on goods arises at the time of supply, as determined in accordance with the provisions of this section.
- 2) The time of supply of goods shall be the earliest of the following dates, namely :-
  - a) the date of issue of invoice by the supplier or the last date on which he is required, under sub-section (1) of section 31, to issue the invoice with respect to the supply; or
  - b) the date on which the supplier receives the payment with respect to the supply:

Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

***Explanation 1.*** – For the purposes of clause (a) and (b), “supply” shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

***Explanation 2.***—For the purposes of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

## *Time of Supply of Goods – Rule (2)*

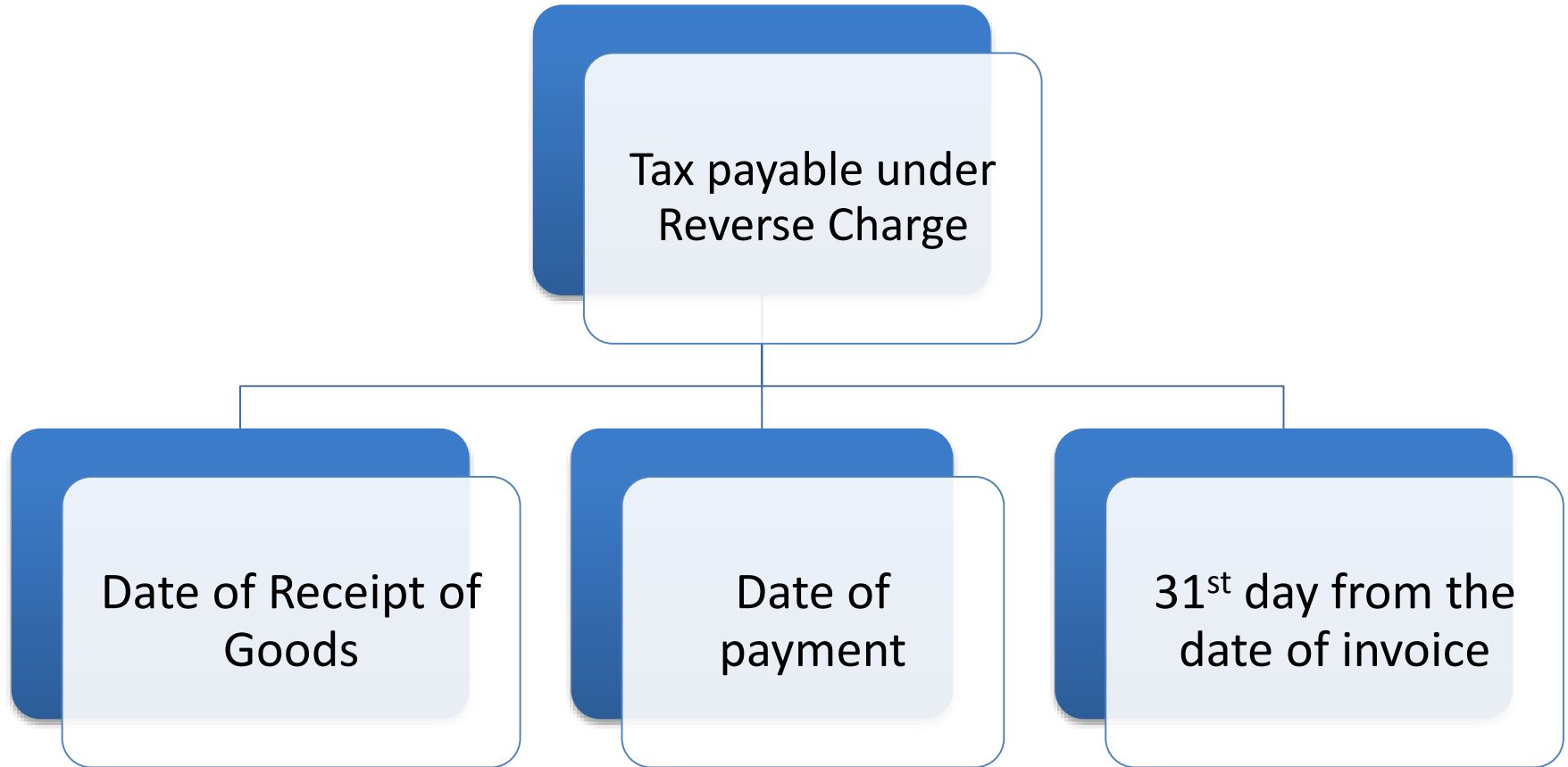




- 3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:-
- a) the date of receipt of goods; or
  - b) the date of payment as entered in the books of account of the recipient or the date of payment is debited in his bank account, whichever is earlier; or
  - c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier;

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

## *Time of Supply of Goods – Reverse Charge*



**If not possible under any of the above option,  
the date of entry in the books of account of the recipient**

*Time of Supply of Goods – Supply  
of Vouchers*

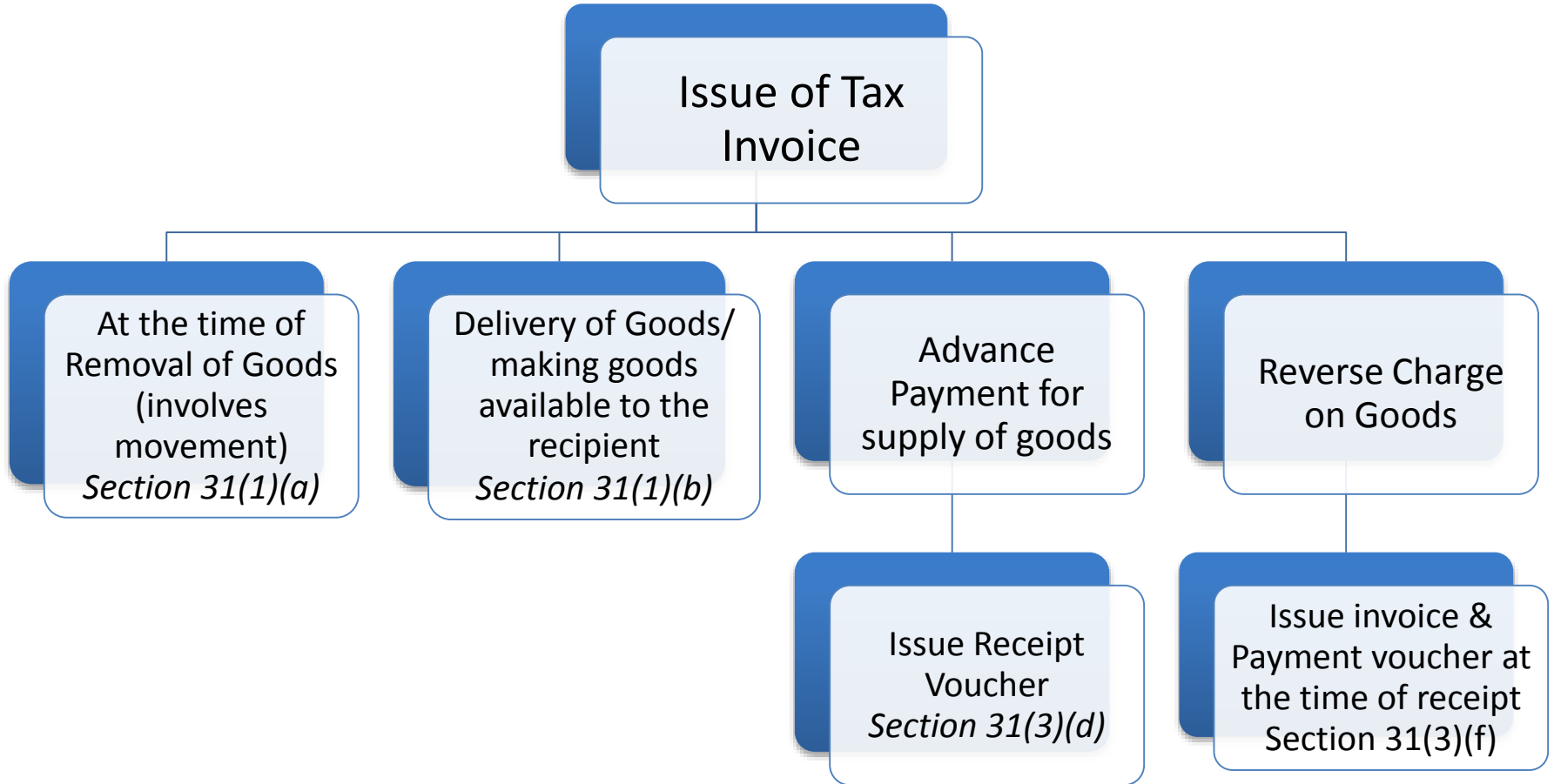
- 4) In case of supply of vouchers by a supplier, the time of supply shall be-
  - a) or the date of issue of voucher, if the supply is identifiable at that point; or
  - b) the date of redemption of voucher, in all other cases.

*Time of Supply of Goods – Not possible to determine the supply & Misc.*

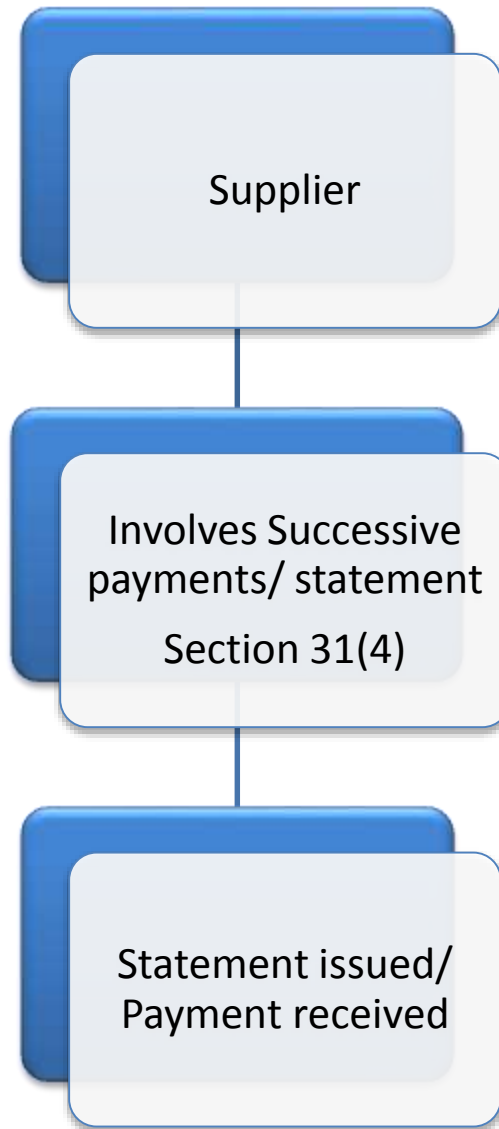
- 5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—
  - a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
  - b) in any other case, be the date on which the tax is paid.
- 6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.

*Time for issue of Invoice*  
*Section 31 of CGST Act, 2017*

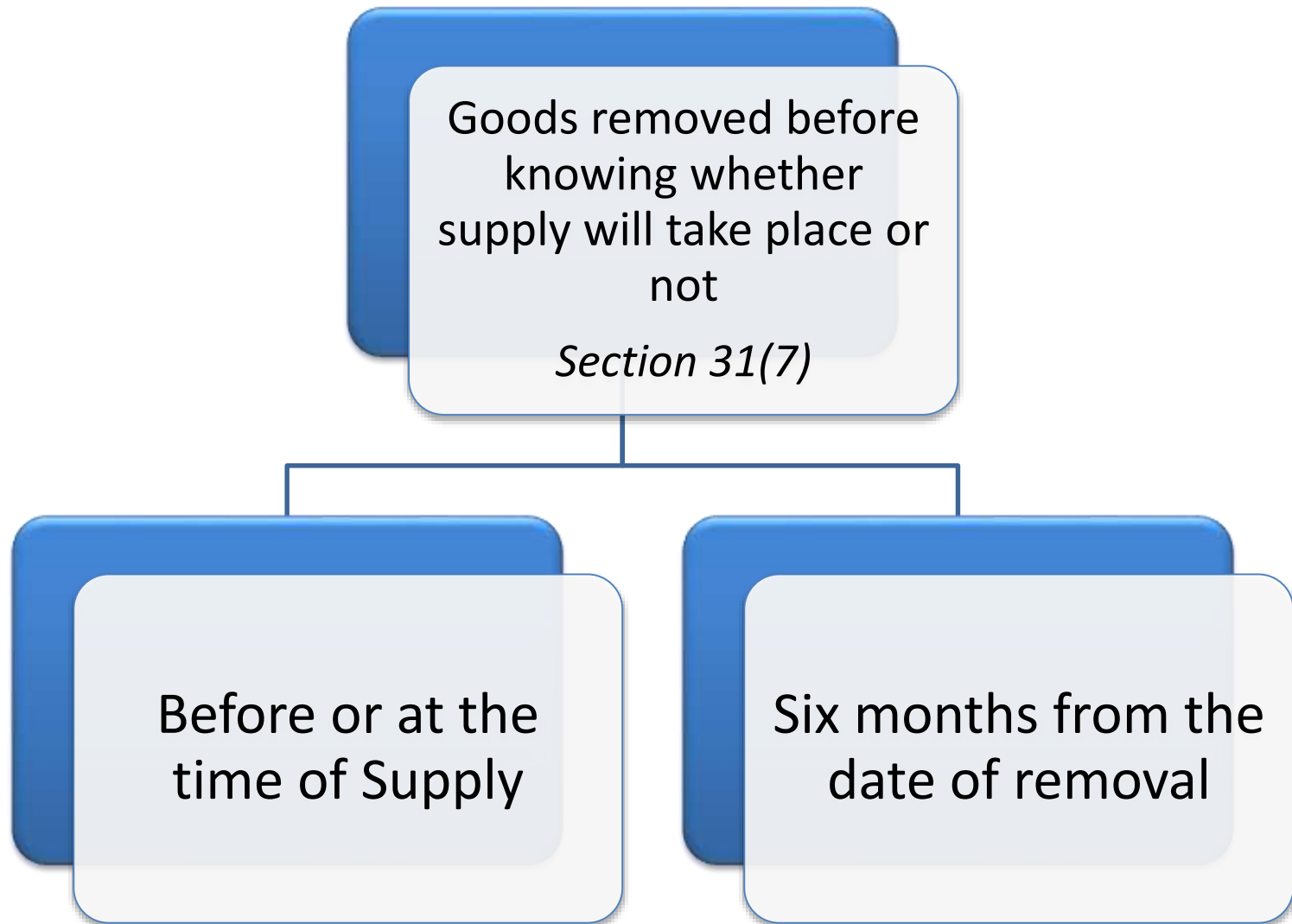
## *Time for issue of Invoice*



*Time for issue of Invoice – Continuous supply of Goods*



*Time for issue of Invoice – Goods sent on Approval*



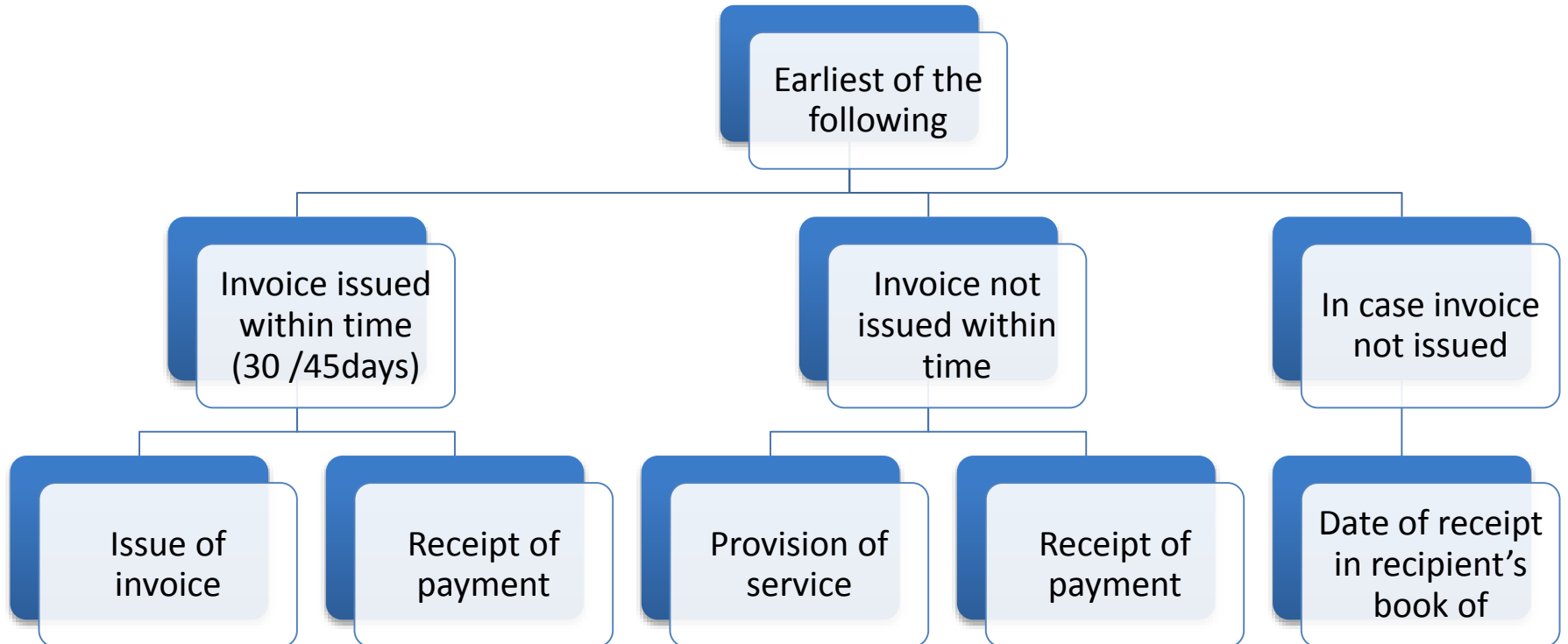


*Time of Supply of Services*  
*Section 13 of CGST Act, 2017*

## *Time of Supply of Services*

- 1) The Liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.
- 2) The time of supply of services shall be the earliest of the following dates, namely :-
  - a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or
  - b) the date of provision of service, if the invoice is not issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or
  - c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) of clause (b) do not apply:

# *Time of Supply of Services*



## *Time of Supply of Services*

Provided that Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

Explanation.—For the purposes of clauses (a) and (b)—

- (i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment;
- (ii) “the date of receipt of payment” shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

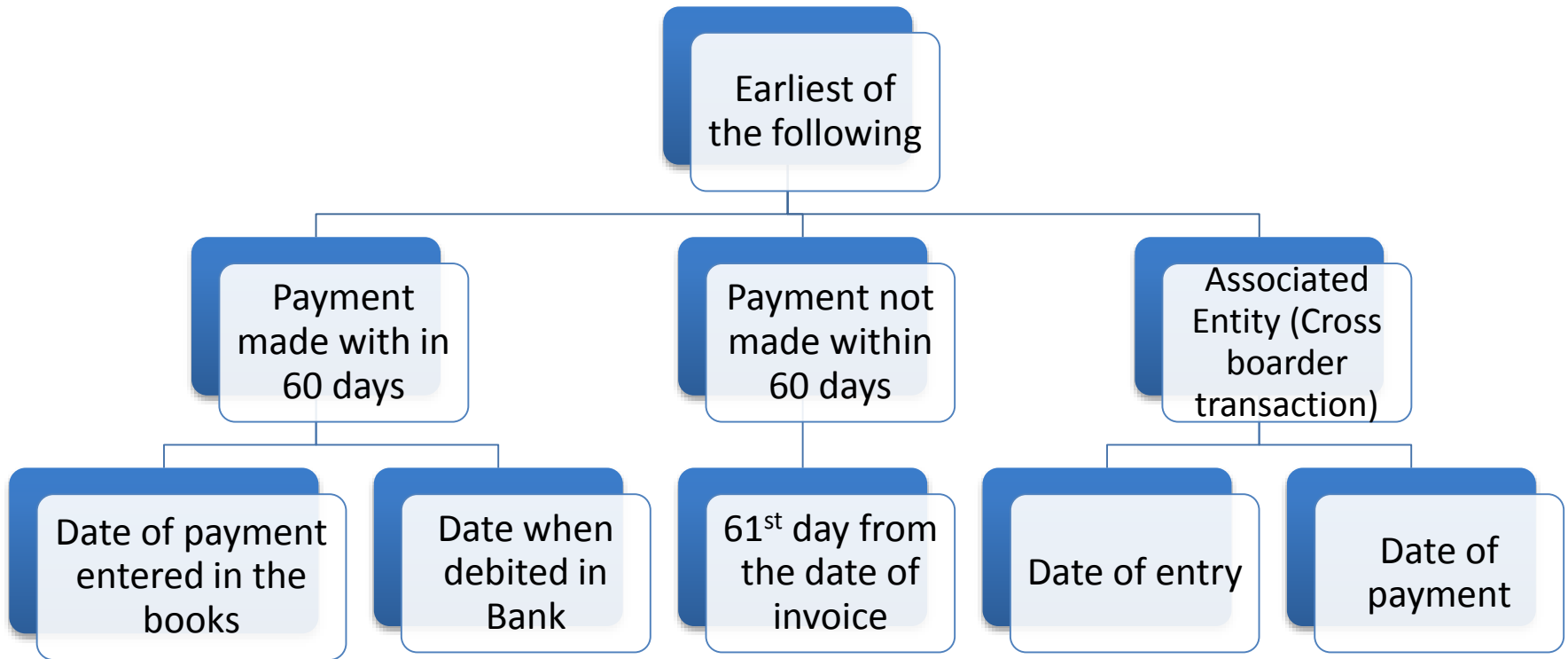
*Time of Supply of Services – Tax payable under Reverse Charge*

- 3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—
- a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
  - b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

## *Time of Supply of Services – Reverse Charge*



**If not possible under any of the above option (other than associated entity), the date of entry in the books of account of the recipient**

*Time of Supply of Services –  
Supply of Vouchers*

- 4) In case of supply of vouchers by a supplier, the time of supply shall be—
- a) the date of issue of voucher, if the supply is identifiable at that point;  
or
  - b) the date of redemption of voucher, in all other cases.

*Time of Supply of Services – Not possible to determine the supply & Misc.*

- 5) Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—
  - a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
  - b) in any other case, be the date on which the tax is paid.
- 6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.



***Time for issue of Invoice for Services***

***Section 31 (2) of CGST Act, 2017***

*Time Limit for issuing tax invoice - Supply of Services [Section 31(2)]*

- 2) A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

Provided that the Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—

- a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- b) tax invoice may not be issued.

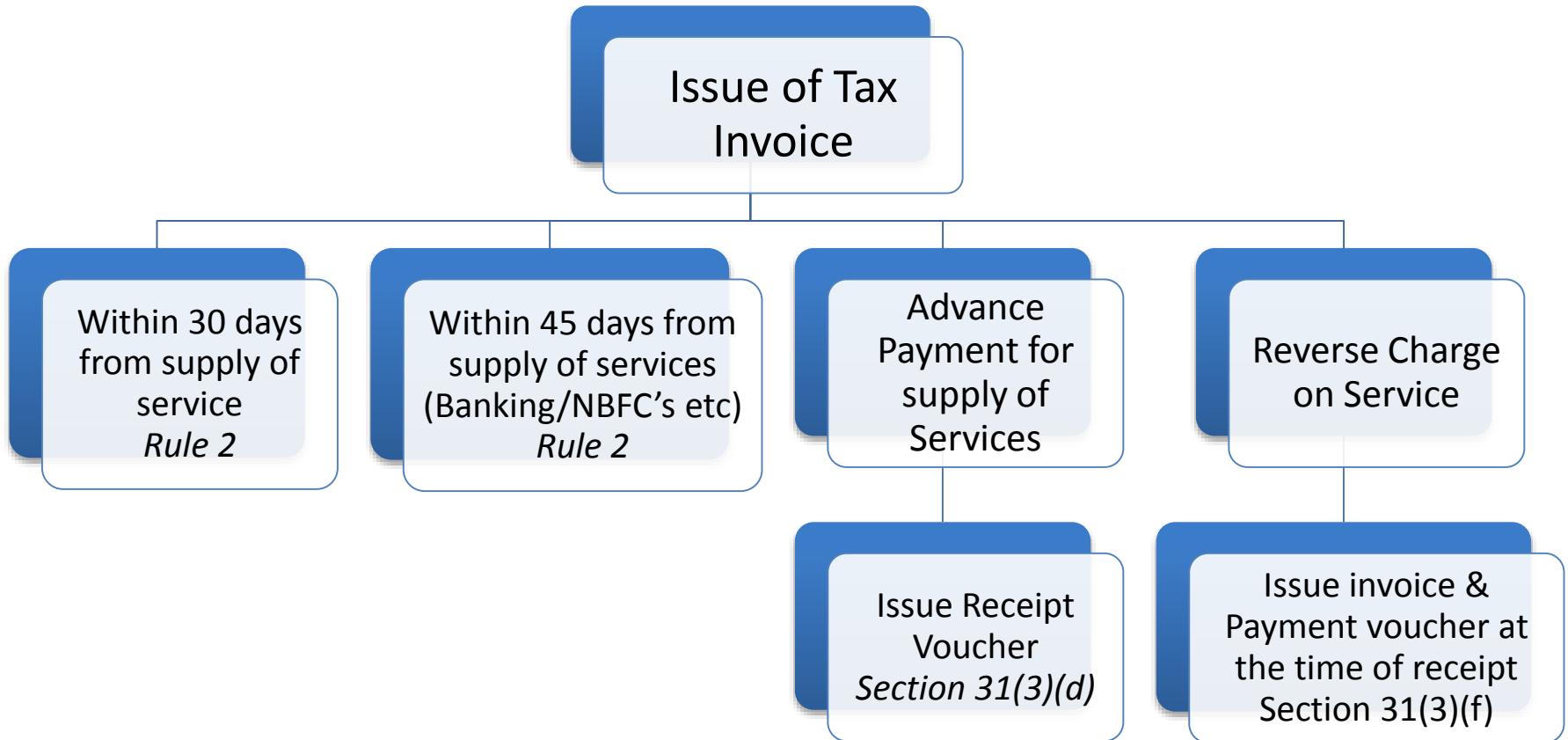
*Time Limit for issuing tax invoice - Supply of Services - **Draft Rule***

**Rule 2:** The invoice referred to in rule 1, in case of taxable supply of services, shall be issued within a period of thirty days from the date of supply of service:

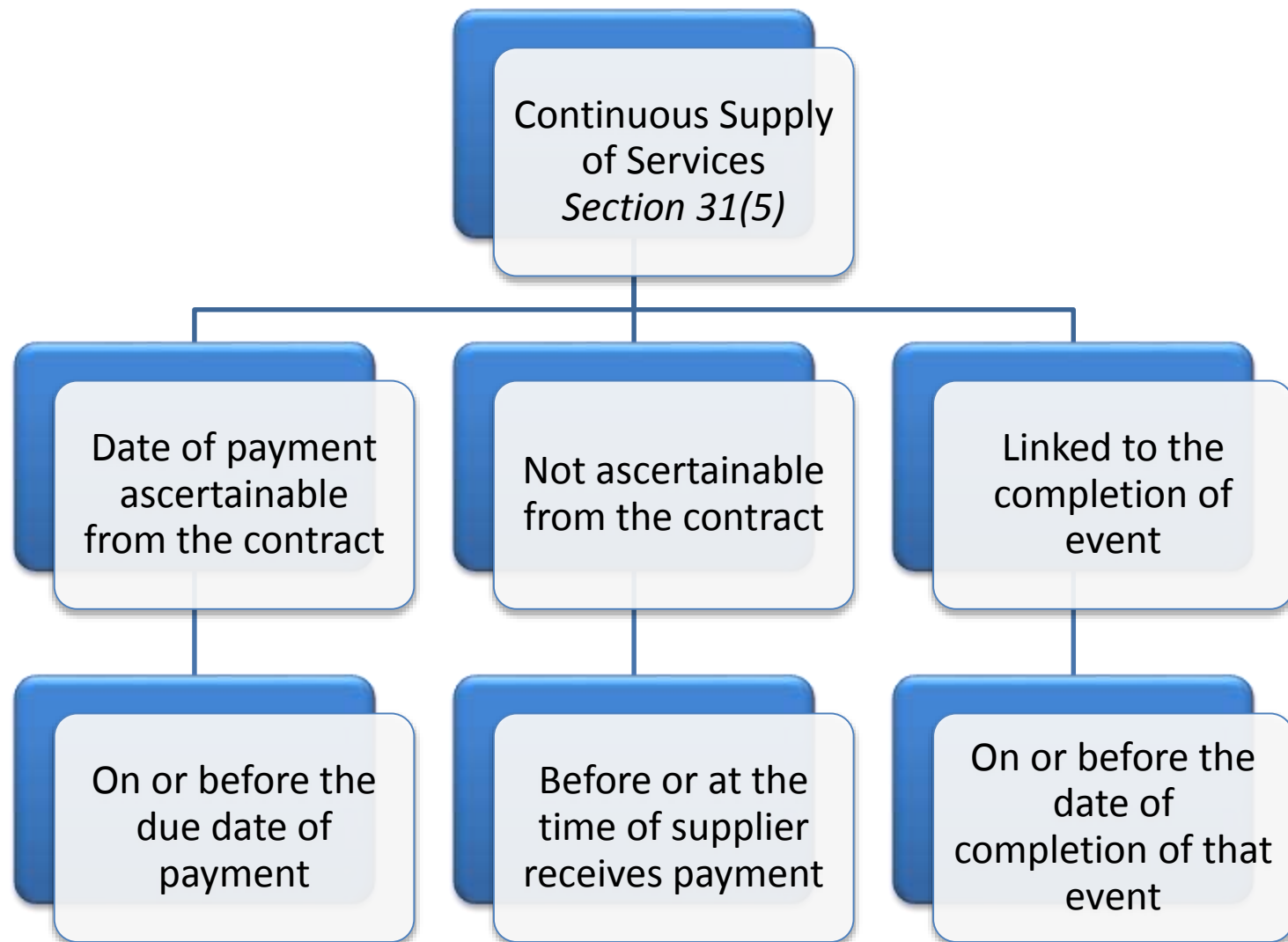
Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty five days from the date of supply of service:

Provided further that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, **making taxable supplies of services between distinct persons** as specified in section 25 as referred to in Entry 2 of Schedule I, **may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.**

## *Time for issue of Invoice*



*Time for issue of Invoice – Continuous supply of Services*



# GST- VALUATION

GOODS & SERVICES



*Value of Taxable Supply*  
*Section 15 of CGST Act, 2017*

***Value of Supply***

- Value of a supply of goods or services or both shall be the **transaction value**
- Transaction value - **the price actually paid or payable,**
  - where the **supplier and the recipient** of the supply **are not related** and
  - the price is the sole consideration for the supply.
- In the following situations, the value of supply shall not be the transaction value
  - Consideration is not wholly in money
  - Supplier and related is related
  - Business transaction done by Pure Agent, Insurer, Money Changer, Air travel agent and distributor or selling agent of lottery



## *Related Person*

Persons shall be deemed to be related, if -

- ▶ such persons are legally recognised partners in business;
- ▶ such persons are employer and employee;
- ▶ any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them;
- ▶ one of them directly or indirectly controls the other;
- ▶ both of them are directly or indirectly controlled by a third person;
- ▶ together they directly or indirectly control a third person; or
- ▶ they are members of the same family;

The value of supply shall include —

- a) any taxes, duties, cesses, fees and charges levied under any law other than CGST/SGST/UTGST/ GST(Compensation to States) Act.;
- b) any amount the supplier is liable to pay but incurred by the recipient and not included in the price actually paid or payable;
- c) incidental expenses, including commission and packing, charged by the supplier and
- d) any amount charged by supplier for anything done at the time of, or before delivery of goods or supply of services;
- e) interest or late fee or penalty for delayed payment of any consideration for any supply; and
- f) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Discount allowed to be deducted from the value of supply in the following cases —

- a) **Discount given before or at the time of the supply** and duly recorded in the invoice
- b) **Discount give after the supply**, if—
  - mentioned in the agreement entered into at or before the supply and
  - specifically linked to relevant invoices; and
  - input tax credit related to discount reversed by the recipient.

*Value when Consideration not wholly in money*

**Rule 1:** Value of Supply of Goods or services where the consideration is not wholly in money

- a) be the open market value of such supply;
- b) If open market value is not available; the sum total of
  - i. Consideration in money; and
  - ii. Equivalent amount of money for the consideration not in money, if available at the time of supply
- c) If value is not determinable as per above (a) and (b), value of **such goods or supply of like kind or quality;**
- d) If value is not determinable as per above (a), (b) and (c), the sum total of
  - i. Consideration in money; and
  - ii. Equivalent amount of money for the consideration not in money, as determined by rule 4 or 5 in that order.

*Value of Goods/ Services – transaction between related / distinct persons other than agent*

**Rule 2:** Value of Supply of Goods or services or both between distinct or related persons, other than an agent, shall

- a) be the open market value of such supply;
- b) If open market value is not available; be the value of **such goods or supply of like kind or quality**;
- c) If value is not determinable as per above (a) or (b) above , be the value as determined by rule 4 or 5 in that order.

Provided where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services

*Value of Goods – made or received through an agent*

**Rule 3:** Value of Supply of Goods between the principal or agent, shall

- a) be the open market value of the goods; or
- b) At the option of the supplier – 90% of the price charged by the recipient to his customer not being a related person, where the goods are intended to further supply

If value is not determinable as per above (a) or (b) above , be the value as determined by rule 4 or 5 in that order.

*Value of Goods/ Services – based on cost*

**Rule 4:** Value of Supply of Goods or services or both based on cost

- Where the value is not determinable by any of the preceding rules,
- the value shall be 110% of the cost of production/ manufacture /acquisition of such goods/ provision of such services.

**Rule 5:** Residual method for determination of Value of Supply of Goods or services or both

- Where the value is not determinable under rules 1 to 4,
- the same shall be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules:

Provided that in case of supply of services, the supplier may opt for this rule, disregarding rule 4.



**Rule 6(1)** : Notwithstanding anything contained in the Act or in these rules, the value in respect of supplies specified below shall be determined in the manner provided hereinafter:

**Rule 6(2)** : Purchase or sale of foreign currency, including money changing, the value shall be

- **Currency when exchanged from or /to INR** – value shall be equal to difference in the buying /selling rate as compared to RBI reference rate
- In case RBI reference rate not available – 1% of INR received or paid,
- In case none of the currency involved is INR, - 1% of lesser of the two amounts received by person converting any of the two currencies into INR

**Or the person exercise the option as mentioned below (once exercised, shall not be withdrawn during the remaining period)**

- At the option of supplier of services, the value shall be
  - **1 % of the gross amount of currency exchanged** for an amount upto Rs. 1 lacs, subject to minimum of Rs. 250/-
  - **Rs. 250/- + 0.5 % of the gross amount of currency exchanged** for an amount exceeding Rs. 1 lacs and upto Rs 10 Lacs
  - **Rs. 5,000/- + 0.10 % of the gross amount of currency exchanged** for an amount exceeding Rs. 10 lacs rupees, subject to maximum of Rs. 60,000/-

**Rule 6(3)** : In case of services in relation to booking of tickets for travel by air provided by Air Travel Agent, the value shall be

- Domestic Travel booking - 5% of the basic fare
- International Travel booking – 10 % of the basic fare

*Basic fare means that part of air fare on which commission is normally paid to the air travel agent by the airline.*

**Rule 6(4)** : In case of life insurance services, the value shall be

- Gross premium charged less the amount allocated for investment or savings, if such amount is intimated to the policy holder.
- In case of single premium annuity policies other than the above – 10 % of the single premium
- In all other cases –
  - 25% of the premium charged in the first year
  - 12.5% of the premium charged in the subsequent years

*Provided that nothing contained in this sub-rule shall apply where the entire premium paid towards risk cover in life- insurance (Term plan)*

**Rule 6(5) :**

- where taxable supply is provided by a person
- dealing in buying and selling of second hand goods, (used goods as such or minor processing which does not change the nature)
- No input tax credit has been availed on purchases of such goods
- value shall be –
  - the difference between the selling price and purchase price and
  - If the value is negative, it shall be ignored

*Valuation of Specific supplies –  
Token/ Voucher/ Coupon etc. and  
Misc.*

**Rule 6(6) :** The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

**Rule 6(7) :** The value of taxable services provided by such class of service providers as may be notified by the Government on the recommendations of the Council as referred to in Entry 2 of Schedule I between distinct persons as referred to in section 25, other than those where input tax credit is not available under sub-section (5) of section 17, shall be deemed to be NIL.

*Valuation of supply of Services –  
In case of Pure Agent*

**Rule 7:** Notwithstanding anything contained in these rules, the expenditure or costs incurred by the supplier as a pure agent of the recipient of supply of services shall be excluded from the value of supply, if all the following conditions are satisfied, namely:-

**Explanation.** - For the purposes of this rule, “pure agent” means a person who

-

- a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- b) neither intends to hold nor holds any title to the goods or services or both so procured or provided as pure agent of the recipient of supply;
- c) does not use for his own interest such goods or services so procured; and
- d) receives only the actual amount incurred to procure such goods or services.

*Valuation of supply of Services –  
In case of Pure Agent*

- i. the supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party for the services procured as the contract for supply made by third party is between third party and the recipient of supply;
- ii. the recipient of supply uses the services so procured by the supplier service provider in his capacity as pure agent of the recipient of supply;
- iii. the recipient of supply is liable to make payment to the third party;
- iv. the recipient of supply authorises the supplier to make payment on his behalf;
- v. the recipient of supply knows that the services for which payment has been made by the supplier shall be provided by the third party;
- vi. the payment made by the supplier on behalf of the recipient of supply has been separately indicated in the invoice issued by the supplier to the recipient of service;
- vii. the supplier recovers from the recipient of supply only such amount as has been paid by him to the third party; and
- viii. the services procured by the supplier from the third party as a pure agent of the recipient of supply are in addition to the supply he provides on his own account.



*Rate of exchange of currency –  
For determination of Value*

**Rule 8:** The rate of exchange for determination of value of taxable goods or services or both shall be the applicable reference rate for that currency as determined by the Reserve Bank of India on the date when point of taxation arises in respect of such supply in terms of section 12 or, as the case may be, section 13 of the Act.

**Explanation.-** For the purposes of this Chapter,-

(a) “open market value” of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.

(b) “supply of goods or services or both of like kind and quality” means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

## GST- PLACE OF SUPPLY

GOODS & SERVICES

TAX



*Principles for determining supply of goods*

*/service in inter-state trade or commerce*

*Section 7 of IGST Act, 2017*

## Section 7: Inter- State Supply of Goods & Services

Particulars	Situation
Inter-State supply of Goods [Section 7(1)]	Location of the Supplier & Place of Supply, in a) Two different states b) Two different Union territories ; or c) A state and a Union territory (subject to Section 10)
Inter-State supply of Services [Section 7(3)]	Location of the Supplier & Place of Supply, in a) Two different states b) Two different Union territories ; or c) A state and a Union territory (subject to Section 12)
Inter-State supply of Goods in the course of Import [Section 7(2)]	Supply in the course of import into territory of India till they cross customs frontiers of India
Inter-State supply of Services in the course of Import [Section 7(4)]	Supply in the course of import into territory of India

## Section 7: Inter- State Supply of Goods & Services

Particulars	Situation
Inter-state supply of Goods & Services (Exports) [Section 7(5a)]	Any supply where <u>Location of Supplier</u> is located in India and <u>Place of Supply</u> is outside India
Inter-state supply of Goods & Services (Supplied to or by SEZ Unit or Developer) [Section 7(5b)]	Any supply to or by SEZ Developer or an SEZ Unit
Inter-State supply of Goods & Services (others) [Section 7(5c)]	Any supply of goods/services in taxable territory, not being an intra-state supply not covered elsewhere

## Section 8: Intra State Supply of Goods & Services

Particulars	Situation
Intra-state supply of Goods	Location of the Supplier and the place of supply are in the same state
Intra-state supply of Services	Location of the Supplier and the place of supply are in the same state

- Intra-state supply of goods shall not include
  - Supply of goods to or by a SEZ developer/Unit
  - Supply of goods brought into India in the course of import
  - Supplies made to a tourist referred in Section 15
- Intra-state supply of services shall not include
  - Supply of services to or by a SEZ developer/Unit

# Definitions –Location of the Supplier of Service

Section 2(71): “**location of supplier of service**” means:

- i. where a supply is made from a place of business for which the registration has been obtained, the location of such place of business ;
- ii. where a supply is made from a place other than the place of business for which registration has been obtained, (a fixed establishment elsewhere), the location of such fixed establishment;
- iii. where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and
- iv. in absence of such places, the location of the usual place of residence of the supplier;



## Definitions –Location of the Recipient of Service

Section 2(70): “**location of recipient of service**” means:

- i. where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;
- ii. where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
- iii. where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
- iv. in absence of such places, the location of the usual place of residence of the recipient;

# Definitions – Fixed Establishment & Place of Business

Section 2(50) - “**fixed establishment**” means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;

Section 2(85) “**place of business**” includes

- a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or
- b) a place where a taxable person maintains his books of account; or
- c) a place where a taxable person is engaged in business through an agent, by whatever name called;

**SECTION-10 : PLACE OF SUPPLY OF GOODS  
(OTHER THAN IMPORT/EXPORT)**

Ref.	Nature of Transaction	Place of Supply (Shall be)
1(a)	Supply <b>involves ‘movement’</b> of Goods by the <ul style="list-style-type: none"><li>- Supplier</li><li>- Recipient</li><li>- Or any other person</li></ul>	Location of the goods at which movement terminates for delivery to the recipient
1(b)	Where the goods delivered to a recipient or any other person on the direction of third person <ul style="list-style-type: none"><li>- before or during the movement of goods</li><li>- either by way of transfer of documents of title of goods or otherwise</li></ul>	Principal place of business of third person  (Bill to Ship to Model)
1(c)	Where supply does not involve movement of goods, whether by the supplier or recipient	Location of such goods at the time of delivery by the recipient

## *Place of Supply of Goods*

Ref.	Nature of Transaction	Place of Supply (Shall be)
1(d)	Goods are assembled or installed at site - Whether includes <a href="#">works contract</a> ? - If not, then what includes	Place of such installation or assembly
1(e)	Where the goods supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle	Location at which such goods are taken on board
2	In any other cases (not covered under sub-section 1 (a) to (e) )	Determined in such manner as may be prescribed

SECTION-11 : PLACE OF SUPPLY OF GOODS (IN CASE  
OF IMPORT/EXPORT)

## Section- 11 : Place of Supply of Goods imported into, or exported from India.

The place of supply of goods :-

- (a) imported into India shall be the location of the importer.
- (b) exported from India shall be the location outside India.

**SECTION-12 : PLACE OF SUPPLY OF SERVICES**  
**(Where location of supplier and recipient is in India)**



## Section- 12 : Place of Supply of Services (where location of supplier and recipient is in India)

### **General Rule**

- Section 12(1) – The provision of this section shall apply to determine the place of supply of services where the location of supplier of services and the location of the recipient of services is in India.
- Section 12(2)(a) – Except the services specified under sub-sections (3) to (14) , made to the registered person – the place of supply shall be the location of the registered Person
- Section 12(2)(b)– Except the services specified under sub-sections (3) to (14) , made to any person other than registered person – the place of supply shall be the location of the
  - Location of the recipient where the address on record exists
  - Location of the supplier of services in other cases

<b>Ref</b>	<b>Nature of Transaction</b>	<b>Place of Supply</b>
12 (3a)	supplies in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts, estate agents, grant of rights to use immovable property or for carrying out or co-ordination of construction work	- Location of immovable property  Where immovable property/ boat/vessel located in more than one State or UT– POS shall be proportion to the value for services collected or determined in terms of the contract/agreement, in absence thereof such other reasonable basis as may be prescribed.
12 (3b)	lodging accommodation by a hotel, inn, guest house, homestay, club or campsite by whatever name called including house boat or any other vessel	
12 (3c)	accommodation in any immovable property for organizing any marriage or reception or related matters, official, social, cultural, religious or business function including services provided in relation to such function at such property	
12 (3d)	Services ancillary to the services referred in clauses (a) to (c)	

Ref.	Nature of Transaction	Place of Supply
12(4)	Restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic & plastic surgery	Location of the services actually performed
12(5)	Services relating to training and performance appraisal, to (a) Registered person (b) Person other than registered person	(a) Location of the such person (b) Location where the services are actually performed
12(6)	Services provided by way of admission to a - cultural, - artistic, - sporting, - scientific, - educational, or - entertainment event or - amusement park or - any other place And services ancillary thereto	Location where the event is actually held or where the park or such other place is located

Ref.	Nature of Transaction	Place of Supply
12 (7a)	Services by way of organization of cultural, artistic, sporting, scientific, educations or entertainment event including - conference, fair, exhibition, celebrations or similar event	- Registered person – location of such person - Unregistered person – where the event is actually held
12 (7b)	- Services ancillary to organizing of any of the above event or - Services ancillary to any of the above services, - or assigning of sponsorship to such events	Where the event is held in more than one state – POS shall be proportionate to the value for services collected or determined in terms of the contract/agreement, in absence thereof such other reasonable basis as may be prescribed.
If the event is held outside India, the place of supply shall be the location of the recipient		
12(8)	Transportation of goods, including by mail or courier	- Registered person – location of such person - Unregistered person – where the goods handed over for the transportation

Ref.	Nature of Transaction	Place of Supply
12(9)	Passenger Transportation services	<ul style="list-style-type: none"><li>- Registered person – location of such person</li><li>- Unregistered person – where the passenger embarks on the conveyance for continuous journey (if embarking point not known at the time of sale of tickets say advance tickets – Section 2 will apply)</li></ul> <p>Return journey shall be treated as separate journey, even if the right to passage for onward and return journey is issued at the same time.</p>
12(10)	Supply of services on board a conveyance such as vessel, aircraft, train or motor vehicle	Location of first scheduled point of departure of that conveyance for journey

Ref.	Nature of Transaction	Place of Supply
12(11)	Telecommunication Services including data transfer, broadcasting, cable and direct to home television services	
	(a) Services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna	Location where telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services  If leased circuit is installed in more than one state and a consolidated amount is charged, the POS shall be taken as being in each of the states in proportion to the value of services as per the contract/agreement, in absence thereof on such other reasonable basis as may be prescribed.
	(b) in case of mobile connection for telecommunication and internet services provided on post-paid basis	Location of the billing address of the recipient of service on record of the supplier

Ref.	Nature of Transaction	Place of Supply
12(11)	Telecommunication Services including data transfer, broadcasting, cable and direct to home television services	
	<p>(c) in case of mobile connection for telecommunication and internet services provided on pre-payment through a voucher or any other means</p> <p>(i) through selling agent or a re-seller or a distributor of SIM card or re-charge voucher,</p> <p>(ii) by any person to the final subscriber</p>	<p>- Location of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply</p> <p>- Location where such pre-payment is received or such vouchers are sold</p>
	If such pre-paid service is availed or recharge is made through internet banking or other electronic modes of payment , Location of the recipient of services on records of the supplier of services	
	(d) In other cases not covered in (b) and (c) above,	<p>- Address of the recipient as per records of the supplier of service</p> <p>- In case address of the recipient is not available, the place of supply shall be the location of the supplier of service</p>

<b>Ref.</b>	<b>Nature of Transaction</b>	<b>Place of Supply</b>
12(12)	Banking and other financial services including stock broking services	Location of the recipient of services on records of the supplier of services. If location of recipient is not on the records of the supplier – location of the supplier of the services
12(13)	Supply of insurance services	<ul style="list-style-type: none"><li>- Registered person – location of such person</li><li>- Unregistered person – location of the recipient of services on record of the supplier</li></ul>
12(14)	Advertisement services to the Central Government, a State Government, a Statutory body or a local authority meant for identifiable States	Located in each of such state and specific value of each state shall be in proportion to amount attributable in the respective state as may be determined in terms of the contract or agreement In absence of such contract/agreement – reasonable basis as may be prescribed



**SECTION-13 : PLACE OF SUPPLY OF SERVICES (IN CASE  
OF IMPORT/EXPORT)**

## Section- 13 : Place of Supply of Services (Cross Border)

- This section shall apply to determine the place of supply of services where –
  - the location of the supplier of service or
  - the location of the recipient of service
  - is outside India.

### **General Rule**

- Section 13(2) – Except the services specified under sub-sections (3) to (13) , the place of supply shall be the location of the recipient of service.

PROVIDED that in case the location of the recipient of service is not available in the ordinary course of business, the place of supply shall be the location of the supplier of service.

<b>Ref</b>	<b>Nature of Transaction</b>	<b>Place of Supply</b>
13 (3a)	<p>Services supplied in respect of goods which are required to be made available</p> <p>In case services provided from a remote location by way of electronic means</p>	<p>Location where the services actually performed</p> <p>Location where the goods are situated at the time of supply of service</p>
	<p>Provided this shall not apply in case the goods are temporarily imported into India for repairs and are exported after repairs without being put to any use in India, other than required for such repairs.</p>	
13 (3b)	<p>services supplied to an individual, represented either as the recipient of service or a person acting on behalf of the recipient, which require the physical presence of the receiver or the person acting on behalf of the recipient, with the supplier for the supply of the service</p>	<p>Location where the services actually performed</p>

*Place of Supply of Services- Outside India*

Ref.	Nature of Transaction	Place of Supply
13(4)	services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of hotel accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including architects or interior decorators,	Location where the immovable property is located or intended to be located
13(5)	services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and <b>of services ancillary to such admission</b>	Location where the event is actually held

*Place of Supply of  
Services- Outside India*

<b>Ref.</b>	<b>Nature of Transaction</b>	<b>Place of Supply</b>
13(6)	Where any service referred to in sub-sections (3) – performance based, (4) – Immovable Property, or (5) – Admission or Organisation of event is supplied at more than one location, including a location in the taxable territory,	Location in the taxable territory
13(7)	Where the services referred to in sub-sections (3), (4), (5) or (6) are supplied in more than one State,	Located in each of such state and specific value of each state shall be in proportion to amount attributable in the respective state as may be determined in terms of the contract or agreement  In absence of such contract/agreement – reasonable basis as may be prescribed

Ref.	Nature of Transaction	Place of Supply
13 (8a)	services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;	location of the supplier of service
13 (8b)	<p>Intermediary Services</p> <p><i>“intermediary” means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of a service (hereinafter called the ‘main’ service) or the supply of goods, between two or more persons, but does not include a person who supplies the main service or supplies the goods on his account;</i></p> <p>(Goods includes securities as per section 2(90) of CGST Act)</p>	location of the supplier of service
13 (8c)	services consisting of hiring of means of transport other than aircrafts and vessels except yachts, upto a period of one month.	location of the supplier of service

*Place of Supply of  
Services- Outside India*

<b>Ref.</b>	<b>Nature of Transaction</b>	<b>Place of Supply (shall be)</b>
13 (9)	transportation of goods, other than by way of mail or courier,	Destination of the Goods
13 (10)	passenger transportation service	Location where the passenger embarks on the conveyance for a continuous journey.
13 (11)	services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board,	first scheduled point of departure of that conveyance for the journey.

<b>Ref.</b>	<b>Nature of Transaction</b>	<b>Place of Supply</b>
13 (12)	“online information and database access or retrieval services”	Location of the recipient of service
The recipient of service shall be deemed to be located in taxable territory, if any two of the non-contradictory conditions are satisfied		<ul style="list-style-type: none"><li>(i) the location of address presented by the recipient of service via internet</li><li>(ii) the billing address of recipient of service;</li><li>(iii) Country in which the credit card or any other card by which the recipient of service settles payment has been issued;</li><li>(iv) the bank of recipient of service in which the account used for payment is maintained ;</li><li>(v) the Internet Protocol address of the device used by the recipient of service ;</li><li>(vi) the country code of the Subscriber Identity Module (SIM) card used by the recipient of service;</li><li>(vii) the location of the fixed land line through which the service is received by the recipient.</li></ul>



(13) In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, the Central Government shall have the power to notify any description of service or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.

**Thank You**

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