

# Schedule I

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

Entry No.	Provision as per CGST Act	Analysis
1.	Permanent transfer or disposal of business assets where input tax credit has been availed on such assets	<p>This entry covers the cases where the business assets are transferred or disposed of without a consideration.</p> <p>E.g.1- M/s vanity enterprises gifted their used Air conditioner to M/s Pragya bal sansthan. They give it for free. In this case M/s Vanity enterprises is liable to take it as a supply as per schedule I and pay tax on this transaction.</p> <p>e.g. 2- M/s Henican transferred their motor car purchased one year back. It is given to Sandhya trust for free. In this case taking the normal situation that the input tax credit of a motor vehicle was not availed by M/s Henican as it is a blocked credit and is available only in limited cases. It will not be deemed as a supply under entry no. 1 of Schedule I of CGST Act as the ITC was not availed at the time of purchase of the vehicle.</p> <p>e.g.3- M/s Henican had 5 air conditioners. ITC was availed on all these Air conditioners. They exchanged all the AC's for their new ductable unit.This is a supply in the normal course. A consideration in the form of goods is also a consideration.</p> <p>e.g.4 M/s Henican sold their Ferrari to a charitable institution for Rs. 50 lac. This is a supply as per para 1a of section 7. It is made for consideration and is in the course or furtherance of business.</p> <p>Take care to note that this particular entry is applicable only on transfer of Goods.</p>



Entry No.	Provision as per CGST Act	Analysis
2.	<p>Supply of goods or services or both between related person or between distinct person as specified in section 25, when made in the course or furtherance of business.</p> <p>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 the supply of goods or services or both.</p>	<p>This entry covers the cases where the Goods or services are provided to the-</p> <ul style="list-style-type: none"> <li>- <b><u>Related person</u></b>- As per explanation to section 15 of CGST Act. Following are related persons for the purpose of GST.</li> <li>- Officers or directors of one another's business</li> <li>- Legally recognised Partners</li> <li>- Employer and Employee</li> <li>- One person controlling more than 25% voting power in both of them</li> <li>- One of them directly or indirectly controls the other</li> <li>- Both of them are directly or indirectly controlled by a third person</li> <li>- Together they directly or indirectly control a third person</li> <li>- They are members of same family</li> <li>- Person also includes the legal person</li> <li>- One is sole agent or sole distributor or sole concessionaire</li> </ul>



2.		<p>e.g. M/s Tata sons gifted a Rolax watch to his employee on his birthday. This will be deemed as a supply even if there is no consideration. As this is made to an employee and the employee is a related person.</p> <p>e.g. M/s Tata Sons hold the 30% voting right of M/s Tata Tele and 50% voting right of M/s Tata Consultancy Ltd. In this case Tata tele and Tata consultancy are related persons</p> <p>e.g. Mr. Ratan Tata controls Tata salt and Tata steel. Both of these are related persons.</p> <p>e.g. Tata Tele holds the controlling stake in Tata Sale. Tata steel also has the controlling stake in Tata Salt. Both Tata tele and Tata steel are related people.</p> <p>e.g. M/s Ram Rahim is providing the free food to their employees. They are not charging anything for the food. Also it is not covered anywhere in the employment contract. In this case this will be a supply of food and will fall in entry number two of Schedule I.</p> <p>- <b><u>Distinct Person-</u></b></p> <p>Section 25(4) &amp; (5) explain the distinct persons. Where a person under the same PAN is having more than registration then those registrations will be a distinct person to each other</p> <p>Any transaction between the distinct persons will also fall under this entry.</p> <p>e.g. M/s Ambipure is registered in Haryana and Maharashtra. They transferred the stock of Haryana to Maharashtra for sale. In this case this stock transfer will be deemed as a supply.</p>



2.		<p><u><i>Important Advance rulings:</i></u></p> <ul style="list-style-type: none"><li>● <b>Caltech Polymers:</b> Food provided to employees on concessional rate is a supply.</li><li>● <b>Asia Columbia Hospitals:</b> Services by the employees sitting in head office will be a supply for Branches.</li></ul>



3.	<p>Supply of Goods-</p> <p>(a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or</p> <p>(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.</p>	<p>First thing we need to understand is the definition of an agent in GST.</p> <p>Section 2(5) of CGST Act</p> <p><i>“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”</i></p> <p>Here the agent is a person making or receiving the supply on behalf of his principle.</p> <p>Now in case the agent has received some goods from the principal or supply some goods to the principal. This will be a supply even if there is no consideration.</p> <p>Circular No. 57/31/2018-GST dated 4th September 2018 further explains the points related to this entry.</p>
4.	<p>Import of services by a <del>taxable person</del> <b>Person</b> from a related person or from any of his other establishments outside India, in the course or furtherance of business.</p>	

Substituted vide Central Goods and Services Tax (Amendment) Act, 2018 w.e.f. 01-02-2019

