

Central Goods & Services Tax Act, 2017

CHAPTER - III
LEVY AND COLLECTION OF TAX

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;
 - ¹[(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; ²[and]
 - (c) the activities specified in Schedule I, made or agreed to be made without a consideration; ³[****]
 - (d) ⁴[****]
- ⁵[(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

¹ Clause (aa) along with Explanation inserted by Finance Act, 2021 (No. 13 of 2021) w.e.f. 01-07-2017. Noti. No. 39/2021–Central Tax, dt. 21-12-2021 appoints 01-01-2022 as the date on which the provisions of s. 108 of The Finance Act, 2021 (13 of 2021), shall come into force.

² Inserted by CGST (Amendment) Act, 2018 (No. 31 of 2018) w.e.f. 01-07-2017.

³ The word "and" omitted by CGST (Amendment) Act, 2018 (No. 31 of 2018) w.e.f. 01-07-2017.

⁴ Clause (d) omitted by CGST (Amendment) Act, 2018 (No. 31 of 2018) w.e.f. 01-07-2017. Earlier to omission it read as under:
"(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II."

⁵ Sub-section (1A) inserted by CGST (Amendment) Act, 2018 (No. 31 of 2018) w.e.f. 01-07-2017.

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- (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.

- (3) Subject to the provisions of ⁶[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
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⁶ Substituted for "sub-sections (1) and (2)" by CGST (Amendment) Act, 2018 (No. 31 of 2018) w.e.f. 01-07-2017.