

IMPORTANT DEFINITIONS UNDER GST

➤ MEANING OF 'AGENT':

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;

➤ MEANING OF 'AGGREGATE TURNOVER':

- Aggregate turnover means the aggregate value of all taxable supplies, exempt supplies, exports of goods or services or both (intra-state as well as inter-state). Where multiple persons share the same Permanent Account Number, supplies of all such persons are required to be considered.
- Aggregate turnover doesn't include:
 - the value of inward supplies on which tax is payable by a person on reverse charge basis; and
 - the amount of central tax, state tax, union territory tax, integrated tax and cess.

➤ MEANING OF 'AGRICULTURIST':

Agriculturist means an individual/HUF who undertakes cultivation of land

- by own labour; or
- by the labour of family; or
- by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family.

➤ MEANING OF 'BUSINESS':

Business includes:

- any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- any activity or transaction in connection with or incidental or ancillary to the first point;
- any activity or transaction in the nature of first point stated above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;
- provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;
- admission, for a consideration, of persons to any premises;
- services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- services provided by a race club by way of totalisator or a licence to book maker in such club; and
- any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.

➤ MEANING OF 'CAPITAL GOODS':

Capital goods mean goods, the value of which is capitalized in the books of accounts of the person claiming the ITC and which are used or intended to be used in the course or furtherance of business.

➤ MEANING OF 'CONSIDERATION':

- The scope of the word 'consideration' in relation to the supply of goods or services or both would include:
 - any payment made or to be made, whether in money or otherwise, by the recipient or by any other person; and
 - the monetary value of any act or forbearance by the recipient or by any other person.

- Any subsidy given by Central Government/State Government shall not be treated as a part of consideration.
- A deposit given in respect of supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies the deposit as consideration for the said supply.

➤ **MEANING OF 'CONTINUOUS SUPPLY OF GOODS':**

Following two points define the scope of the phrase 'continuous supply of goods':

- Supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis under a contract whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis; and
- Supply of such goods as may be notified by the Government.

➤ **MEANING OF 'CONTINUOUS SUPPLY OF SERVICES':**

Following two points define the scope of the phrase 'continuous supply of services':

- Supply of services which is provided, or agreed to be provided, continuously or on recurrent basis under a contract for a period exceeding 3 months with periodic payment obligations; and
- Supply of such services as may be notified by the Government.

➤ **MEANING OF 'GOODS':**

Goods means every kind of movable property other than money and securities but includes:

- actionable claim;
- growing crops, grass and things attached to/forming part of the land which are agreed to be severed before supply or under a contract of supply.

➤ **MEANING OF 'INPUTS':**

Inputs mean any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.

➤ **MEANING OF 'INPUT SERVICES':**

Input services mean any service used or intended to be used by a supplier in the course or furtherance of business.

➤ **MEANING OF 'INPUT TAX':**

Input tax in relation to a registered person, means the central tax, state tax, integrated tax or union territory tax charged on any supply of goods or services or both made to him and includes:

- the integrated goods and services tax charged on import of goods;
- the tax payable under the provisions of sub-sections (3) and (4) of Section 9 of CGST Act;
- the tax payable under the provisions of sub-section (3) and (4) of Section 5 of IGST Act;
- the tax payable under the provisions of sub-section (3) and sub-section (4) of Section 9 of the respective SGST Act; or
- the tax payable under the provisions of sub-section (3) and sub-section (4) of Section 7 of UTGST Act.

but does not include the tax paid under the composition levy.

➤ **MEANING OF 'INTRA-STATE SUPPLY':**

Where the location of the supplier and the place of supply of goods or services are in the same State/ Union Territory, the supply is treated as intra-state supply of goods or services.

➤ **MEANING OF 'INTER-STATE SUPPLY':**

- Where the location of the supplier and the place of supply of goods or services are in:
 - two different States; or
 - two different Union Territories; or
 - a State and a Union Territory,

the supply is treated as inter-state supply of goods or services.

- Section 7 of IGST Act provides that the following supplies shall be deemed as inter-state supplies:
 - ❑ Supply of goods or services to or by a SEZ Developer/ SEZ Unit.
 - ❑ Supply of goods or services imported into the territory of India; and
 - ❑ Supply of goods or services when the supplier is located in India & the place of supply is outside India.

➤ **MEANING OF 'INWARD SUPPLY':**

Inward supply in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration.

➤ **MEANING OF 'MONEY':**

- Money means Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination.
- However, money shall not include any currency that is held for its numismatic value.

➤ **MEANING OF 'OUTPUT TAX':**

Output tax in relation to a taxable person, means the tax chargeable under GST law on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

➤ **MEANING OF 'OUTWARD SUPPLY':**

Outward supply means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business;

➤ **MEANING OF 'PERSON':**

Person includes:

- an individual;
- a Hindu Undivided Family;
- a firm;
- a limited liability partnership firm;
- a company;
- a trust;
- a body-corporate incorporated by or under the laws of a country outside India;
- an association of persons (AOP), whether incorporated or not;
- a body of individuals (BOI), whether incorporated or not;
- government (Central Government as well as State Government);
- a local authority (ie, panchayat, municipality, cantonment board, etc); and
- a co-operative society registered under any law relating to cooperative societies;
- a society as defined under the Societies Registration Act, 1860;
- a corporation established by/under any Central, State or Provincial Act or Government company as defined u/s 2(45) of Companies Act, 2013;
- every artificial juridical person not covered above.

➤ **MEANING OF 'PLACE OF BUSINESS':**

Place of business includes:

- 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
- a place where a taxable person maintains his books of accounts; or

- a place where a taxable person is engaged in business through an agent, by whatever name called;

➤ **MEANING OF 'RECIPIENT':**

- 'Recipient' of supply of goods or services or both, means:
 - ❑ where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - ❑ where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
 - ❑ where no consideration is payable for the supply of a service, the person to whom the service is rendered.
- Any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

➤ **MEANING OF 'RELATED PERSONS':**

Persons shall be deemed to be 'related persons' if:

- such persons are officers or directors of one another's businesses;
- such persons are legally recognised partners in business;
- such persons are employer & employee;
- a third person directly or indirectly owns, controls or holds 25% 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;
- they are members of the same family; or
- one of them is the sole agent, sole distributor or sole concessionaire of the other.

➤ **MEANING OF 'REMOVAL OF GOODS':**

Removal in relation to goods, means:

- dispatch of goods for delivery by the supplier or by any other person acting on behalf of such supplier; or
- collection of goods by the recipient or by any other person acting on behalf of such recipient.

➤ **MEANING OF 'SERVICES':**

- Services means anything other than goods, money and securities.
- Services includes activities relating to the use of money or its conversion of money 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.

➤ **MEANING OF 'SUPPLIER':**

Supplier in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

➤ **MEANING OF 'ZERO-RATED SUPPLY':**

Zero-rated supply means any of the following supplies of goods or services or both, namely:

- export of goods or services or both; or
- supply of goods or services or both to a SEZ Developer/SEZ Unit.