

Chapter 6: Important Definitions

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6.0 Important Definitions under CGST Law:

6.0.1 As per Section 2(7) of the CGST Act, 2017, “**agriculturist**” means an individual or a Hindu Undivided Family who undertakes cultivation of land—

- (a) by own labour, or
- (b) by the labour of family, or
- (c) 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.

6.1 Section 2(17) “business” includes:

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager (i.e. bet, gamble) or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- (e) 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;
- (f) admission, for a consideration, of persons to any premises;
- (g) 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;
- (h) services provided by a race club by way of totalisator (i.e. computer that registers bets and divides the total amount bet among those who won) or a licence to book maker in such club; and
w.e.f. 1-2-2019, activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and”;
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

Note: Book maker means: a person whose job is to take bets (especially on horse races), calculate odds, and pay out winnings; the manager of a betting shop.

6.2 Section 2(31) “consideration” in relation to the supply of goods or services or both includes—

- (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

- (b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply.

6.3 Section 2(45) of CGST, Electronic Commerce Operator means:

Any person, who owns, operates or manages digital or electronic facility or platform for electronic commerce.

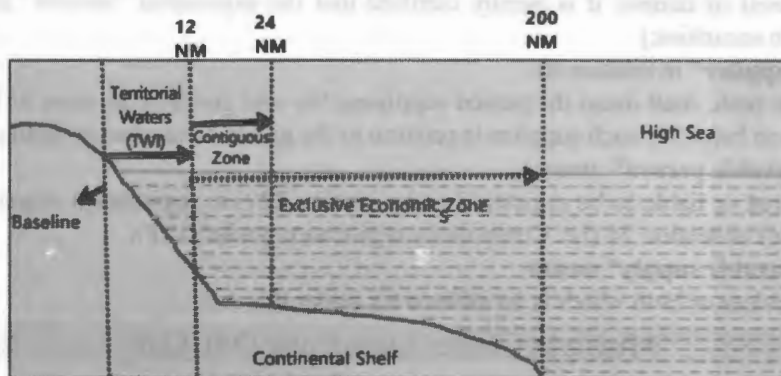


6.4 Section 2(52) of CGST, Goods means:

Every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be served before supply or under a contract of supply.

6.5 Section 2(56) "India" means:

The territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;



6.6 Section 2(78) "non-taxable supply" means—

A supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act;

Example:

- (1) Alcoholic Liquor for human consumption is Non-Taxable Supply.
- (2) Sale of Land etc.

6.7 Section 2(84) "person" includes—

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) a firm;
- (e) a Limited Liability Partnership;
- (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- (g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;
- (h) any body corporate incorporated by or under the laws of a country outside India;

- (i) a co-operative society registered under any law relating to co-operative societies;
- (j) a local authority;
- (k) Central Government or a State Government;
- (l) society as defined under the Societies Registration Act, 1860;
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the above;

6.8 Section 2(90) “principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

6.9 Section 2(93) “recipient” of supply of goods or services or both, means—

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) 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
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and 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;

6.10 Section 2(98) “reverse charge” means

the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act;

6.11 Section 2(102) “services” means

anything other than goods, money and securities but includes 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;

w.e.f. 1-2-2019:

[*Explanation:* For removal of doubts, it is hereby clarified that the expression “service” includes facilitating or arranging transactions in securities;]

6.12 Section 2(105) “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;

6.13 Section 2(107) “taxable person” means

a person who is registered or liable to be registered under section 22 (i.e. registration required if turnover exceed threshold limit and so on) or section 24 (i.e. Compulsory registration under GST).

6.14 Section 2 (108) “taxable supply” means

a supply of goods or services or both which is leviable to tax under this Act;