

# **“NATIONAL CONFERENCE ON GST”**

**Organised by**

**NAVI MUMBAI BRANCH OF WIRC**

**“ISSUE IN SUPPLY INCLUDING MIXED & COMPOSITE SUPPLY”**

**BY CA RAJIV LUTHIA**

**SATURDAY, THE 25<sup>TH</sup> APRIL, 2025**

## **ISSUE IN SUPPLY**

1. NMMC has given **land on lease** to BRITANNIA LTD for 99 years in Year 1993. BRITANNIA LTD constructed warehouse on said land in year 1997. As per lease agreement, any building or structure constructed on lease hold land will also form part of lease for the unexpired period to lessee.

BRITANNIA LTD entered into MOU with MOHAN GROUP for Assignment of Lease hold right in January, 2021 for Rs. 10 Crore. Triparty Agreement for Assignment of leasehold rights in favour of MOHAN GROUP was entered between NMMC, BRITANNIA & MOHAN GROUP on 1<sup>st</sup> March, 2021. The transfer fees Rs. 50 lacs was charged by NMMC to BRITTANIA LTD along with GST thereon.

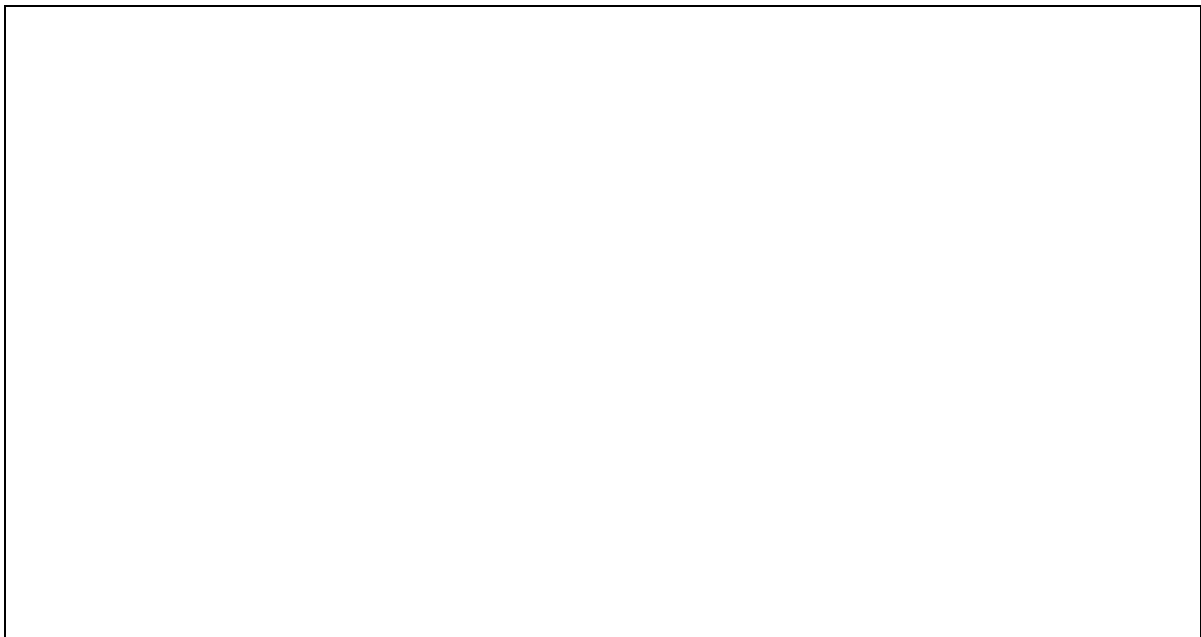
All terms & conditions of original lease shall continue and MOHAN GROUP shall be lessee for unexpired period of 69 years.

MOHAN GROUP Constructed Commercial Building on said leasehold property and sold the same to prospective buyer

**Whether Assignment of Leasehold rights by Britannia Ltd to Mohan group is supply?**

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2. A Ltd – Promoter/builder entered into development agreement with Land owner Mr. B wherein Land Owner Mr. B will grant development rights to A Ltd and in turn A Ltd will give 5 flats to Mr. B in lieu of grant of development rights. No separate consideration was charged by A Ltd for allotting said 5 flats.
- a) Whether development right granted by Land owner B is supply and liable for GST?
- b) Whether flat allotted by A LTD to land owner is supply and liable for GST?



3. LAKME BEAUTY SALON gives grooming points to the employees based on various parameters such as designation of employee, tenure of employment, hierarchy in the organization etc.

One of the employee Ms. Alia was allotted 60,000 grooming points in the month of April, 2024. The employee is entitled to redeem this grooming point for beauty services as well buying cosmetics purchased from LAKME Stores during F.Y 2024-25.

At the time of redemption, the salon will raise invoice for services/goods supplied & recover the amount after deducting the value grooming points (1 grooming points = 1 rupee)

Ms. Alia redeemed 40,000 grooming points only during F.Y 2024-25. Balance grooming points 20,000/- expired and lapsed on 31<sup>st</sup> March,2025.

GST department issued SCN proposing to levy GST on Rs. 60,000/- being grooming points allotted to ALIA in April,2024.

Is this transaction of allotment of GROOMING point is supply?

4. NAVI MUMBAI SPORTS CLUB is a club wherein person can become member on payment of one time Life membership Rs. 5,00,000/-. He can enjoy the various sports facilities of club viz Tennis, Badminton, Indoor cricket etc.

The member is also required to pay yearly subscription of Rs. 24,000 over and above life membership fees.

Whether this amount recovered by SPORTS CLUB is supply liable for GST?

5. KENT LTD is engaged in business of manufacturing & installation of WATER PURIFIER liable for GST @12%. It also provides maintenance services for the same.

TATA sons have purchased 500 WATER PRURIFIERS from KENT LTD for in all amount of Rs. 15,00,000/-. The Purchase order also includes comprehensive maintenance to be provided for 2 years after sales for which no separate consideration is payable.

GST department issued SCN for recovery of GST @18% on maintenance services by artificially carving out consideration for the same out of above contract value @30% of value

KENT LTD seeks your advice?

KENT LTD. Enters into another contract for comprehensive maintenance for its WATER PURIFIERS with WIPRO Ltd.

The value of comprehensive maintenance contract (inclusive of replacement of damaged parts) for year is Rs. 10,00,000/- for 1,000 WATER PURIFIERS.

KENT LTD charging GST @18% on 70% of the value towards services and GST @12% on supply of goods on 30% of value based on their past performance?

GST department seeks to levy GST @18% on entire contract.

KENT LTD seeks your advice?

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6. CREAM CHILLS is an ICE PARLOUR wherein it supplies following types of Ice Cream

**ICE CREAM FROM SHELF**



**HAND CRAFT ICE CREAM**



**MILK SHAKE**



CREAM CHILLS has sitting area for guest to enjoy Ice cream. Even Guest can take the parcel from parlor.

Whether sale of following is Supply of GOODS or SERVICE?

- a) Ice Cream from Shelf
- b) Hand Craft Ice cream
- c) Supply of MILK SHAKE

7. "GO DISCO", is in a business of running a discotheque. They organized New year celebration party. The person buying ticket of Rs. 5,000/- is entitled to availed facility of DISCOTHEQUE along with unlimited liquor.

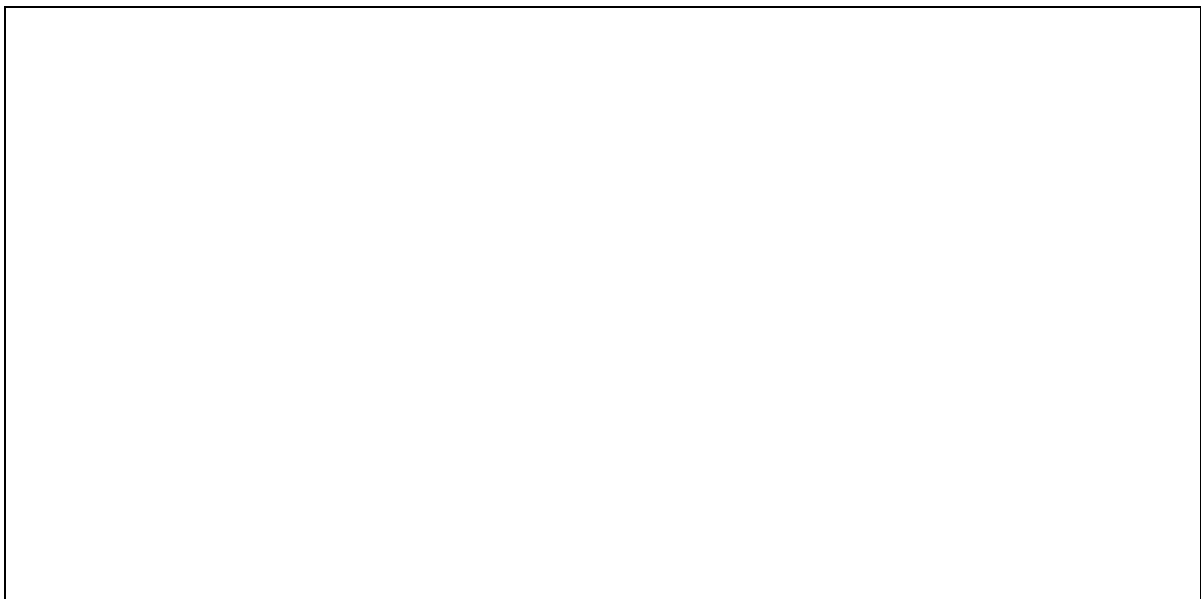
GO DISCO charged & paid GST @18% on 40% of value, considering liquor supply @60% on which they paid VAT?

In the above transaction apart from liquor, if food is also provided to the customer for ticket of Rs. 5,000/-. discuss the taxability of supply?

8. HP Ltd is in business of selling printers, cartridge & another consumable. It enters into contract with TATA TEA Ltd. The terms of contract are that HP Ltd will install 100 printing machines in premises of TATA TEA Ltd for their unlimited use.

The title & ownership of machine remains with HP Ltd. No separate consideration is recovered from TATA Tea Ltd for use of Printers subject to condition that TATA TEA Ltd will purchase cartridges & other consumable minimum worth Rs. 5,00,000/- in a financial year. In case of shortfall, the HP Ltd will recover the amount to tune of shortfall as commitment charges.

During FY 2024-25, TATA TEA has purchased consumables worth Rs. 4.50 lacs. The GST department issued SCN for levy of GST @18% on Rs. 50,000/- charged/recovered by HP LTD as per contract?



9. MAHARSHTRA UNIVERSITY is a university established under MAHARASHTRA UNIVERSITY ACT, 1994. University is set up for providing Higher Education in state of MAHARASHTRA

MAHARASHTRA UNIVERSITY has granted affiliation to about 100 colleges in state of Maharashtra and has collected **"AFFILIATION FEES"**

Whether collection of Affiliation Fees is a supply under GST?

