

# The Institute of Chartered Accountants of India (Set up by an Act of Parliament)



**E-NEWSLETTER  
OCTOBER - 2017**



## **Gandhidham Branch of WIRC of ICAI**

May millions of lamps illuminate ur life with  
endless joy, prosperity, health nd wealth forever...  
Wishing u and ur family a very

*Happy Diwali*

**2017**

## CHAIRMAN'S MESSAGE



*"Always aim at complete harmony of thought and words and deed. Always aim at purifying your thoughts and everything will be well"*

– Mahatma Gandhi

## MANAGING COMMITTEE

CA KARTIK VARAIYA Chairman	- 9825071722
CA ANIMESH MODI Vice Chairman	- 909937733
CA RAJENDRA SHAH Secretary	- 9426731560
CA KARAN THACKER Treasurer	- 9979878590
CA JYOTI HARSH Member	- 9825351565
CA RAJIV SINGH Past Chairman	- 9879841029

Dear Members,

I take this opportunity to wish all my Colleagues, Members, Students and their families a very **HAPPY DIWALI!** May the festival of lights fill everyone's lives with happiness, joy, peace and prosperity.

We are many a times prisoners of **Expectations**. We expect so many things from our clients, colleagues, staff, children, friends, spouse and even from ourselves. As expectations are not met, we feel life is muddy and messy, resulting in conflict, confusion, stress and anger. Stephen Hawking has rightly said – "When one's expectations are reduced to zero, one appreciates everything". However, it is not practically possible to not have any expectations. So, let us analyse whether the expectation was realistic as there is always gap between dream and reality. Also let us understand the difference between "giving" and "sharing". In "giving" – one expects whereas while "sharing" – one enjoys. So let us enjoy.

The month began with the most decorated event of the year by WIRC i.e. 32nd Regional Conference at The Grand Hyatt Hotel, Mumbai. The experience at the conference was outstanding. We enjoyed feast of knowledge served by expert speakers.

Friends, September is historically a slow paced month as activities at Branch are in slumber. The branch has organized half day seminar on Reverse Charge Mechanism under GST by CA Abhay Desai from Baroda. The program received overwhelming response in terms of participation and healthy discussion.

The branch has organized GST Awareness Program jointly with TMIMS and GST Commissionerate, Kutch for Management students and CA Students. Shri Pramod Vasave, GST Commissioner, Kutch and Shri Ranjan Prakash, Joint Commissioner GST-Kutch graced the occasion.

Team Gandhidham is looking forward to the next few months as we poised to host a **Two Days Mega Conference** on variety of topics covering GST, Direct Tax & RERA on 4<sup>th</sup> & 5<sup>th</sup> November, 2017. Expert faculties from all the corners of the country will share their knowledge and experiences. Detailed structure of the conference is overleaf. I urge all the members to be a part of this conference. Members willing to assist the branch in various tasks of organizing conference and various other activities are heartily welcomed.

Next much awaited event by Gandhidham Branch is Domestic **Residential Refresher Course (RRC)** is scheduled from 26<sup>th</sup> – 28<sup>th</sup> January, 2018 at Pride Ambar Villas, Jaipur which is also known as "Paris of India". This would be a unique combination of Education and Entertainment. Education from renowned faculties from New Delhi & Jaipur with sightseeing of Jaipur city as never seen before with full of entertainment. I request members to register soon as very few seats are left.

May every day of the New Year glow with good cheer & happiness for you and your family.

नए वर्ष में नई पहल हो । कठिन जिंदगी और सरल हो ॥  
अनसुलझी जो रही पहली । अब शायद उसका भी हल हो ॥

जो चलता है वक्त देखकर । आगे जाकर वही सफल हो ॥  
नए वर्ष का उगता सूरज । सबके लिए सुनहरा पल हो ॥

समय हमारा साथ सदा दे । कुछ ऐसी आगे हलचल हो ॥  
सुख के चौक पुरे हर द्वारे । सुखमय आँगन का हर पल हो ॥

With warm regards

**CA Kartik Varaiya**  
Chairman,  
Gandhidham Branch of WIRC of ICAI

## Composite and Mixed Supply under the GST Acts

### 1. Composite Supply

Section 2(30) of the CGST Act, 2017 defines the term “Composite Supply” as follows :

“Composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Therefore, a supply to be considered as composite supply following conditions must be fulfilled :

(i) A taxable person is supplying to a recipient two or more taxable supplies of goods or service or both or any combination thereof in one supply

(ii) Such supply of two or more goods or service in one supply are **naturally bundled. Therefore can't be supplied one goods or service independently without others goods or service by such supplier or class of suppliers.**

(iii) Such goods or service or both are supplied in conjunction with each other and in the **ordinary course of business.**

(iv) One of such goods or service is a principal supply.

**Example of Composite supply :** Today commercial goods and services are supplied in such a fashion that one can cite many examples of composite supply. Two examples are described below :

**(i) Sale of flight ticket by an airline company:** It is very common and natural today that airline companies provide food and beverages to their passengers on board. Here we see, two supplies, one transportation of passenger and another supplying of foods and beverages to passengers on board, are supplied by an airline company against sale of a flight ticket. This is an example of composite supply. Because both supplies are supplied in the ordinary course of business of an airline company. Both are naturally bundled in the present scenario of airline service providing business because right of having food and beverage automatically comes to a passenger on board. Here principal supply is transportation of passenger by flight.

(ii) Transportation of goods with insurance, packing materials, etc.: This example has been given in the CGST Act, 2017. Where goods are packed and transported with insurance, the supply of goods and packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.



## **2. Mixed Supply**

Section 2(74) defines the term “Mixed Supply” as follows:

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Therefore, a supply to be considered as mixed supply following conditions must be fulfilled:

(i) Two or more individual supplies of goods or service or any combination thereof are supplied in one supply.

(ii) Such supply is made at a single price

(iii) Such supply does not constitute a composite supply. Therefore, such supplies of goods or services or both are not naturally bundled and not in the ordinary course of business of the supplier.

If a supply falls under the definition of composite supply such supply can't be considered as mixed supply. Therefore, the first test should be whether a supply of two or more goods or services or both in one supply at a single price fulfills the conditions of being treated as composite supply. If such supply does not fulfill the conditions for being treated as composite supply only then it can be treated as mixed supply.

**Example of mixed supply :** Three examples of mixed supplies are described below :

(i) A departmental store is selling some packaged food stuff and daily usable cosmetic items in a larger container at a single price. This is an example of mixed supply. Because, packaged food stuffs and cosmetic items are not naturally bundled. Individual items of packaged food stuff and cosmetic items can be sold separately by the departmental store itself.

(ii) A five star hotel in Mumbai, providing lodging, fooding and sight seeing services for 2 days and 3 nights at a single fixed price for their guests. It is an example of mixed supply. Because, services of hiring out of hotel room to its guest and taking them to sight seeing are not naturally bundled and not in the ordinary course of business of a hotel. Such two services can be supplied independently and separately. Therefore, such packaged supply of services and goods at a single price does not fulfill the condition of a composite supply. Hence, it is a mixed supply.

(iii) The example has been given in the CGST Act, 2017: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

### 3. Tax Liability on Composite & Mixed Supply

#### (i) Tax liability on composite supply

According to the section 8 (a) of the CGST Act, 2017 “a composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply”.

Therefore, tax rate of the goods or service treated as principal supply shall be applicable on the entire value of composite supply.

In the above given example (i) under composite supply the principal supply is transportation of passenger by flight. Therefore, the tax rate applicable on service of transportation of passengers by air is to be applied on the entire value of tickets ignoring the value of food and beverages to be supplied to the passengers on the board by the airline company. Supposing the price of the air ticket is Rs.5,000.00 excluding GST. The journey is by air in economy class. Applicable rate of GST is @5%. Therefore, GST shall be added to the price of ticket is Rs. 250.00. Gross price of the ticket (including GST) shall be Rs. 5,250.00.

In the above given example (ii) under composite supply the supply of goods is principal supply. Supposing the supplier is supplying parts of motor vehicle. Such goods will be delivered at the place of business of the recipient by the supplier. Value of such supply includes transportation charges, packing charges and insurance charges. Therefore, there are four supply (i) Supply of Motor parts (i.e. principal supply), (ii) Supply of transportation service, (iii) Supply of packing materials, (iv) Supply of insurance service. But the parts of motor vehicle being the principal supply, the GST rate applicable on parts of motor vehicle shall be applied on entire value of the supply. Supposing value of the supply (excluding GST) is Rs.5,00,000.00. GST rate on motor vehicle is 28%. Therefore, GST liability on such transaction is coming to Rs.1,40,000.00. Hence, the value of supply including GST will be Rs. 6,40,000.00.

#### (ii) Tax liability on mixed supply

According to the section 8 (b) of the CGST Act, 2017, “a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax”.

In the above example (i) under mixed supply supposing cosmetic items are a bottle of perfume and a makeup box. Therefore, the tax rate shall be applicable @28%. Rate of tax of packaged food stuff is @12%. Therefore, 28% being the highest tax rate of goods containing in the mixed supply, tax shall be calculated @28% on the entire value of such supply.

In the above example (ii) under mixed supply GST rate applicable for accommodation in a five star hotel is 28%. GST rate of on tour operator service is 5%. The tax rate of 28% being the higher of two, shall be applicable on the entire value of such supply by the five star hotel.

**ORDER PASSED BY THE GUJARAT REAL ESTATE REGULATORY  
AUTHORITY IN RESPECT OF  
LATE REGISTRATION OF APPLICATIONS FOR ON GOING PROJECTS**

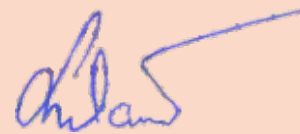
**Order No.1**

**Date : 19/09/2017**

Several efforts have been made to persuade promoters to register their applications. During the course of a review meeting held today where-in the Secretary, Technical Officer, Controller of Finance were present, it was felt that it would not be appropriate to further await the applications for registration of on-going Real Estate Projects.

Section - 3 (1) of the Real Estate Regulation and Development Act-2016 states that "no promoter shall advertise, market, book, sell or offer to sale or invite persons to purchase..... without registering the Real Estate Project with the Real Estate Regulatory Authority established under this Act". It was agreed that it was necessary to draw the attention of the promoters to the requirements of the Act and the provisions of the default.

Promoter/Developer who do not apply for the registration of their ongoing projects before 1/10/2017 will be required to pay a registration fee and a penalty equivalent to the registration fee for applications during the period from 1/10/2017 to 31/10/2017. From 1/11/2017 to 30/11/2017, the amount to be paid at the time of registration would be the registration fee plus two times registration fee as a penalty. This would not in any way reduce the element of liability in the event of other defaults including intentional delay in registration, false representation etc. For every application made on or after 1/10/2017, the promoters shall furnish a letter giving the details of reasons for the delay in the registration based on which Authority would be free to take a view on the liability.



**Chairperson  
(Guj.RERA)**

## Two Days Mega Conference on Direct & Indirect Taxes Organised By : GANDHIDHAM Branch of WIRC of ICAI

Date & Time	Venue
04th November, 2017 & 05th November, 2017	Hotel Radisson Kandla, Gandhidham

**Registration & Breakfast : 08:30 a.m. to 9:30 a.m.**

**Inaugural Function : 09:30 a.m. to 10:30 a.m.**

Timing	Topics & Speakers
10:30 am to 01:30 pm	Recent issues under Direct Taxes Issues relating to Demonetization and Benami Property Act By Adv. Kapil Goel – New Delhi

### 60 Minutes Lunch

02.30 pm to 03.00 pm 03:00 pm to 06:00 pm	Presentation by Sponsor Issues and intricacies of Input Tax Credit under GST By CA V. Raghuraman – Bangalore
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### DAY-2

**Breakfast : 08:30 a.m. to 9:30 a.m.**

Timing	Topics & Speakers
09:30 am to 11:30 am	GST Impact Practical issues on Shipping including GTA related services By CA Rajiv Luthia – Mumbai

### Tea Break

11:45 am to 01:45 pm	Overview of RERA / * By CA Hemal Mehta – Mumbai * Confirmation awaited
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### Lunch 60 Minutes

02.45 pm to 03.00 pm 03:00 pm to 05:00 pm	Presentation by Sponsor International Taxation – Issues and Recent Updates By CA Milin Mehta – Vadodara
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#### Programme Convener

CA Kartik Varaiya	– Chairman	98250 71722
CA Animesh Modi	– Vice Chairman	90993 77733
CA Rajendra Shah	– Secretary	94267 31560
CA Karan Thacker	– Treasurer	99798 78590

#### Programme Co-ordinator

**CA Rajiv Singh**

Imm. Past Chairman  
98798 41029



Contact for Registration  
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Ph. No. 02836 – 230305

For Online Reg. [www.gandhidham-icai.org](http://www.gandhidham-icai.org) (After 10th October 2017)

**Limited Seats, registration will be on first come-first serve basis.**

1. Conference Fees (To be paid online or by Cheque / Demand Draft only) –

(As a step towards digital India – We will not accept any cash payments)

For Member: Rs. 2,500/- + 18% GST for Members – up to 25<sup>th</sup> Oct, 2017

For Member: Rs. 3,000/- + 18% GST for Members – on or after 26<sup>st</sup> Oct, 2017

For Non Members Rs 3,500/- + GST 18% – up to 25<sup>th</sup> Oct, 2017

For Non Members Rs 4,000/- + GST 18% – on or after 26<sup>th</sup> Oct, 2017

2. Conference Fees are non-refundable and non-transferrable

## **GANDHIDHAM BRANCH OF WIRC OF ICAI**

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### **Disclaimer:**

*Views and opinion expressed or implied in the articles are solely of the authors and do not necessarily reflect those of the branch / institute.*



