



**SUPPLY**

**TIME OF SUPPLY &  
VALUE OF SUPPLY**

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# Basic Concepts

- **Primary Intent:** To create a seamless single market in India.
- **Tax to be subsumed:** Excise Duty, Service Tax, CST, CVD, VAT, Entry tax, state entertainment taxes, advertisement taxes.
- **Taxes to remain:** BCD, taxes on alcoholic liquor, Stamp Duty, Property tax, tax on electricity, petroleum and petroleum products (GST to be levied from a date to be notified), Local body taxes on Entertainment.
- GST is a **destination based consumption tax**.
  - (a) **Intra State Supply:** Location of Supplier and Place of Supply in the same state/UT: CGST + SGST to be charged.
  - (b) **Inter-State Supply:** Location of Supplier and Place of Supply in different States/UT's: IGST to be charged.

# GST Levy and Collection

GST to be levied on all supplies of goods and/or services  
[Shift from “manufacture” “sale” and “provision of service”]

On the value determined under section 15

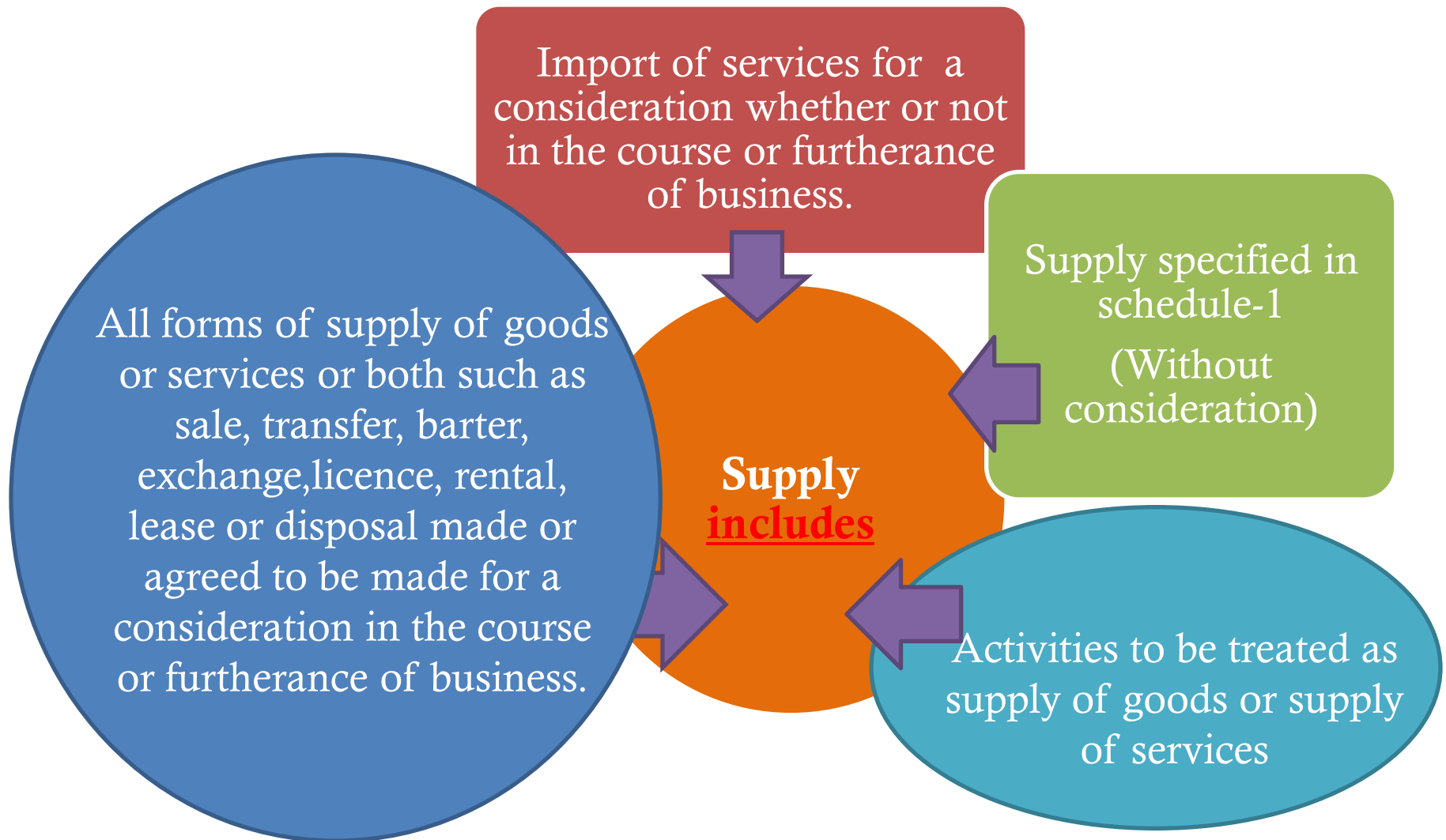
Paid by every taxable person

Place of Supply Rules: To determine the destination/consumption

Specific categories of goods/services– Reverse Charge Mechanism

Taxable Supplies from **Unregistered Persons**- tax payable under RCM by the Registered Person.

# Meaning and Scope of Supply-**“Litigation Friendly”**



# CONSIDERATION

**Section 2(31) of the CGST Act: consideration includes:**

- any payment made or to be made in respect of,
  - Monetary value of any act or forbearance
- } in response to, or for inducement of a supply whether by recipient or by any other person
- Deposit shall not be considered unless the supplier applies such deposit as consideration for the said supply.
  - **Excludes:** subsidy given by the Central Government or a State Government.

# Schedule-I Supplies without consideration

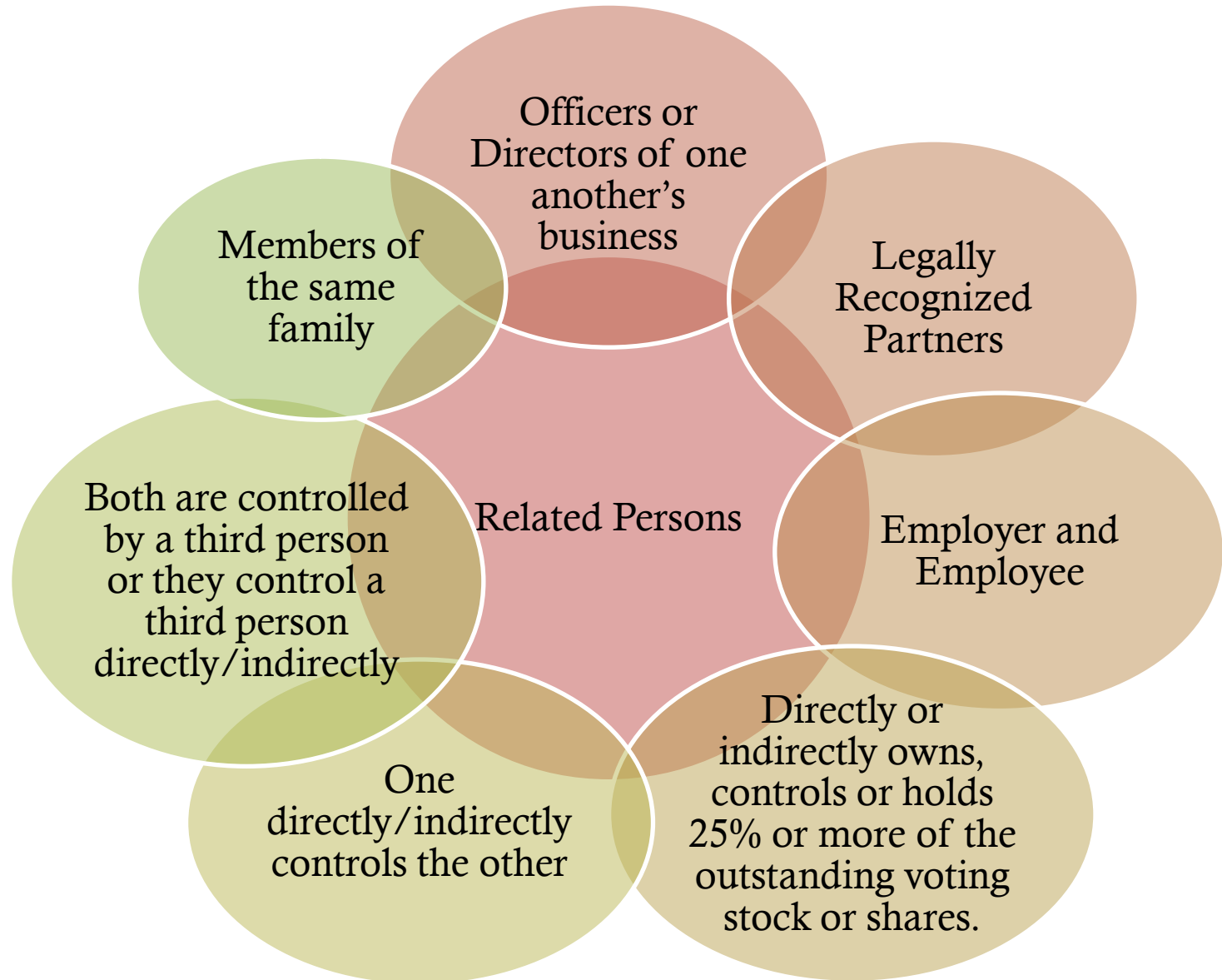
1. **Permanent transfer or disposal of business assets** where ITC has been availed on such assets.
2. Supply of goods and/or services between **related or distinct persons** when made **in the course or furtherance of business**.

[Provided that gifts not exceeding Rs 50,000/- in value in a financial year by an **employer to an employee** shall not be treated as supply of goods or services or both.]

## 3. **Supply of goods**

- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal
  - (b) Supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
4. **Import of services** by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

# WHO ARE RELATED PERSONS?



# DISTINCT PERSONS

Person having an establishment in India and any other establishment outside India

Establishment in a State or UT and any other establishment outside that State; or

Establishment in a State or UT and other establishment being a business vertical **registered** within that State or UT



# TAXABLE PERSON

- Every supplier making a **taxable supply of goods and/or services**, if his aggregate turnover\* in a financial year exceeds 20lakh Rupees. [Rs 10lakh for special category states.]

**Aggregate Turnover** means: All taxable supplies (excluding supplies on which tax is payable on RCM) + Exempt supplies + Export of goods or services and inter-state supplies of a person having same PAN computed on all India basis but excludes taxes under CGST,SGST and IGST Act].

Supplies made whether on one's own account or on behalf of his principals will be included in Aggregate Turnover for this section.

- Existing Assessee

Compulsory registration	Not considered taxable person
<ul style="list-style-type: none"> <li>➤ Person making inter-state supply</li> <li>➤ Casual taxable persons</li> <li>➤ Persons who are required to pay tax under reverse charge</li> <li>➤ Non-resident taxable persons,</li> <li>➤ ISD , E-commerce Operator, persons supplying through E-commerce operator and Agent,</li> <li>➤ Deductor of tax</li> <li>➤ Supplier of online information and database services from a place outside India to a person in India.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Persons exclusively supplying non taxable goods and/or services</li> <li>➤ An agriculturist, to the extent of supply of produce out of cultivation of land.</li> </ul>

# Deemed Supply of Services and/or goods: Schedule : II

## Deemed Supply of Goods

- Transfer of title in Goods
- Transfer of title in Goods which stipulates that property in goods will pass at a future date.
- Transfer or Disposal of Business Assets by or under the directions of person carrying on business.
- Business Assets remaining on cessation of business: considered as a deemed supply of goods before he ceases to carry on the business.  
[**Exceptions:** Transfer as a going concern or continuation of business by a personal representative.
- Supply of Goods by an unincorporated association to a member.

## Deemed Supply of Service

- Transfer of goods/right in goods or of undivided share of goods without transfer of title.
- Lease/tenancy/easement/ licence to occupy land. Lease or letting of building including a commercial/industrial or residential complex for business or commerce and Renting of immovable property
- Goods held for business purpose are put to a private use or made available for a personal usage in the course of business.
- Construction of a complex, building, civil structure or a part including a complex intended for sale except where the entire consideration is received after issuance of CC or after its first occupation **whichever is earlier.**
- Temporary transfer or permitting the use or enjoyment of any IPR. Development, design, customization of IT software.
- Agreeing to the obligation to refrain from an act, tolerate an act or situation or to do an act;
- Works contract
- Supply by way of or as a part of service or in any other manner of goods being food or any article of human consumption.

## NEITHER SUPPLY OF GOODS NOR SUPPLY OF SERVICES

- Services by an employee to the employer in the course of or in relation to his employment.
- Services by any court or Tribunal.
- Functions performed by MP's, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.
- Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- Sale of land, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- Actionable claims, other than lottery, betting and gambling.
- Activities undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities to be notified.

# COMPOSITE SUPPLY VS MIXED SUPPLY

## Composite Supply-Section 2(30)

- A. Supply comprising of two or more **taxable** supplies of goods and/or services;
- B. naturally bundled and supplied in conjunction with each other in the ordinary course of business
- C. One of which is a principal supply.

## Principal Supply-Section 2(90)

- A. Predominant element of a composite supply
- B. Any other supply is ancillary and does not constitute an aim in itself

# COMPOSITE SUPPLY VS MIXED SUPPLY

## Mixed Supply-Section 2(66)

- A. **Two or more individual supplies** or any combination thereof;
- B. Made in conjunction with each other **for a single price;**
- C. where such supply does **not constitute a composite supply.**

# COMPOSITE SUPPLY VS MIXED SUPPLY


**Determine whether the following are composite supplies or mixed supplies**

1. Hotel Stay with a pick and drop facility from Airport/Railway Station.
2. Sale of Washing Machine with a free SPA voucher
3. Sale of Air tickets which includes the cost of meals to be served on board.
4. Supply of a hamper consisting of fruits, dry snacks and chocolates.

# COMPOSITE SUPPLY VS MIXED SUPPLY



**Composite supply:**  
Supply of **Principal Supply**



**Mixed Supply**  
Supply which attracts  
the **highest rate of tax.**

# VALUE OF SUPPLY

[Section 15 of the CGST Act]



# VALUE OF A TAXABLE SUPPLY

Value of Taxable Supply of Goods and/or Services

Supplier and Recipient are **not related**

Price is the sole consideration

Transaction Value (Section 15)

Price is **not** the sole consideration

Supplier and Recipient are **related or distinct**

GST Valuation Rules

# VALUE OF TAXABLE SUPPLY-SECTION 15

## Transaction Value

[price actually paid or payable for the supply]

Supplier and Recipient are not related and price is the sole consideration

Includes

Taxes, duties, cesses, fees and charges under any law other than under the GST Act

Amount that supplier is **liable** to pay but incurred by the recipient.

Incidental expenses charged in respect of the supply

Interest or late fee or penalty for delayed payment of consideration.

Subsidies directly linked to the price excluding subsidies provided by government.

# VALUE OF TAXABLE SUPPLY-SECTION 15

Whether a broker is required to charge GST on charges levied on the contract notes like STT, stamp duty, SEBI fees etc?

**Circular No. 187/107/2010-CX.4 dated September 17, 2010**

Since the Stamp duty and Security Transaction Tax, are the liability of the buyer/seller of securities and the broker pays the same acting as a Pure Agent the same are not includible in the taxable amount in terms of Rule 5(2) of the Service Tax (Determination of Value) Rules, 2006. All other charges by whatever name called recovered by the broker from the buyer/seller of securities are includible in the taxable value in terms of Rule 5(1) of the Service Tax (Determination of Value) Rules, 2006.

# Reimbursements

**Sri Bhagavathy Traders Vs. Comm of C.Ex, Cochin [2011(24) STR 290 (Tri.-LB)**

**Held:** The claim for reimbursement towards rent for premises, telephone charges, stationery charges etc. amounts to a claim by the service provider that they can render such services in vaccum. What are costs for input services and inputs used in rendering services cannot be treated as reimbursable costs. There is no justification or legal authority to artificially split the cost towards providing services partly as cost of services and the rest as reimbursable expenses. [para 6.4].

## **Scope of the term “reimbursements”**

If the buyer enters into a contract for supply of raw materials after negotiating prices from the supplier for the raw materials and the raw materials are received by the manufacturer and the manufacturer pays the amounts to the supplier of raw materials and recovers the same from the buyer, **it can certainly be considered as reimbursements**. In such case the manufacturer has no role about choosing the source of the materials procured or the price at which the materials procured and the manufacturer is not under any legal or contractual obligation to pay the amount to the supplier.

# Reimbursements

**Intercontinental Consultants & Technorats (P.) Ltd V. Union of India [2012] 28 taxmann.com 213 (Delhi)**

**Held:** Rule 5 (1) which provides for inclusion of the expenditure or costs incurred by the service provider in the course of providing the taxable service in the value for the purpose of charging service tax is **ultra vires sections 66 and 67** and travels much beyond the scope of those sections. To that extent it has to be struck down as bad in law. [Para 11].

**Appeal by the Revenue has been admitted in the Supreme Court and is pending disposal [2014] 49 taxmann.com 520 (SC)**

# Value of a Taxable Supply-Section 15

Transaction Value

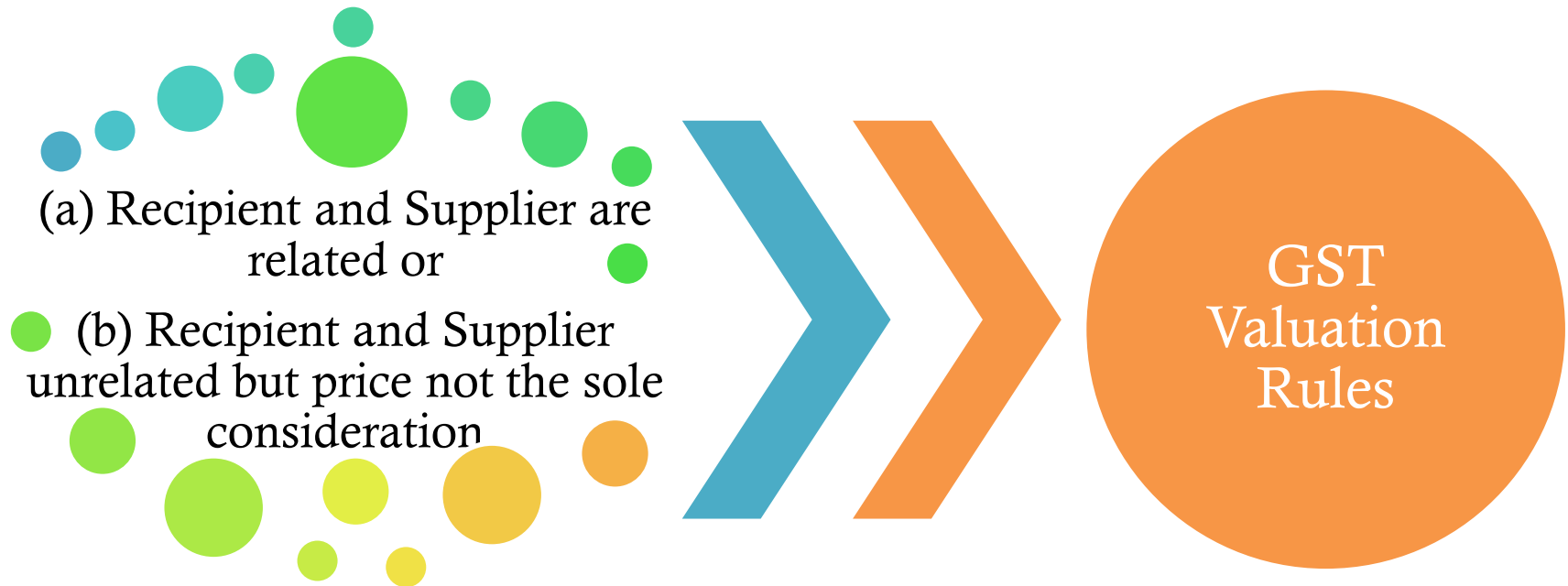
[price actually paid or payable for the supply]

Excludes

Discounts if

- (a) Recorded in the invoice issued in respect of the supply  
or
- (b) After the supply is effected if:
  - (i) Established in terms of agreement and specifically linked to relevant invoices;
  - (ii) ITC is reversed by the recipient of supply

# GST Valuation Rules



# GST Valuation Rules

## Rule 1: Consideration not wholly in money

- (a) Open market value of the supply;
- (b) If open market value not available, sum total of consideration in money and such further amount in money which is equivalent to the consideration not in money **if such amount is known at the time of supply;**
- (c) Value not determinable as above, the value of supply of goods and/or services of like kind and quality;
- (d) Value not determinable under clause (a) or (b) or (c), sum total of consideration in money and such further amount in money which is equivalent to the consideration not in money to be determined by **application of rule 4 or rule 5 in that order.**

**Eg: Exchange Offers**



# GST Valuation Rules

## Open market value

Means full value in money excluding integrated tax, central tax, state tax, union territory tax and the cess payable by a person in a transaction, where the supplier and recipient are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.

## Supply of like kind and quality

Means supply of goods and/or services made under **similar circumstances** that, in respect of the characteristics, quality, quantity, functional components, materials and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

# GST Valuation Rules

Rule 2: Supplies between **distinct or related persons** other than through agent

- (a) Open market value of the supply;
- (b) If open market value not available, value of supply of goods or services of like kind and quality
- (c) Value not determinable under clause (a) or (b), value as determined by **application of rule 4 or rule 5 in that order.**

**What will be the value of supply in case of invoices raised on branch offices?**



# GST Valuation Rules

## Proviso to Rule 2 of the Valuation Rules

Where the recipient is **eligible for full input tax credit**, the **value declared** in the invoice shall be **deemed to be the open market value** of goods or services.



# GST Valuation Rules

## Rule 3: Supply of Goods made or received through an agent

- (i) Open Market Value of the goods being supplied or
- (ii) 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person where goods are intended for further supply by the said recipient.
- (iii) Where value cannot be determined as above, than to be determined by following Rule 4 or Rule 5 in that order.

**Illustration:** Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs.5000 per quintal on the day of supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs.4550 per quintal. The value of the supply made by the principal shall be Rs.4550 per quintal or where he exercises the option the value shall be 90% of the Rs.5000 i.e. is Rs.4500 per quintal.

# GST Valuation Rules

## Rule 4 (based on cost)

- Value to be 110% of the cost of production/manufacture or cost of acquisition of such goods or cost of provision of services.
- **Supplier of services, may opt for Rule 5 disregarding Rule 4**

## Rule 5 (Residual method)

- Reasonable means consistent with section 15.

## Posers???

- Whether free samples liable for GST? If yes, determine the value of supply
- Whether gifting a motor vehicle to an employee is liable for GST? If yes, determine the value of supply
- Builder undertaking redevelopment activity for a society against the land development rights granted by the society. Determine the value of supply

# GST Valuation Rules

## Rule 6: Valuation of Specific Services

Sr. No.	Particulars	Value
A.	<b>Purchase or Sale of foreign currency including money changing [Option 1]</b>	
(i)	Currency exchanged from or to INR	Difference in the buying rate or selling rate and the RBI reference rate multiplied by total units of currency.
(ii)	RBI reference rate not available	1% of gross amount of Indian Rupees provided or received by the person changing the money.
(iii)	Where neither of the currency exchanged is Indian rupees	1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into INR on that day at RBI reference rate.

# GST Valuation Rules

## Rule 6: Valuation of Specific Services

Sr. No.	Particulars	Value
	<b>Purchase or Sale of foreign currency including money changing [Option 2]</b>	
(i)	Gross amount of currency exchanged for an amount upto Rs 100,000 subject to minimum of Rs 250.	1% of the gross amount
(ii)	Gross amount of currency exchanged for an amount of rupees exceeding Rs. 100,000 and upto Rs. 10,00,000/-	Rs 1000 + 0.5% of the gross amount of currency
(iii)	Gross amount of currency exchanged for an amount of rupees exceeding Rs 10,00,000/-	Rs 5000 + 1/10th of the gross amount of currency. [maximum Rs 60,000/-]

**Note: Option once selected cannot be withdrawn during the remaining part of that financial year.**



# GST Valuation Rules

## Rule 6: Valuation of Specific Services

Sr. No.	Particulars	Value
B.	<b>Air Travel Agent</b>	
(i)	Domestic bookings	5% of the basic fare
(ii)	International bookings	10% of the basic fare

**Basic Fare:** Part of the air fare on which commission is normally paid to the air travel agent by the airline.

# GST Valuation Rules

## Rule 6: Valuation of Specific Services

Sr.No.	Particulars	Value
C.	<b>Life Insurance Business</b>	
(i)	Gross Premium charged reduced by the amount allocated for investment or savings on behalf of the policy holder, if the amount is intimated to the policy holder at the time of supply of service	
(ii)	Single premium annuities other than (a)	10% of the single premium charged from the policy holder
(iii)	In other cases	(a) 25% of the premium charged from the policy holder in the 1 <sup>st</sup> year and (b) 12.5% of the premium charged in subsequent years.

The above shall not be applicable where the entire premium paid is only towards risk cover in life insurance.

# GST Valuation Rules

## Rule 6: Valuation of Specific Services

Sr.No.	Particulars	Value
D.	<b>Dealers dealing in buying and selling of second hand goods</b>	
	No input tax credit availed on purchase of such goods	Difference between the selling price and purchase price. Where the value is negative it will be ignored.
E.	<b>Value of a token or voucher or a coupon or a stamp (other than postage stamp)</b>	
	Redeemable against supply of goods or services	Value of goods and/or services redeemable against such token, voucher, coupon or stamp

# GST Valuation Rules

## Rule 7: Pure Agent

Pure agent means a person who-

- (a) Enters into a contractual arrangement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- (b) neither intends to hold nor holds any title to the goods or services or both so procured or provided as pure agent of the recipient of supply;
- (c) does not use for his own interest such goods or services so procured; and
- (d) Receives only the actual amount incurred to procure such goods or services.

# GST Valuation Rules

## Rule 7: Pure Agent

**Expenditure or costs** incurred by the supplier as a pure agent of the recipient of supply of services to be **excluded** from value provided the **following conditions are satisfied**

Supplier acts as a pure agent when he makes the payment to the third party as the **contract for supply is between third party and recipient of supply.**

Recipient uses the services procured and is liable to make payment to a third party

Recipient authorizes the supplier to make payment on his behalf

Recipient knows that the services shall be procured from a third party and the supplier only recovers the actual amount paid by him to the third party.

Services procured by the supplier from the third party are in addition to the supply he provides on his own account.

# TIME OF SUPPLY

[Section 12 and 13 of the CGST/SGST Act]

The point of time at which the liability to pay tax arises on a taxable supply

# POINT OF TAX UNDER THE EXISTING LAWS

## VAT/CST

- Sale of Goods

## Service Tax

- **Earlier** of:
  - Issue of Invoice
  - Receipt of Payment

## Excise

- Removal of Goods

# Time of Supply of Goods –Section 12 (2)

**Earlier** of the following:

- A. Date of Issue of Invoice;
- B. Last date on which Invoice is required to be issued under section 31(1);
- C. Date of receipt of payment.  
[Date on which payment is entered in the books of accounts or credit in bank account whichever is earlier]

**Explanation: 1** – Supply deemed to have been made to the extent covered by the invoice or as the case may be payment.



# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(1)(a)	<p>Goods are required to be <b>removed</b>, supply involves movement Eg: Sale of Goods, Branch Transfers etc.]</p> <p>[Removal: Section 2(96)]</p> <ul style="list-style-type: none"><li>• Despatch of Goods for delivery by the supplier</li><li>• Collection of Goods by the recipient</li></ul>	before or at the time of removal.
31(1)(b)	<p><b>Any other case:</b> Date of delivery or making available to the recipient.</p> <p>Eg: Where the goods are supplied in assembled or installed form at customers premises, sale and lease back transactions etc.</p>	Before or at the time of delivery or making available

# Illustration

Situation	Date of Removal	Date of making available	Receipt of Payment	Issue of Invoice
Sale of Goods at the Factory Gate	05/04/17	07/04/17	15/04/17	25/04/17
Installation of Plant and Machinery	-	25/04/17	25/06/17	27/06/17
Branch Transfer	01/05/17	05/05/17	-	20/04/17

# Last Date of issuance of invoice : Section 31

## Situation

### **Continuous supply** of goods:

- Supply of goods continuously or on recurrent basis;
- whether or not by means of wire, cable, pipeline or conduit;
- on a regular or periodic basis

Eg: Gas Supply, Agreement for supply of products continuously for a specified period. Etc.

# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(4)	<b>Successive statement of account</b> or <b>successive payments</b> are involved.	Before or at the time each such statement is issued.
	Successive statement of account or successive payments not involved.	No such date provided.  Time of Supply: General Rule to apply

# Illustration

Expiry of period for issuance of SOA or SOP	Date of Removal	Receipt of Payment	Statement of Account/Payment	Issue of Invoice
30/06/17	15/06/17	15/07/17	10/07/17	17/07/17
30/06/17	10/05/17	05/05/17 (Part )	25/05/17	15/05/17
		25/05/17	25/05/17	20/05/17

Note: Date of Removal of Goods/making available not relevant in case of continuous supply.

# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(7)	Sale on Approval basis	<p>Earlier of:</p> <ul style="list-style-type: none"><li>• Before or at the time when it becomes known that the supply has taken place.</li><li>• 6 months from the date of removal</li></ul>

# TIME OF SUPPLY OF GOODS-Reverse Charge Mechanism [Section 12(3)]

## Reverse Charge Mechanism: Section 2(98)

Liability to pay tax by the person **receiving goods and/or service**.

- (a) Date of **receipt of goods** by the recipient, or
- (b) Date on which **payment is made** by the recipient, [Earlier of date of payment entered in the books or debit in his bank account]
- (c) date **immediately following 30 days from the date of issue** of invoice by the supplier.

If it is not possible to determine the time of supply under above clauses-**Date of entry in the books of recipient**.

# TIME OF SUPPLY OF GOODS-Reverse Charge Mechanism [Section 12(3)]

Date of Receipt of Goods	Date of issue of invoice	Date of Payment	Date of debit in his books of Accounts
15/05/17	02/04/17	30/06/17	18/05/17
20/04/17	05/05/17	25/04/17	30/04/17

Note:

- A. Date of Issue of Invoice not relevant
- B. 30 Days to be calculated from the date of issue of invoice and not date of receipt of invoice.
- C. Receipt of Goods is relevant: Inward Register to be maintained.



# TIME OF SUPPLY OF GOODS-Section 12

Sale of vouchers  
(Section 12(4))

Supply is identifiable

Date of issue of voucher

In all other cases

Date of redemption

Any other case  
(Section 12(5))

- Date on which return is filed
- Date on which tax is paid.

Whichever is earlier

# Illustration

A] A shop sells gift vouchers worth Rs 5000/-, the customers buying the vouchers can redeem the same within 6 months of the date of issue on any of the products sold in the shop. Determine the time of supply?

B] A company has disposed off scrap material in its factory. The department intends to levy GST on the scrap disposed off?. Whether the said disposal is a taxable supply, If yes, determine the time of supply?

# TIME OF SUPPLY OF SERVICES-Section 13(2)

Situation	Time of Supply	
If Invoice is issued within the period prescribed (Section 31)	Date of issue of invoice or Date of receipt of payment	Which ever is earlier
If invoice not issued within the prescribed period	Date of provision of service or Date of receipt of payment	Which ever is earlier
In all other cases	Date on which the recipient shows receipt of services in his books of accounts.	

**Date of receipt of payment: Date on which payment is entered in the books of accounts of the supplier or the date of credit in the bank account.**

# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(2)	General Rule	Before or within 30 days of provision of service.

# Last Date of issuance of invoice : Section 31

## Situation

### Continuous Supply of Service – Section 2(31)

- Provided continuously or on a recurrent basis under a contract;
- Period exceeding 3 months
- Periodic payment obligations.

Eg: Construction Contracts, Renting of Immovable property, Insurance Contracts, telecommunication services etc.

The Central Government/State Government may specify by notification the supply of goods or services to be treated as continuous supply.

# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(5)(a)	<p><b>Due Date</b> of Payment is <b>ascertainable</b></p> <p>[Date on which payment is due is specified in the contract/agreement]</p>	On or before the due date of payment
31(5)(b)	<p><b>Due Date not ascertainable</b></p>	Before or at the time the supplier receives payment.
31(5)(c)	<p><b>Payment linked to completion</b> of an event</p>	On or before the completion of that event.

# Illustration

Membership of a Club is renewable yearly and is due on 30<sup>th</sup> July, 2017. Mr Y. has failed to renew the membership. On continuous reminders the membership is renewed on 25/09/2017. The club has discharged GST considering the actual date of renewal i.e. 25/09/17. Whether the club has complied with the provisions of Time of Supply under GST?

Due Date of Renewal	Date of Renewal/Date of Receipt
30/07/2017	25/09/2017

# Illustration

Mr Y. has entered into an agreement with a builder for purchase of an under- construction flat. The Agreement specifies that payment is to be made as follows:

- A. On completion of the plinth: 10%
- B. On completion of 2<sup>nd</sup> floor : 25%
- C. On completion of 5<sup>th</sup> Floor: 50%
- D. On completion of paint and wiring: 15%

Determine the date when invoice is required to be issued and the time of supply?



# Last Date of issuance of invoice : Section 31

Section	Situation	Last Date of issue of invoice
31(6)	Supply of Service ceases under a contract before its completion	At the time when the supply ceases to the extent of the supply effected before its cessation

# TIME OF SUPPLY OF SERVICES-Section 13

Reverse Charge  
Mechanism  
[Section 13(3)]

- **Earlier of**
- Date on which **payment is made**
- Date **immediately following 60 days from the date of issue of invoice.**
- If the date cannot be determined as above: Date of entry in the books of the recipient.

Any other case  
[Section 13(5)]

- Date on which return is filed
  - Date on which tax is paid.
- Which ever is earlier

# Illustration-Reverse Charge Mechanism

Date of Provision of Service	Date of issue of invoice	Payment made
30/06/17	15/07/17	30/07/17
15/06/17	01/06/17	25/09/17

Note:

- A. Date of Provision of Service and Issue of Invoice not relevant
- B. 60 Days to be calculated from the date of issue of invoice and not date of receipt of invoice.

# TIME OF SUPPLY OF SERVICES-Section 13

1.	Supply of Vouchers	If the supply is identifiable at that point of time [Eg:Prepaid mobile/internet vouchers]	Date of issue of voucher
		In all other cases	Date of redemption of voucher.
2.	Addition in Value [by way of interest, late fee or penalty for delayed payment of any consideration]		Date on which supplier receives addition in value.

# TIME OF SUPPLY OF SERVICES-Section 13

Associated Enterprises – Proviso to Section 13(3)-Meaning as per section 92A of the Income Tax Act, 1961

- Supplier is located outside India: Tax payable under reverse charge mechanism by the recipient in India

## **Earlier of:**

- Date of entry in the books of accounts of the recipient
- Date of Payment

Provisional entries made at the end of the year in the books of the recipient in respect of supplies to be made from outside India by associated enterprise-liaable for GST at that point of time.

## Overview-Time of Supply-Section 12 and 13

Particulars	Time of Supply for Goods	Time of Supply for Services
<b>General Rule</b>	<p><b><u>Earliest of:</u></b></p> <ul style="list-style-type: none"> <li>▶ Date of issue of invoice;</li> <li>▶ Date on which invoice is required to be issued under section 28;</li> <li>▶ Date of receipt of payment;</li> </ul>	<p><b><u>Earliest of:</u></b></p> <ul style="list-style-type: none"> <li>▶ Invoice issued as per section 31                             <ul style="list-style-type: none"> <li>(a) Date of issue of invoice or receipt of payment.</li> </ul> </li> <li>▶ Invoice not issued as per section 31                             <ul style="list-style-type: none"> <li>(a) Date of provision of service or receipt of payment.</li> </ul> </li> </ul>
<b>Reverse charge</b>	<p><b><u>Earliest of:</u></b></p> <ul style="list-style-type: none"> <li>▶ Date of receipt of goods</li> <li>▶ Date of making payment</li> <li>▶ Date immediately following <b>30</b> days from the date of invoice.</li> </ul> <p>In other Cases: Date of entry in the books of the recipient.</p>	<p><b><u>Earlier of:</u></b></p> <ul style="list-style-type: none"> <li>▶ Date of making payment</li> <li>▶ Date immediately following <b>60</b> days from the date of invoice.</li> </ul> <p>In other Cases: Date of entry in the books of the recipient.</p>

## GST-Time of Supply-Section 12 and 13

Particulars	Time of Supply for Goods	Time of Supply for Services
<b>Sale of Vouchers</b>	<ul style="list-style-type: none"> <li>▶ If the supply is identifiable: Date of issue of voucher</li> <li>▶ In all other case: Date of redemption.</li> </ul>	<ul style="list-style-type: none"> <li>▶ If the supply is identifiable: Date of issue of voucher</li> <li>▶ In all other case: Date of redemption.</li> </ul>
<b>Associated Enterprise [Supplier is located outside India]</b>	<ul style="list-style-type: none"> <li>▶ No specific Rule</li> </ul>	<p><b><u>Earliest of:</u></b></p> <ul style="list-style-type: none"> <li>▶ Date of entry in the books of the recipient;</li> <li>▶ Date of Payment</li> </ul>
<b>Residuary</b>	<ul style="list-style-type: none"> <li>▶ Date on which periodical return is to be filed</li> <li>▶ In any other case, the date on which the CGST/SGST is paid</li> </ul>	<ul style="list-style-type: none"> <li>▶ Date on which periodical return is to be filed</li> <li>▶ In any other case, the date on which the CGST/SGST is paid</li> </ul>

# CHANGE IN RATE OF TAX-Section 14

Sr. No	Goods or Services supplied	Invoice w.r.t. rate change	Payment w.r.t change	Rate Applicable
1	Before Rate Change	After	After	New
2	-do-	Before	After	Old
3	-do-	After	Before	Old
4	After rate change	Before	After	New
5	-do-	Before	Before	Old
6	-do-	After	Before	New

Similar to Rule 4 of the POTR





Thank you!