



GST

TIME & VALUE OF SUPPLY

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1. TIME OF SUPPLY

Time of Supply of Goods

Importance :

The liability to pay tax on goods shall arise at the time of supply.

Earlier of the dates

a) Invoice date or the last date on which he is required u/s 31(1) to issue invoice

b) The date on which the supplier receives the payment

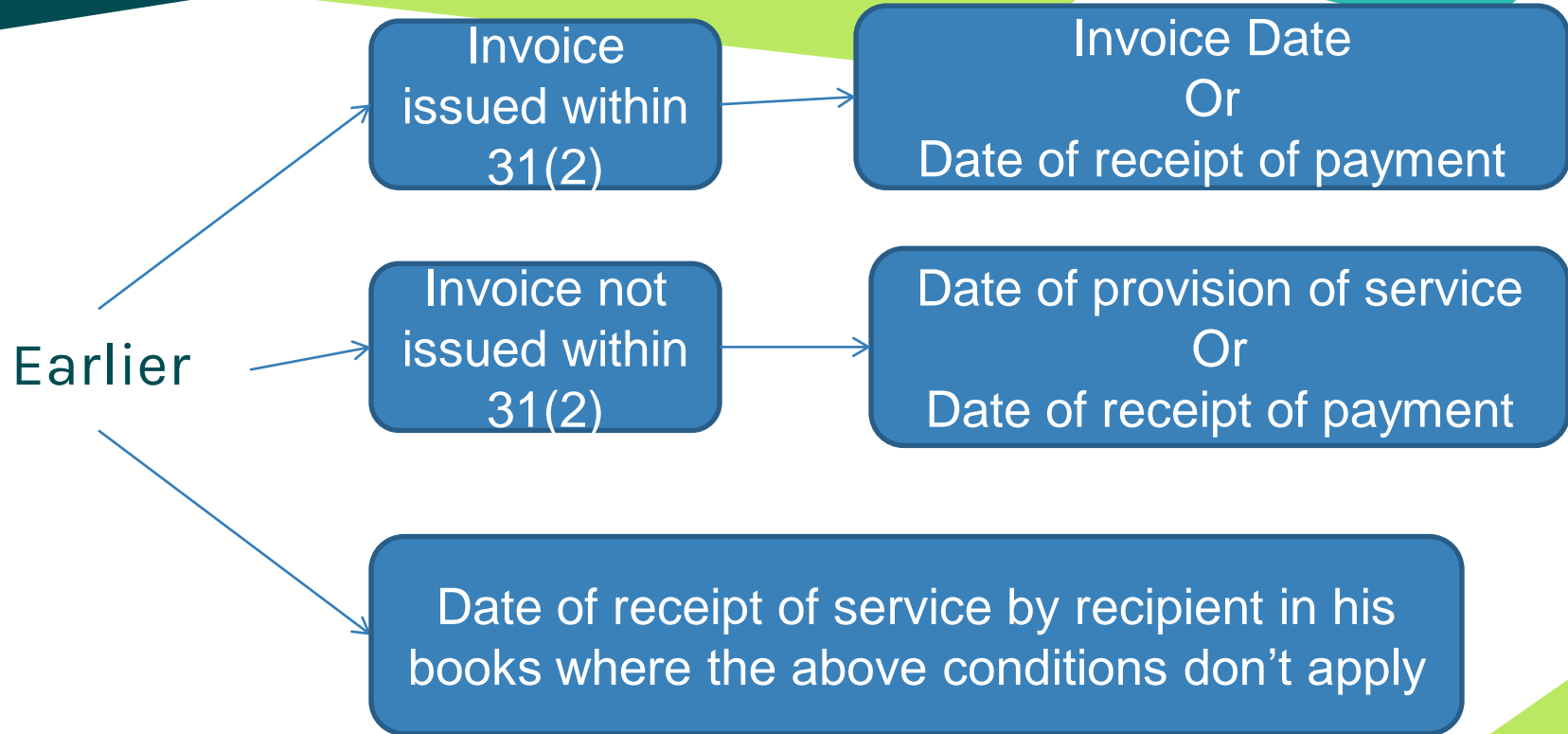
Date of Issue of Invoice in case of Goods

Section 31(1)

The invoice has to be issued before or at the time of

- removal of goods for supply where supply involves movement
- delivery of goods or making available to the recipient in other cases

Time of Supply of Services



Date of Issue of Invoice in case of Services

Section 31(2)

The invoice has to be issued before or after the provision of service within a prescribed period.

The Invoice rules prescribes a time of 30 days from the date of supply of service.

In case of Banking and NBFC it is 45 days.

Time of Supply

Points to be noted

- Excess amount up to Rs. 1000/-, time of supply shall remain as the invoice date
- Supply only to an extent covered by invoice or payment
- Date of receipt shall be the date of entry in the books or the date of credit in bank account

Time of Supply of Goods on Reverse Charge

Earlier of the
dates

a) The date of receipt of goods

b) The payment date entered in the
books or the date of bank debit

c) 30 days from the date of issue of
invoice

Time of Supply of Services on Reverse Charge

Earlier of the
dates

a) The payment date entered in the books or the date of bank debit

b) 60 days from the date of issue of invoice

Time of Supply of Vouchers

The date of issue of vouchers if identifiable

or

The date of redemption of such vouchers

In all other cases of supply of goods it would be

- The date of periodical return (or)
- The date of payment of tax

Time of Supply of Goods (Interest / Late fees / Penalty)

The time of supply for interest, late fee or penalty shall be the date on which the supplier receives such addition in value.

3. VALUE OF SUPPLY

Value of supply

Value of
Supply



TRANSACTION VALUE

Unless :

1. Supplier and buyer are unrelated and
2. Price is the sole consideration

Value of supply - Inclusions

Value of Supply includes :

1. Any taxes, duties or cesses other than CGST/SGST/IGST
2. Any amount which the supplier is liable to pay but is paid by the recipient and not included in the price.
3. incidental expenses (incl. Commn & packaging) and any amount charged for doing anything at the time of or before delivery of goods / services
4. Interest / late fee / penalty
5. Subsidies directly linked to the price

Value of supply - Exclusions

Value of Supply does not include :

Discounts

- before or at the time of supply if such discount is mentioned in the invoice
- after supply, if such discount is as per agreement and specifically linked to invoices and ITC as is attributable to the discount has been reversed by the recipient.

Value of supply – Applicability of Valuation Rules

Valuation rules are applicable if

- Value cannot be determined under sub section 1
- If they are related persons

Officers / Directors of
one another's business

Legally recognised
Partners

Employer and
Employee

Together they control a
third party

Person > 25% of
voting share

One Directly / indirectly
controls the other

Both controlled by a
third party

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4. VALUATION RULES

Valuation Rules – 1. Consideration not wholly in money

Where consideration is not wholly in money then value shall be

- Open Market Value
- Mkt Value not available then total of money and any other considerations' money equivalent if known
- Not determinable as above then, value of like goods/services
- Not determinable as above then, Rule 4 or 5 in that order.

Rule 2 Valuation in case of related persons except Agents

The value shall be

- Open Market Value
- Not determinable as above then, value of like goods/services
- Not determinable as above then, Rule 4 or 5 in that order.

Rule 3 Valuation in case of Agents

The value shall be

- Open Market Value or 90% of price where the goods are intended for further supply
- Not determinable as above then, Rule 4 or 5 in that order.

Rule 4 Valuation based on cost

Where the value is not determinable from Rule 1 to 3 then

- value shall be 110% of production cost or acquisition cost or cost of provision of services

Rule 5 Residual Method

Where the value is not determinable as per Rules 1 to 4 then

- value shall be determined using reasonable means consistent with principles and section 15.

Note : In case of supply of services the supplier may opt for Rule 5 disregarding Rule 4

Rule 6 Valuation in certain supplies

1. Service in relation to Purchase or sale of foreign currency shall be
 - From or to INR then difference in purchase or selling rate and the RBI reference rate at that time. If RBI reference rate NA then 1% of the amount changed (or)
 - The following option can be exercised
 - < 1,00,000 - 1% of amt exchanged or min. of 250/-
 - 1 – 10 lakhs - Rs. 1000 + 0.5% of exchange amount
 - > 10 lakhs - Rs. 5000 + 0.1% of exchange amount

Rule 6 Valuation in certain supplies

2. Valuation in case of air travel agents

- = 5% of the basic fare in case of domestic bookings and
- = 10% of the basic fare in case of international bookings

3. In case of Life Insurance Business

- = Gross premium (-) amount allocated for investment
- = 10% of premium in case of single premium policy
- = In other cases 25% in first year and 12.5 % in subsequent years

Rule 6 Valuation in certain supplies

4. Dealer in second hand goods
= difference between sale price and purchase price
provided no ITC has been claimed
5. Redeemable voucher = Value in money terms of the
goods / services redeemed

Rule 7 Pure Agent

Conditions to claim a pure agent

1. Contractual agreement with the recipient to act as pure agent.
2. Neither intends to hold nor holds any title to goods or services
3. Does not use it for his own interest
4. Receives only the actual amount incurred.

Rule 8 Rate of exchange

With respect to determination of value of goods / services the rate of exchange shall be the reference rate as determined by RBI on the date of point of taxation.



Thanks!

Any questions?

Email

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