



Time of Supply  
Value of Supply



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# GMJ

## WHAT IS



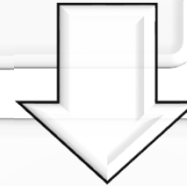
• GOODS & SERVICES TAX •

FAQ : It is a **destination based tax** on **consumption of goods and services**. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

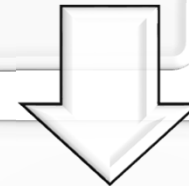
# Time of Supply



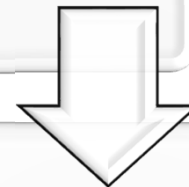
Taxable Event



Supply



**Occurs at precise time**



Collection of levy

# What is Time of Supply?

## Section 12(1)/13(1)

The liability to **pay** GST on the goods/services shall arise at the time of supply as determined in terms of the provisions of this Section.

# Time of supply of Goods **GMJ**

Issue of Invoice by the supplier

Invoice issued but goods not dispatched due to lockdown?

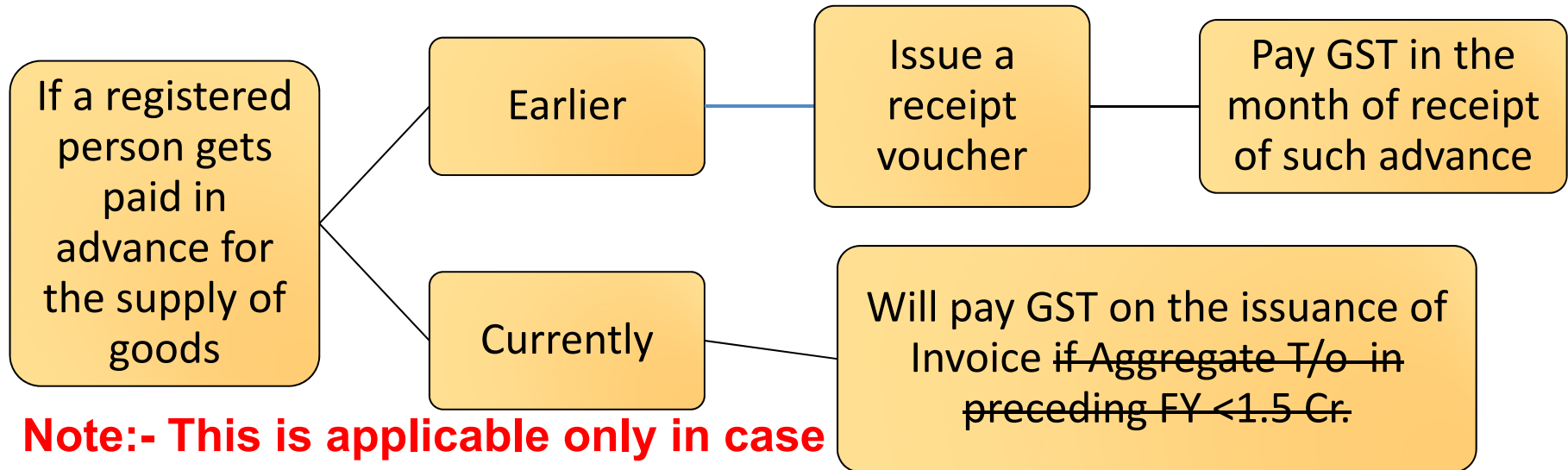
**Earliest of**

Last date on which require to issue invoice with respect of supply

**Earliest of**

~~Receipt of payment by supplier in respect of supply~~

# Payment of tax on issuance of Invoice

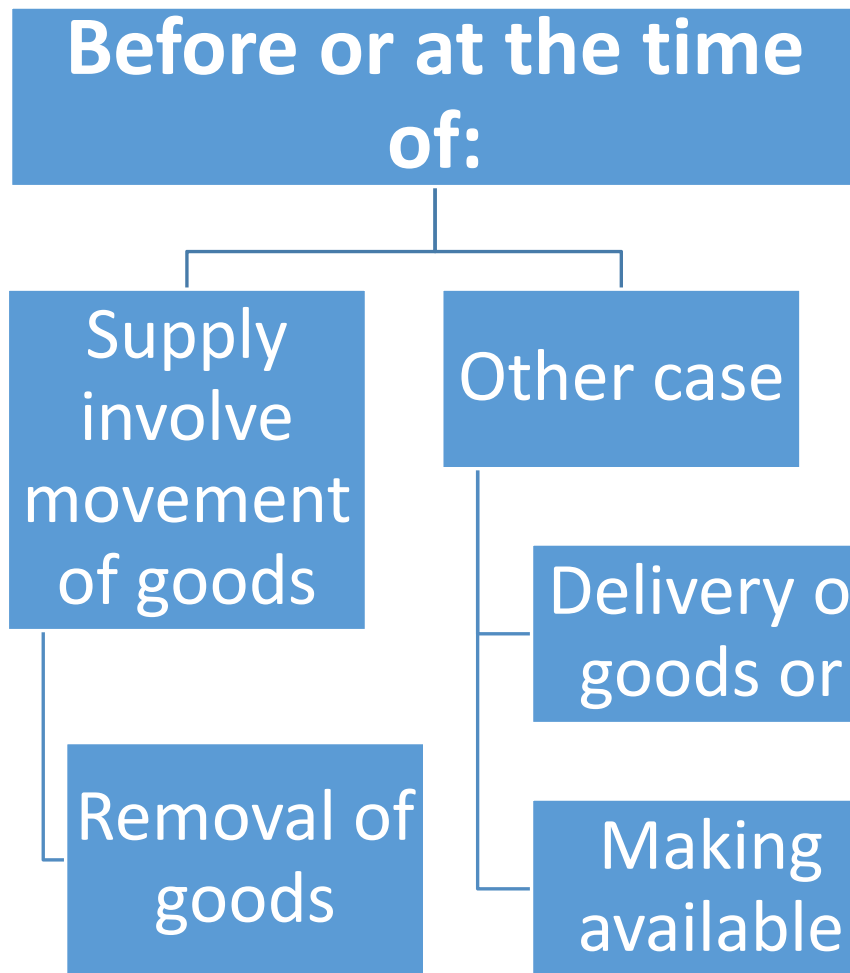


**Note:- This is applicable only in case of supply goods and not in case of supply of services.**

Via Notification No. 66/2017-CT w.e.f 15/11/2017 the limit for 1.5 Cr, T/o in the preceding FY has been removed.

**Hence from 13/10/2017 to 15/11/2017 a registered person having aggregate T/o in the preceding FY > 1.5 Cr will have to pay GST on receipt of advance**

# Invoice require to be issue [sec31(1)]



## Removal of Goods 2(96)

Dispatch of goods for delivery by the supplier or any person on behalf of supplier

Collection of goods by recipient or any person on behalf of recipient



## Goods made available

Means goods are placed at the disposal of the recipient

physically not capable of being moved – M/c embedded to earth

supplied in assembled or installed form - Lift

supplier to his agent or his principal



## Continuous Supply of Goods

Supply of goods through pipeline

Successive statements of accounts or successive payments

Yes

No

Invoice shall be issued before or at the time each such statement is issued

??

Sale on approval or sale or return or similar term

Goods removed before it is known that supply will take place, invoice shall be issued earliest of

Before at the time, It known that supply has taken place

6 months from the date of removal

**Continuous Supply of Goods:** Provided, or agreed to be provided, continuously or on recurrent basis, under a contract, **whether or not** by means of wire, cable, pipeline or other conduit and for which the supplier invoices the recipient on a regular or periodic basis.

# Receipt and invoice

## Excess payment up to Rs 1000

At the option of supplier be the date of issue of invoice

## Invoice & Payment

Supply shall be deemed to be made to the extent it is covered by the invoice or the payment

## Receipt of Payment

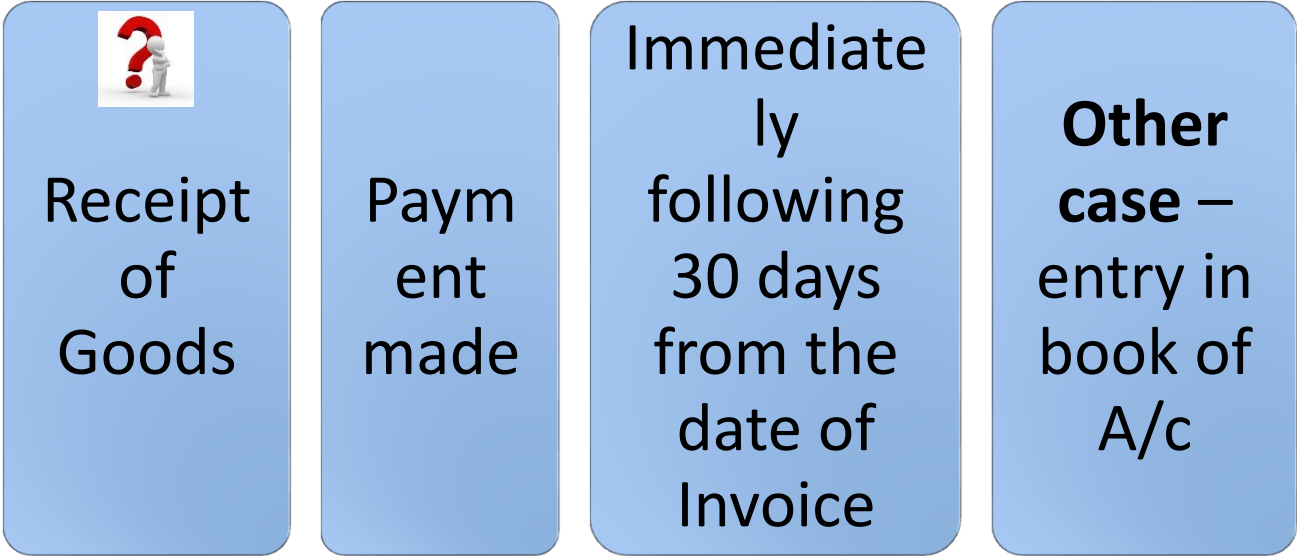
Earliest of

- Entry in the A/C
- Credit in Bank A/c

## RCM means

- the liability to pay tax
- by the recipient of supply of goods or services instead of the supplier of such goods or services
- in respect of such categories of supplies as notified

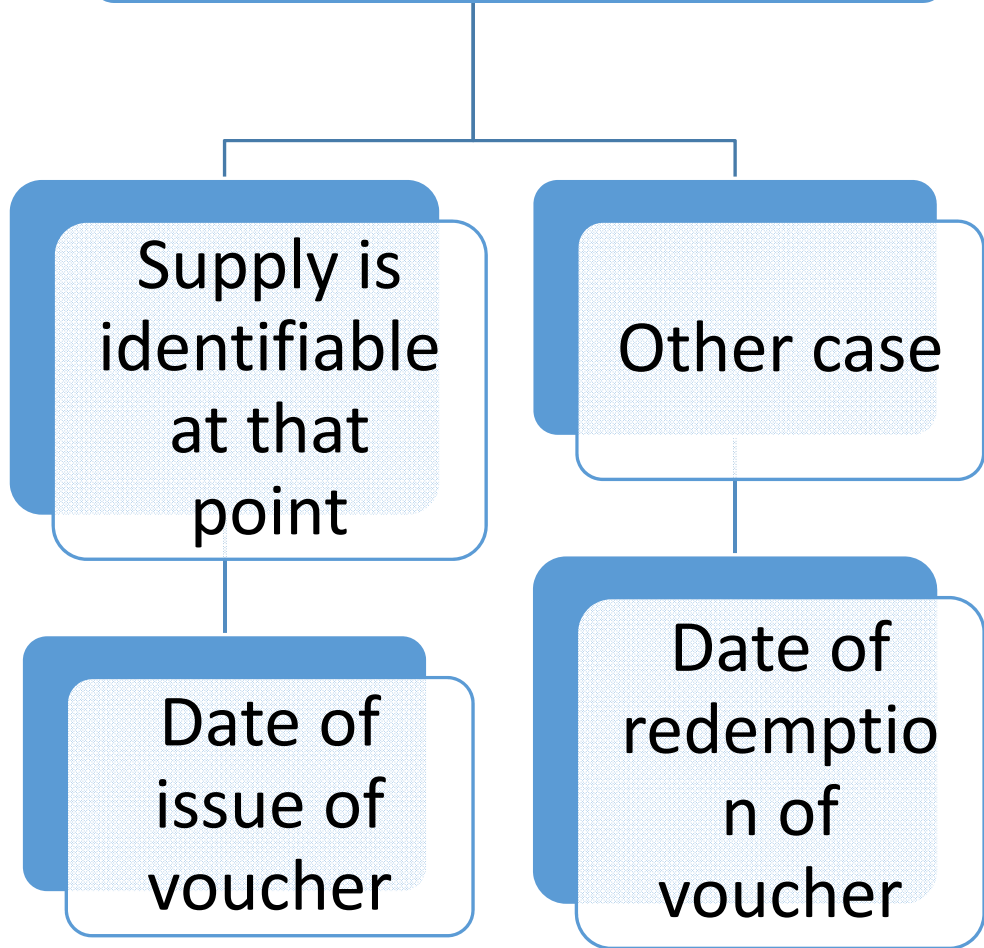
# Time of Supply of Goods under RCM at the earliest date of



**Date of Payment made**

- 
- Earliest of
    - Entry in the A/C
    - Debit in Bank A/c

# Time of supply in case of vouchers



## Residuary Cases

If periodic return has to be file

Yes

No

Due date of filing of return

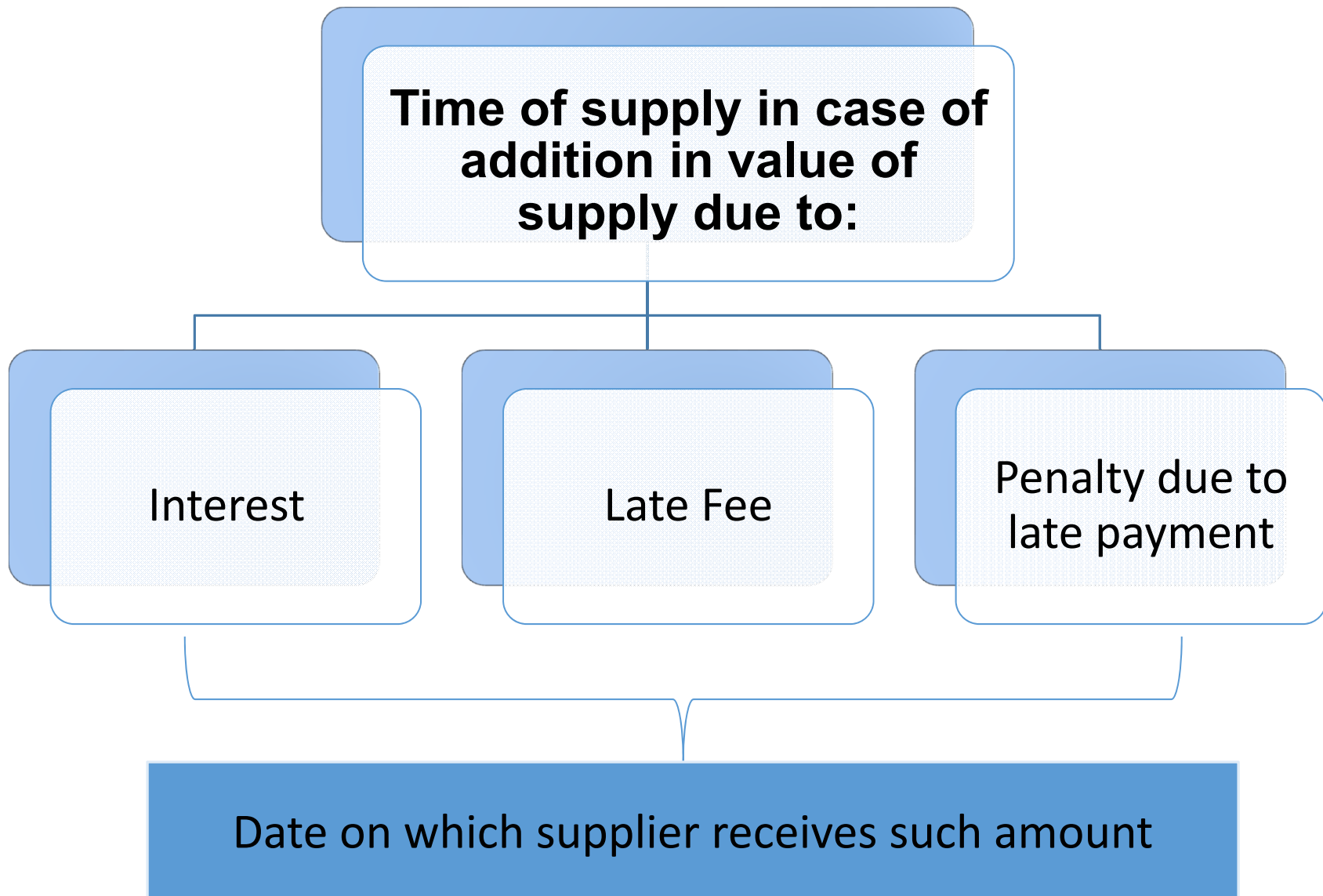
GST paid

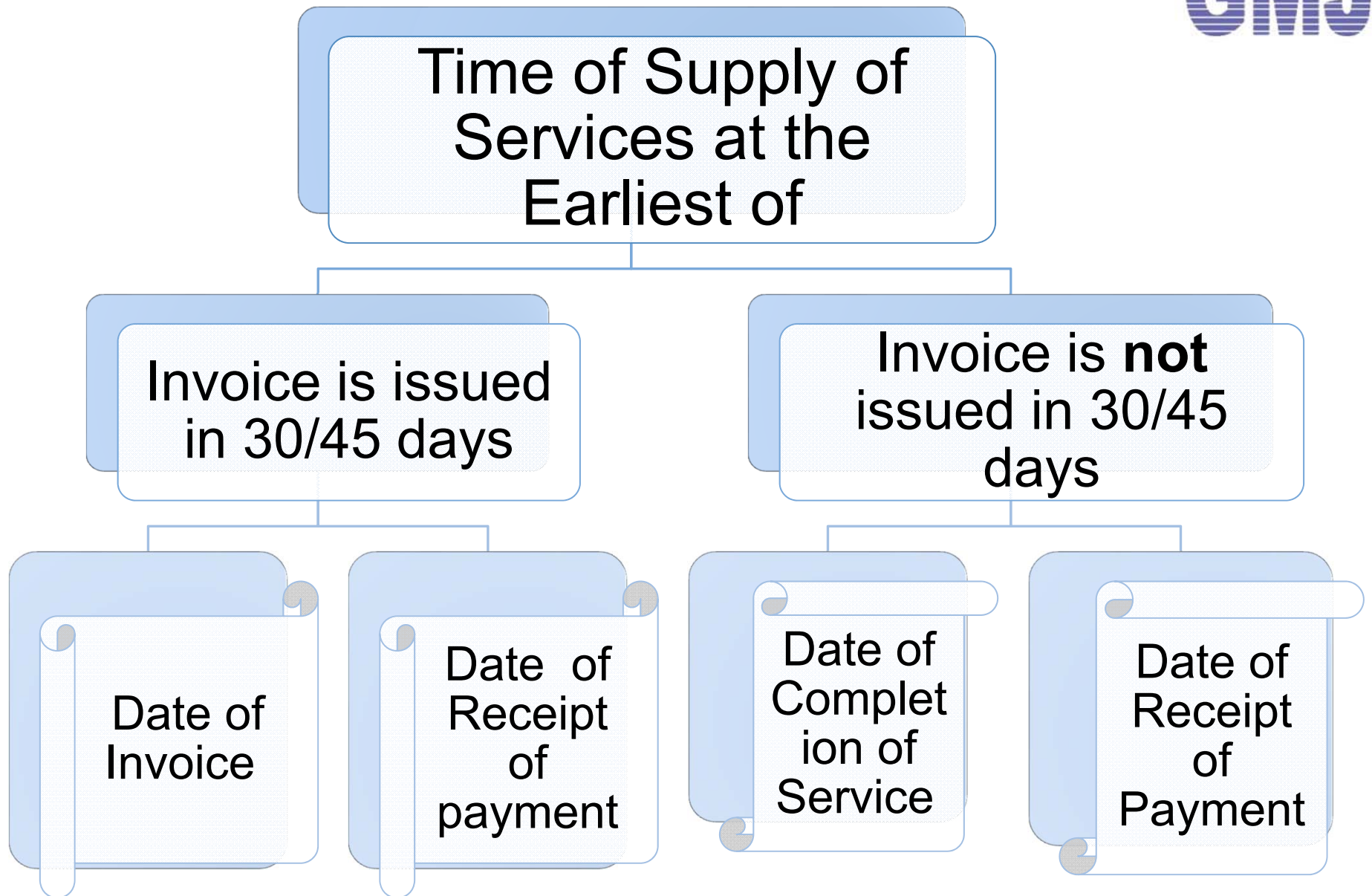
# Judgement of Karnataka High Court in case of Pre-paid Payment Instruments or Vouchers



- **Case: Premier Sales Promotion Pvt. Limited v/s The Union of India Ministry of Finance Department of Revenue.** The Company was engaged in the transaction of procuring Pre-paid Payment Instruments of Gift Vouchers, Cash Back Vouchers and E-Vouchers from the issuers and supplying them to its clients for specified face value. Its clients issue vouchers to their employees or to other beneficiaries
- **Issues Involved :** Whether the Pre-paid Payment Instruments [PPI] or vouchers themselves, or the act of supplying them are taxable?
- **Judgment of Court:**
  - It was held by the Hon'ble Karnataka High Court Writ Petition No 5569 of 2022 dated 16.01.2023 that vouchers **do not fall under the category of goods and services** quashing the order of AAAR, Karnataka KAR/AAAR/11/2021-22 dated 22.12.2021.
  - The court stated that vouchers are exempted from levy of Tax as vouchers can be transacted only at the time of redemption of the voucher and not at the time of delivery of vouchers to the client of Premier Sales Promotion Pvt. Limited







# Receipt and invoice **GMJ**

## Excess payment up to Rs 1000

At the option of supplier be the date of issue of invoice

## Invoice & Payment

Supply shall be deemed to be made to the extent it is covered by the invoice or the payment

## Receipt of Payment

Earliest of

- Entry in the A/C
- Credit in Bank A/c



# Time Limit for Tax Invoice

Supplier of services other than is an insurer or a banking company or a financial institution, including a non-banking financial company



Within a period of thirty days from the date of the supply of service:

Supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company



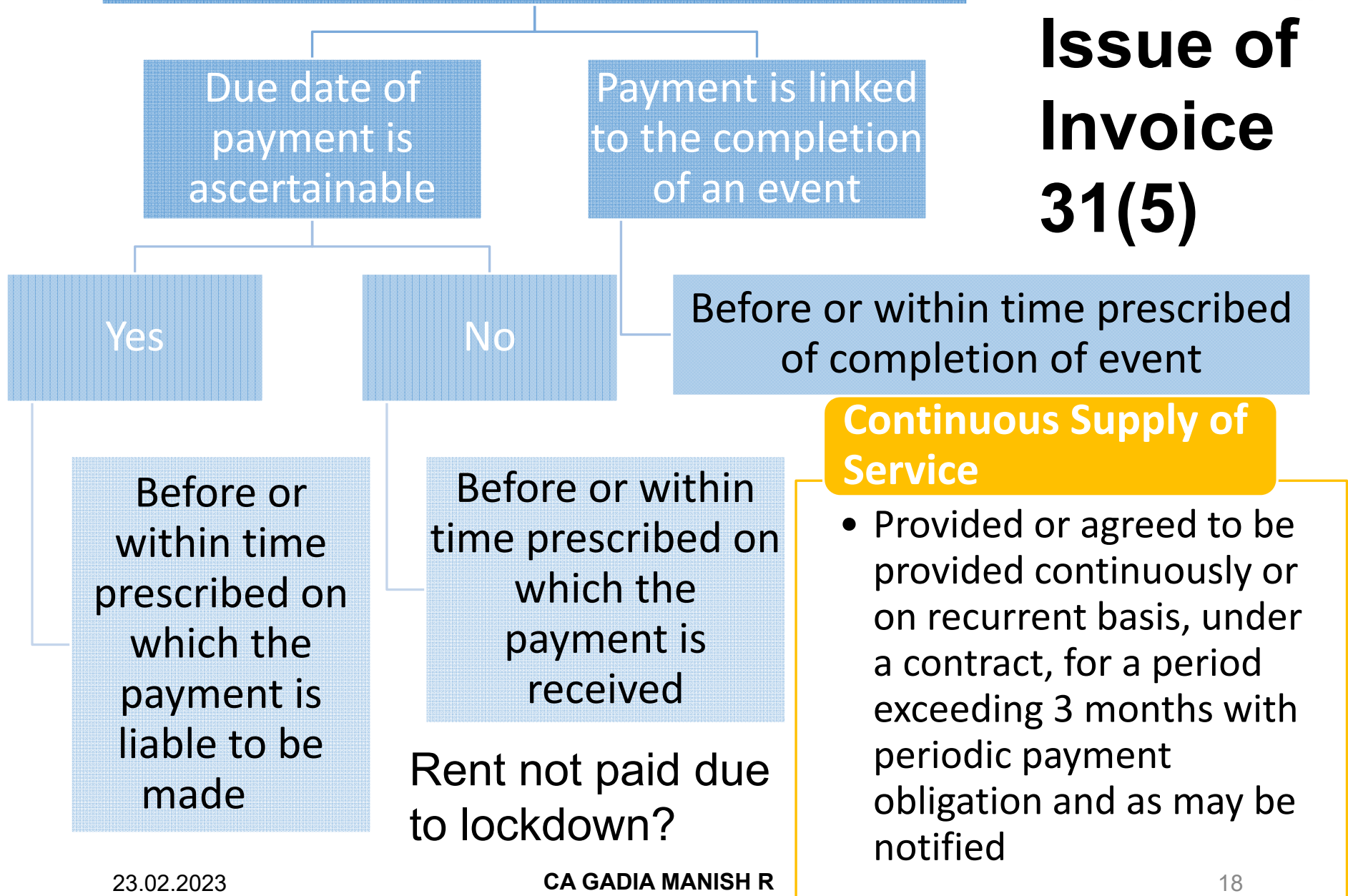
**MAY ISSUE** Consolidated Tax Invoice at the end of month

Within a period of forty five days from the date of the supply of service

# Continuous Supply of service



## Issue of Invoice 31(5)



# Time of Supply of Services under RCM at the earliest date of

Payment made

Immediately following 60 days from the date of Invoice

Other case - Debit in Books of A/c

Associated Enterprises where supplier is outside India- Entry in A/c or payment

Date of Payment made

- Earliest of
  - Entry in the A/C
  - Credit in Bank A/c

# **Supply of Services Ceases under a contract before completion of supply Sec 31(6)**

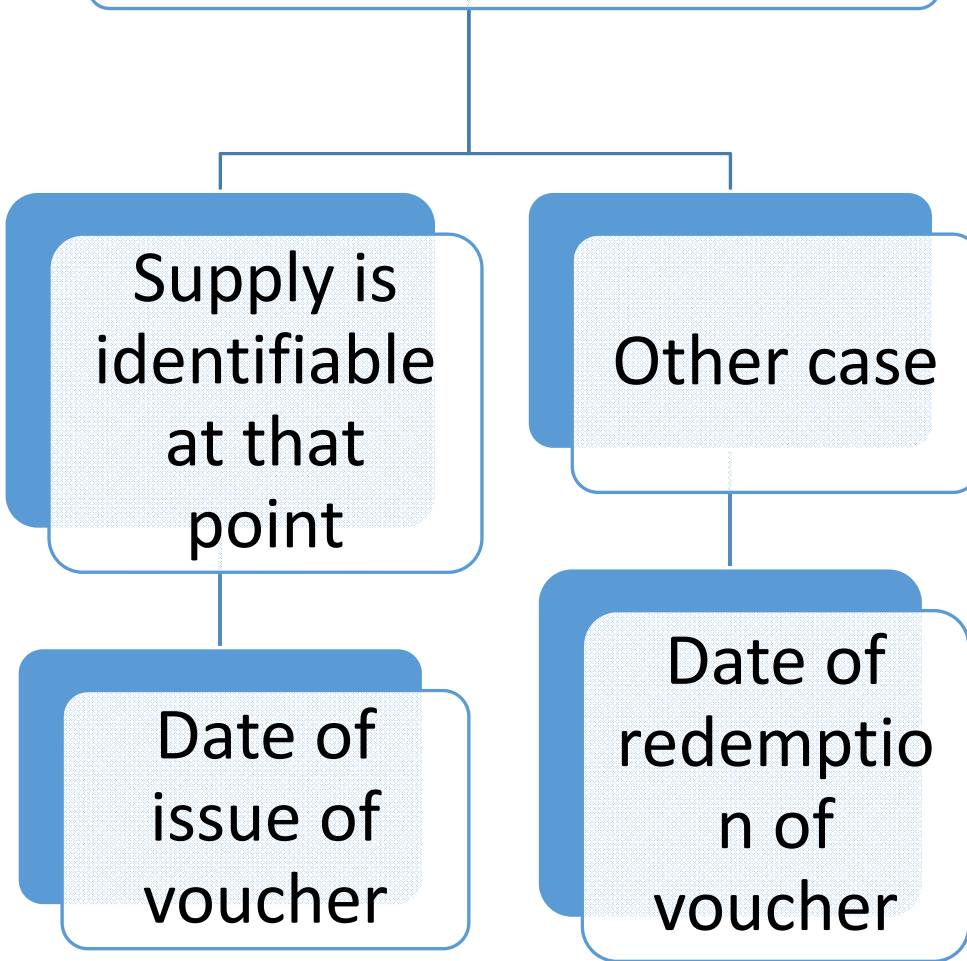
**Invoice shall be issued**

**at the time when  
the supply ceases**

**to the extend  
supply effected  
before cessation**



# Time of supply in case of vouchers



## Residuary Cases

If periodic return has to be file

Yes

No

Due date of filing of return

GST paid

# Change in the Rate of Tax



Supplied	ISSUE OF INVOICE	RECEIPT OF PAYMENT	TIME OF SUPPLY
Before	After	After	Date of Invoice or Receipt of Payment, whichever is earlier.
Before	Before	After	Date of Issue of Invoice
Before	After	Before	Date of Receipt of Payment
After	Before	Before	Date of Invoice or Receipt of Payment, whichever is earlier.
After	Before	After	Date of Receipt of Payment
After	After	Before	Date of Issue of Invoice

# Date of Payment

normal  
course  
earlier of

- date of entry in BOAs
- date of credit in bank



change in  
rate of tax

- Date of Cr in Bank, if not within 4 working days
- Otherwise date of deposit

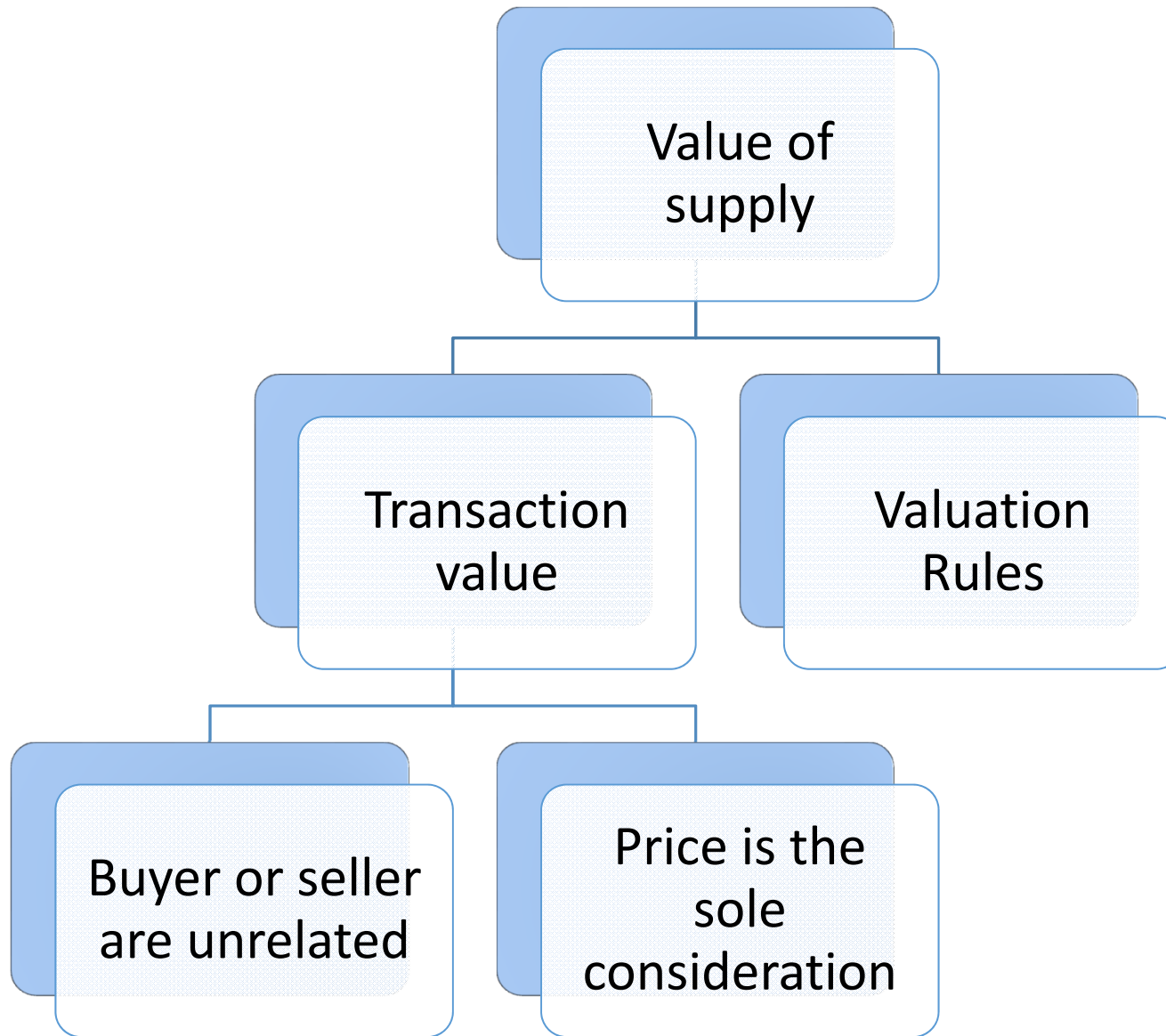


# Value of Supply





# Scheme of Valuation



# Transaction Value



**Q . What is transaction value?**

MRP value?

**Ans.** Transaction value refers to

Assessable Value  
under Excise?

The **price actually paid or payable for the supply** of goods and or services

where the supplier and the recipient are not related and

price is the **sole** consideration for the supply.

**It includes any amount which the supplier is liable to pay but which has been incurred by the recipient of the supply.**

# Transaction Value shall include Sec 15(2)

- Taxes levied other than GST Acts, if charged separately.
- Amount that supplier is liable pay in relation to such supply but incurred by recipient and not included in the price.
- Incidental expenses such as commission & packaging **charged** by the supplier to the recipient including any amount charged for anything done by the supplier in respect of the supply of goods and/or services at the time of, or before delivery of the goods or, supply of the services
- **Interest or late fee or penalty for delayed payment of any consideration for any supply**
- Subsidies directly linked to the price excluding subsidies provided by the CG and SG. The subsidy shall be included in the value of supply of supplier who receives the subsidy

## Relevant Advance Ruling for Treatment of Subsidy

- **Greenbrilliance Renewable Energy LLP** was engaged in supplying solar photovoltaic panel sand Solar EPC services.
- In the case of **Greenbrilliance Renewable Energy LLP GUJ/GAAR/R/34/2021** dated 30/07/2021 by Gujarat-AAR it is held that the subsidy received by the company to execute the solar rooftop system in Gujarat under the Surya Gujarat Yojna shall **not be included** in the value of the supply to arrive at the taxable value, as per Section 15(2) (e) CGST Act.

## Relevant Advance Ruling for Treatment of Subsidy

- M/s Rajkot Nagarik Sahakari Bank Ltd which is a multi state Schedule Co-operative Bank got Incentive/subsidy under the scheme of State Government “Atma Nirbhar Gujarat Sahay Yojna” for lending loan under the said sahay yojna.
- In the case of **Rajkot Nagarik Sahakari Bank Ltd** **GUJ/GAAR/R/35/2021** by AAR, Gujarat dated 30/07/2021 it is held that incentive amount received by the applicant is not subsidy as the application itself is benefitted and the said benefit is not passed on to the customer, hence it should be included in the Value of Supply.

# Dies and Mould provided by OEM



## Contract for Supply of Moulds and Dies by Component Manufacturer



Original equipment manufacturer (OEM)

Free



Moulds

Free



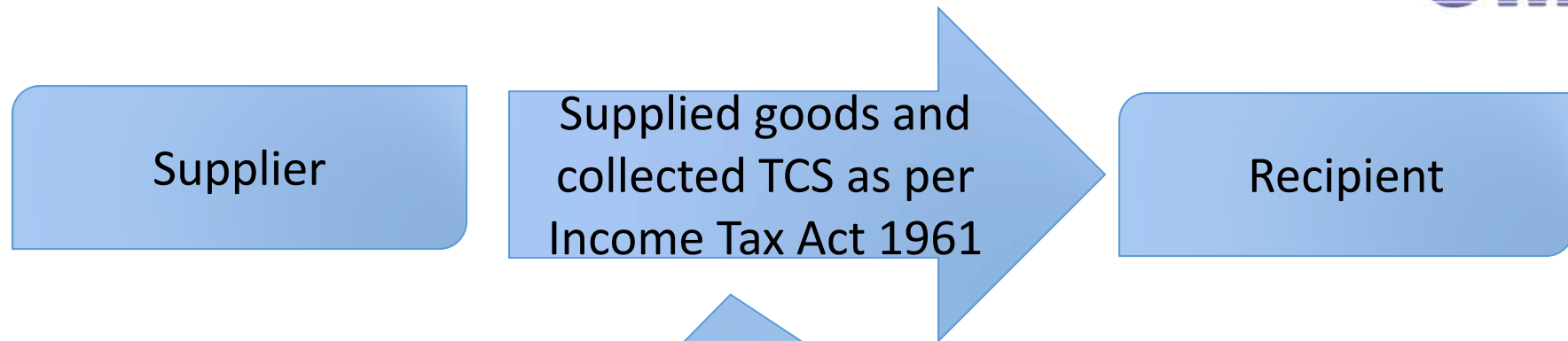
Component Manufacturer

**Circular No. 47/21/2018-GST**

As per Notn No. 26/18 – CT shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16

For section 15(2)(b) of CGST Act 2017, the amortized cost of such moulds/dies shall be added to the value of the components if the contract provides for supply of such Component made by using moulds/dies belonging to component manufacturer

# GST on TCS



As per section 15 Value of supply shall include any taxes duties charged under any law for the time being in force, however corrigendum to **Circular No 76/50/2018** states that it will not form value of Supply as it is an interim levy not having the character of tax

Circular was issued to keep in line with the case of **Vision Motors Pvt. Ltd. Vs. Union of India** W.P. (C ) 5944 of 2019(P) dated 27<sup>th</sup> February, 2019 where it was held that TCS under Income Tax Act cannot be treated as a part of Value of Supply.

# Value Shall not include discount

## Before or at the time of supply

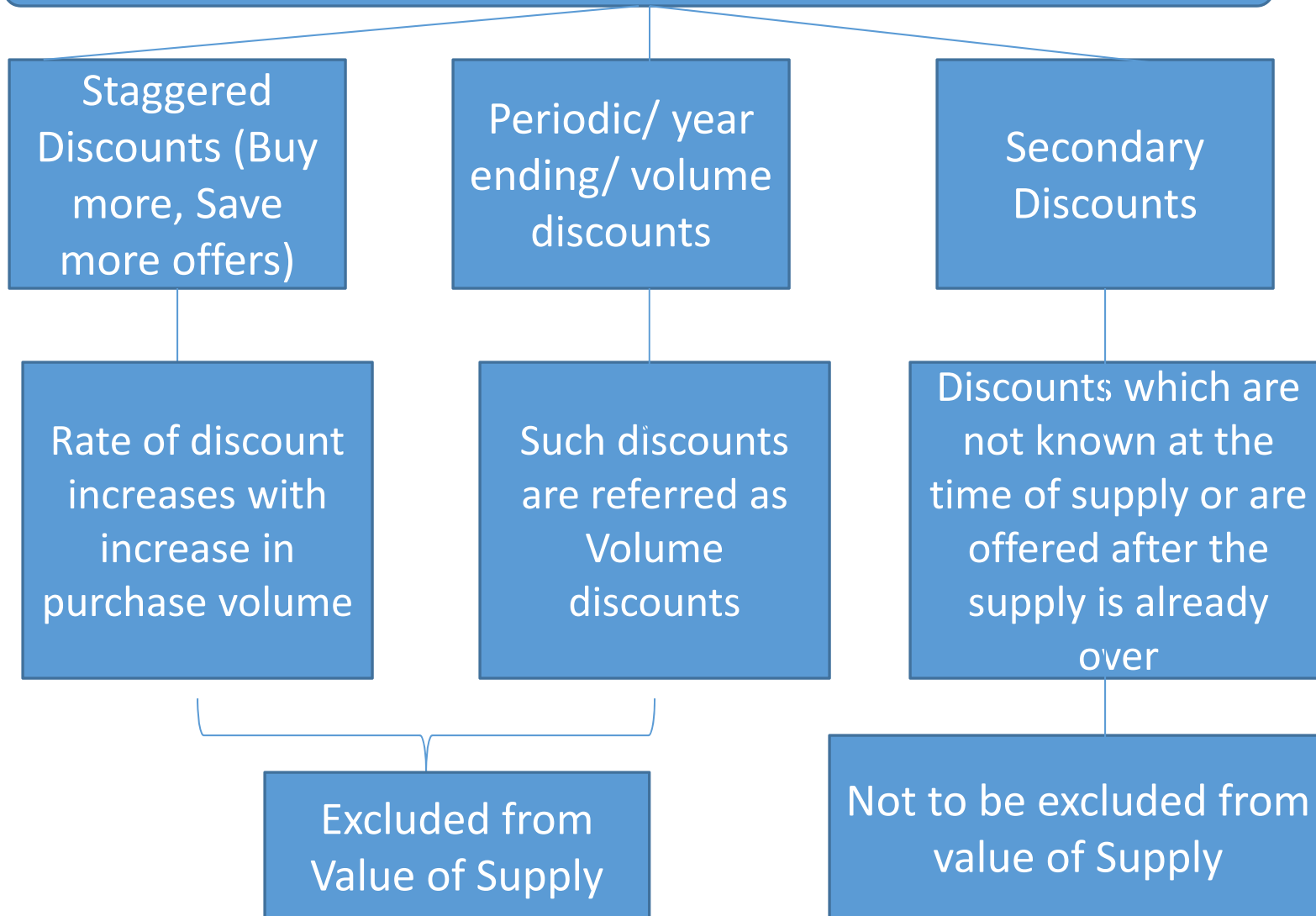
- Discount has been recorded in the invoice

## After the supply has been effected

- Such discount is as per the terms of **Agreement** entered into at or before the time of supply and specifically **linked to relevant invoices**; and
- ITC has been reversed by the recipient of the supply as is attributable to the discount



## Circular No. 92/11/2019



# Section 15(4)&(5)



- Where the value of the supply of goods or services or both
- cannot be determined under sub-section (1),
- the same shall be determined in such manner as may be prescribed.
- ❖ Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies
- ❖ as may be notified by the Government on the recommendations of the Council
- ❖ shall be determined in such manner as may be prescribed.

# Valuation Rules



- Rule No 27: Value of supply of goods or services where the consideration is not wholly in money.
- Rule 28. Value of supply of goods or services or both between distinct or related persons, other than through an agent.
- Rule 29. Value of supply of goods made or received through an agent.
- Rule 30. Value of supply of goods or services or both based on cost.
- Rule 31. Residual method for determination of value of supply of goods or services or both

## Continue...



- Rule 31A. Value of supply in case of lottery, betting, gambling and horse racing.
- Rule No 32:Determination of value in respect of certain supplies.
- Rule 33. Value of supply of services in case of pure agent
- Rule 34. Rate of exchange of currency, other than Indian rupees, for determination of value.
- Rule 35. Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax.

# Rule 27: Value of supply of goods or services where the consideration is not wholly in money.

Open Market Value

Not Available

Sum total of consideration in Money and such further amount in money as is equivalent to the consideration not in money.

Not Available

Value of like kind and quality

Not Available

Value will be determined as per Rule 30 or Rule 31

Example:-

Mr. A

Worth Rs. 40,000



Worth Rs 15,000 And  
Cash of Rs. 25,000

Mr. B



As per Rule 27, Value of supply will be the open market value of such supply i.e. Rs. 40,000.

## Some more illustrations on Rule 27– A shop owner sells mobile phone

Open Market Value	Cash	Kind Value	Cost of Supply	Like Kind & Quality	Transaction Value
40000	38000	0	28000	35000	38000
40000	30000	9000	28000	35000	40000
40000	30000	Not Known	28000	35000	40000
Not Known	30000	9000	28000	35000	39000
Not Known	Not Known	Not Known	28000	35000	35000
Not Known	Not Known	Not Known	28000	Not Known	30800

# Value of supply between distinct or related persons, other than through an agent (Rule 28)



Full ITC available to recipient, Invoice Value

**open market value** of such supply

Not Available

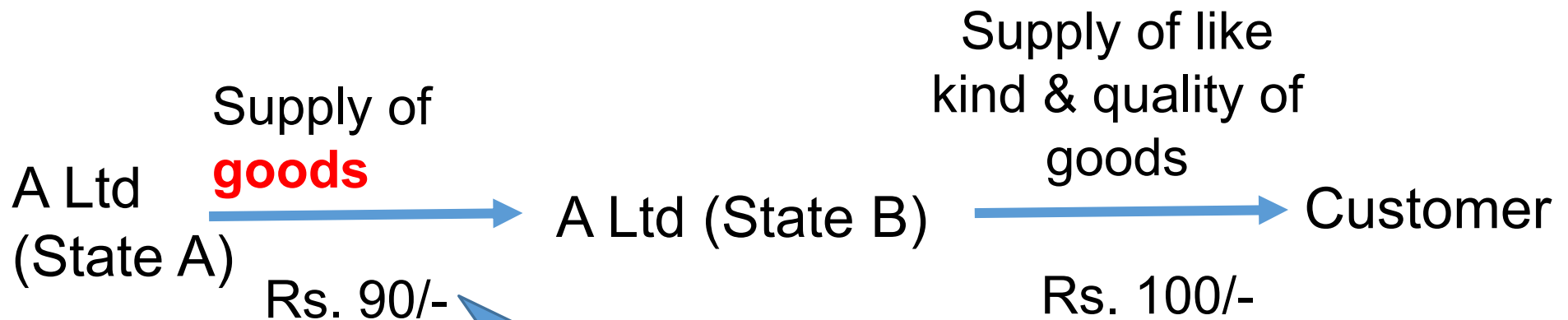
the value of supply **of like kind and quality**

Not Determined

the value as determined by application of rule 30 or rule 31



# Goods intended for further supply by the Recipient



In this case, A Ltd has the option to value goods a RS 90/- i.e.  $\text{Rs } 100 \times 90\%$

# Value of supply of goods made or received through an agent (Rule 29)

**open market value** of such supply

or

90% of price charged for the supply goods of **like kind and quality by the recipient to his customer, if goods are intended for further supply**

Not Determined

the value as determined by application of rule 30 or rule 31

# Value of supply of goods or services or both based on cost (Rule 30)

- Where the value of a supply of goods or services or both is not determinable by any of the preceding rules,
- **the value shall be 110% of the cost** of production or manufacture or cost of acquisition of such goods or **cost of provision of such services.**

# Residual method for determination of value of supply of goods or services or both (Rule 31)

- Shall be determined using reasonable means consistent with the principles and general provisions of Section 15 and these rules
- Provided **that in case of supply of services**, the supplier may opt for this rule, disregarding rule 30
  - The residual method should be adopted only if valuation is not possible by any other method [Sanjay Chandiram v. CC 1995 (77) E.L.T 241(S.C.)]
  - Before resorting to valuation under residuary Rule, applicability of other Rules will have to be exhausted [Polyvinyl Industrial Corporation vs CC 1994 (74) ELT 426]

# Valuation in case of lottery, betting, gambling and Horse Racing Rule 31A

Inserted vide Notification No 03/2018- CT dated. 23.01.2018

Value of Supply will be 100/128 of the Face Value

or

Price as notified by the official Gazette by the organizing State

Higher

# Valuation in Specific cases(Rule 32)

Notwithstanding anything contained in these rules, the value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided hereinafter

- **Money Changer** – Similar to Rule 2B of of Service Tax Rules,1994
- **Air Travel Agent** – Similar to Rule 6(7) of Service Tax Rules,1994
- **Life Insurance Business** – Similar to Rule 6(7A) of Service Tax Rules,1994
- Person Dealing in Buying and Selling of Second hand goods
- Value of token, Voucher, Coupon or a stamp
- Certain services provided to related and distinct person



# Purchase or sale of foreign currency and money Changing – Rule 32 (2)



A person can opt any of the following options for determining value of supply



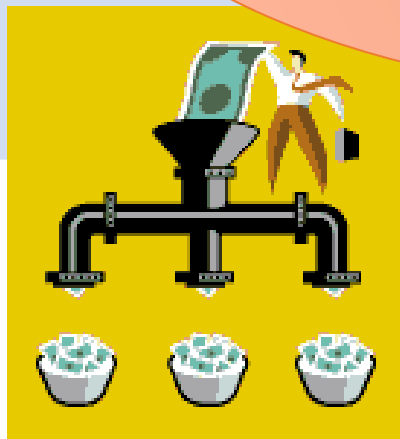
## Option A:

When any currency is exchanged from or to Indian Rupees (INR)	Value shall be difference between the Buying or selling rate and RBI reference rate, multiplied by total units of currency
If in relation to the above case, RBI reference rate is not available	Value shall be 1% of gross amount of INR provided or received by the person changing the money
If neither of the currencies exchanged in INR	Value shall be 1% of lesser of two amounts by converting any of the two currencies into INR on <b>that day at reference rate provided by the RBI.</b>

- Option B

Gross Amount of Currency Exchanged	Value to be considered for Supply of Service
Upto Rs. 1,00,000	Amount of currency exchanged, Subject to Minimum amount
Exceeding to Rs. 10,00,000	Amount
Exceeding Rs.	Gross amount exchanged, Subject to Maximum amount of Rs. 60,000.

**Once, the supplier of such services opts for option B, Then he cannot withdraw from such option during the remaining part of the financial year**



# Value of supply of service by Air Travel Agent – Rule 32(3)

Value to be considered for Supply of service	Type of Booking of Air ticket
5% of Basic Fare	Domestic Booking
10% of Basic Fare	International Booking

“Basic Fare” means that part of the Air Fare on which Commission is normally paid to the Air Travel Agent by the airline



# Value of Supply of Service of Life Insurance Business Rule 32(4)



If amount allocated for investment is intimated to policy holder at the time of supply

Gross premium charged reduced by the amount allocated for investment or savings on behalf of policy holder

In case of single premium annuity policies other than above

- **10%** of single premium charged from the policy holder



In all other cases

- **25%** of premium charged in 1<sup>st</sup> year from policy holder
- **12.5%** of premium charged in Subsequent years

# Value of Supply for a person dealing in Buying and Selling of Second hand goods - Rule 32(5)

- Where a **taxable supply** is provided by a **person dealing in buying and selling of second hand goods** i.e. used goods as such or after such minor processing which does not change the nature of the goods and **where no input tax credit has been availed on purchase of such goods, the value of supply shall be the difference between the selling price and purchase price**
- Where the value of such supply is negative it shall be ignored

Invoice? GST amount  
disclosure?



## GST on Sale of Second hand goods

- In the case of M/s Attica Gold Pvt. KAR ADRG 15/2020 dated 23/03/2020 Ltd it was held by AAR, Karnataka that the applicant can opt for valuation under Rule 32(5) as it was engaged in supply of second hand jewellery, provided no ITC has been claimed on the purchase of such gold for further supply and there is no change in the nature of product.
- Similarly, in the case of Safeset Agencies Private Limited ARA-86/2018-19/B-7 it was held by AAR, Maharashtra dated 15/01/2019 that in respect of sale of old cars, old jeweller and old watches rule, 32(5) can be opted provided no ITC has been claimed by the supplier.

# Value of Supply in case of unregistered defaulting borrower

Purchase Value of goods to be considered which is repossessed from a defaulting borrower, **who is not registered**

Shall be deemed to be

Purchase price of such goods by defaulting borrower reduced by 5% for every Quarter or part thereof

Between

Date of Purchase and date of disposal by the person making such repossession



## Value of token, Voucher, Coupon or stamp - Rule 32(6)

- **The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp).**
- which is redeemable against a supply of goods or services or both
- **Shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp**

# Certain services provided to related and distinct person – Rule 32(7)

- The value of taxable services provided
- by such class of service providers as may be notified by the Government on the recommendations of the Council as referred to in Paragraph 2 of Schedule I between distinct persons as referred to in section 25,
- where input tax credit is available, shall be deemed to be **NIL**

# Value of supply of services in case of pure agent (Rule 33)



Cost or expenditure incurred by the supplier as a pure agent will be **excluded from the value of Supply** provided:

the supplier act as a pure agent when he makes payment to the third party on the authorization by such recipient.

Payment made by the pure agent has been separately indicated in the Invoice issued by the Oure agent.

Supplies procured by the pure agent from the third party as a pure agent is the addition to the services he supplied on his own account.

# PURE AGENT MEANS WHO:

- enters into a contractual agreement
- neither intends to hold nor holds any title to the goods or services
- does not use for his own interest such goods or services so procured
- receives only the actual amount in addition to the amount received for supply he provides on his own account



CIRCULAR NO 115/34/2019 on Airlines acting as an Pure Agent of Air Operator while collecting Passenger Service Fee and User Development Fee.



As per circular No 115/34/2019 no GST will be paid by the Airlines as it is acting as an Pure Agent on behalf of the Airport Operator. GST will be paid by the Airport Operator.

# GST ON PURE AGENT



- In the case of **Global Vectra Helicorp Ltd.** GUJ/GAAR/R/21/2020 dated 02/07/2020 it is held that amount recovered as reimbursement from the customer, for the fuel procured on behalf of the Customer is required to be **included in the value of services provided** as the applicant is providing charter hire services and as per contract it is the responsibility of applicant for ensuring that the aircrafts are available and fully operational for the exclusive use of the customers and the persons authorized by the Customers and the daily flight schedule that is provided by the Customers.
- In the case of **Arivu Educational Consultants Pvt. Ltd.** KAR ADRG 116/2019 dated 30/09/2019 by AAR, Karnataka it is held that the activity of collecting exam fee (charged by any university or institution) from students and remitting the same to that particular university or institution without any value addition to it is a service as a pure agent and hence the value is excluded from the taxable value.

# Rate of exchange of currency, other than Indian rupees, for determination of value Rule (34)

For Goods, Rate of exchange =

As Notified by the Board under section 14 of the Customs Act, 1962

On the date of Time of Supply of such goods

For Services, Rate of Exchange =

As per GAAP

On the date of Time of Supply of such services



# Value of supply inclusive of IGST/CGST/SGST/UTGST (Rule 35)

Where the value of supply is inclusive of IGST/CGST/SGST/UTGST, the tax amount shall be determined in the following manner,

$$\text{Tax Amount} = \frac{\text{Value Inclusive of Tax} * \text{Tax Rate (\%)}}{100 + \text{Sum of Tax Rates (\%)}}$$



**Opinions or views  
are like wrist  
watches.**

**Every watch shows  
different time from  
others.**

**But every one  
believes that their  
time is right!**



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