



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
Tax Research Department

Advanced Certificate Course on GST – 5th Batch (ACCGST-5)

Session-II

Date: 16th May 2021

Time of Supply

Introduction:

- ✚ There are many events occurring in the course of Supply.
- ✚ There is a need to clearly know the point at which the supply is chargeable to tax
- ✚ Different Events in the course of Supply:
 - Issuance of Invoice
 - Receipt of Advance
 - Supply of Goods or Service
 - Receipt of complete payment

Importance of Time, Place and Value of Supply in GST:

✚ **Time of Supply:**

- **Time of supply** means the **point in time** when goods/services are considered supplied.
- When the seller knows the 'time', it helps him identify due date for payment of taxes.

📌 Place of Supply:

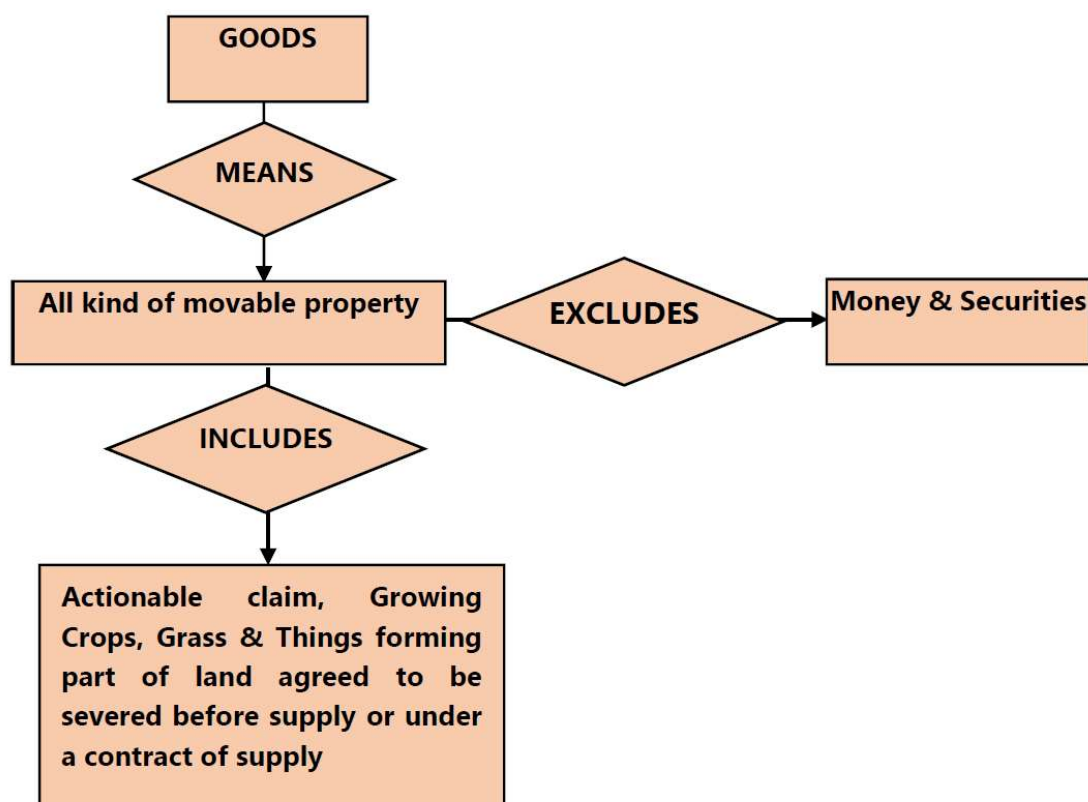
- **Place of supply** is required for determining the right tax to be charged on the invoice
- Whether CGST & SGST or IGST will apply for a particular Transaction

📌 Value of Supply:

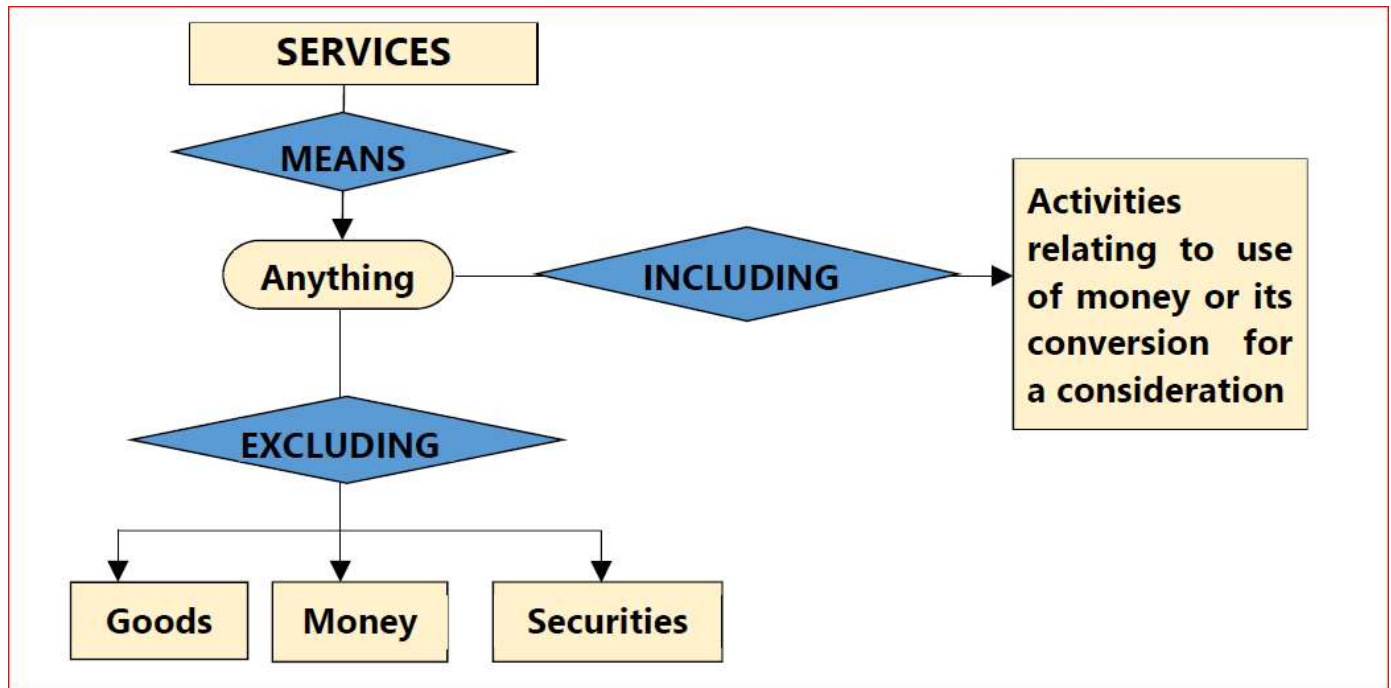
- **Value of supply** is important because GST is calculated on the value of the sale
- If the value is calculated incorrectly, then the amount of GST charged is also incorrect

Definitions:

Goods: Sec.2(52) of CGST Act, 2017 defines “Goods”



Services: Sec.2(102) of CGST Act, 2017 defines “Services”



Reverse Charge: Sec.2(98) of CGST Act, 2017 defines “Reverse Charge”

“Reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier under sub-section (3) or sub-section (4) of section 9

Voucher: Sec.2(118) of CGST Act, 2017 defines “Voucher”

“Voucher” means an **instrument** where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument;

Meaning of Time of Supply:

I. Time of supply means the **point in time** when the **liability to pay tax arises**

(Or)

II. Time of supply means the date on which the **charging event** has occurred.

As a result, the **rate** of CGST & SGST or IGST will be decided in accordance with the time of supply.

Based on time of supply we will determine the **due date** of payment of GST

(Or)

III. Time of supply of goods or Services should be known **to determine the point of time** at which GST becomes payable

- Before knowing the point of time when the GST becomes payable, we should know first the point of time when the **invoice** is to be issued.

Section 31 of CGST Act, 2017 explains the concept of issue of Invoice as follows:

| Particulars | Supply of Goods (Section 31(1)) | Supply of service(Section 31(2)) | |
|---|---|---|---|
| Generally | <p>Before or at the time of,-</p> <p>(a) removal of goods for supply to the recipient, where the supply involves movement of goods, or</p> <p>(b) delivery of goods or making available thereof to the recipient, in any other case</p> | <p>Before or after the provision of service but within 30 days from the date of supply of services.</p> <p>[45 days in case of insurance cos./banking and financial institutions including NBFCs]</p> | |
| Continuous supply | In case of continuous supply of goods, where | In case of continuous supply of services,- | |
| | | Due date of payment | Invoice to be issued |
| | | Ascertainable | on or before the due date of payment; |
| | | Not ascertainable | before or at the time when the supplier of service receives the payment |
| | | Payment is linked to the completion of an event | on or before the date of completion of that event. |
| Sale on approval basis / Cease of Supply of service | <p>Before or at the time of supply or</p> <p>Six months from the date of removal, whichever is earlier.</p> | Such invoice shall be issued to the extent of the supply made before such cessation | |

Supply involves movement of Goods:

- Invoice to be issued at the exact time of removal of goods

Example # 1

Mr. X in Gujarat gets an order from Mr. Y in West Bengal on 18th March 2021 for supply of refrigerators. Mr. X dispatches the goods from his premises to his transporter's premises on 20th March 2021. The transporter initiates the transportation on 22nd March 2021 and the goods finally reach the premises of Mr. Y on 26th March 2021.

The removal of goods will be said to be caused on 20th March 2020 i.e., the date when the goods leave the premises of Mr. X

Conclusion: **The last date of issue of invoice will also be 20th March 2020 in the given case**

Example # 2

Mr. X in Gujarat gets an order from Mr. Y in West Bengal on 18th March 2021 for supply of refrigerators. Mr. Y's transporter takes delivery of the said goods from the premises of Mr. X on 21st March, 2021 and delivers them to Mr. Y on 26th March 2021.

As Mr. Y's transporter collected the goods for transportation on 21st March 2021

The date of removal will be considered as 21st March 2021 as well.

Conclusion: **The last date of issue of invoice will also be 21st March 2021 in the given case**

Supply doesn't involve movement of Goods:

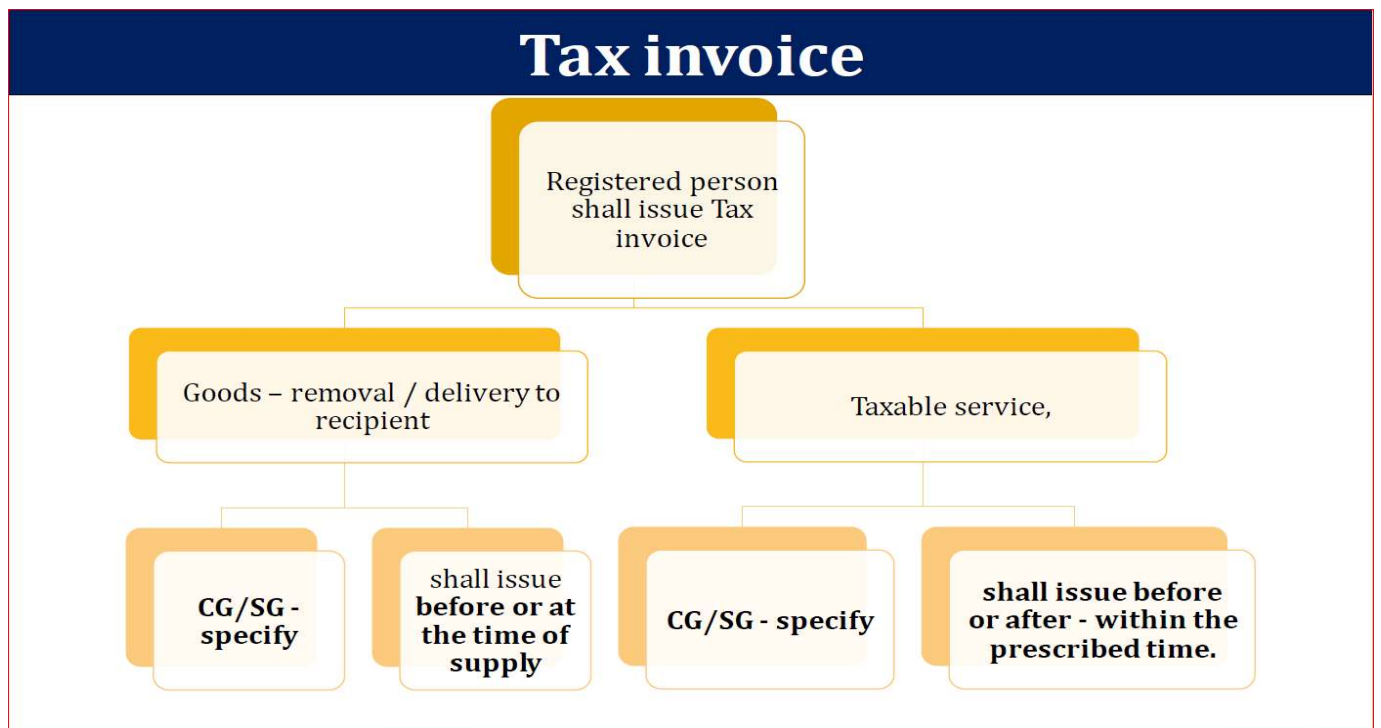
- Invoice to be issued
 - ✓ at the time of delivery of goods (or)
 - ✓ when the goods are made available to the recipient

Example # 3

Mr. X agrees to sell his Godown in Gujarat to Mr. Y on 18th March 2021. There is a separate agreement entered by Mr. X and Mr. Y for the selling of refrigerators within the Godown on 19th March 2021. Mr. X hands over the possession of the Godown and the refrigerators on 25th March 2021.

In this case, the Godown is made available to the recipient on 25th Mar 2021 & refrigerators will be considered to be delivered on 25th March 2021

Conclusion: The last date of issue of invoice u/s 31 in both Godown & Refrigerator will be 25th March 2021.



Tax invoice – Time limit

Supply of goods

- At the time of supply.

Supply of services

- Within 30 days from the date of supply of service.
- Within 45 days – banking

Continuous supply of service

- Within 30 days – as explained earlier.

Goods and Services have a separate basis to identify their time of supply.

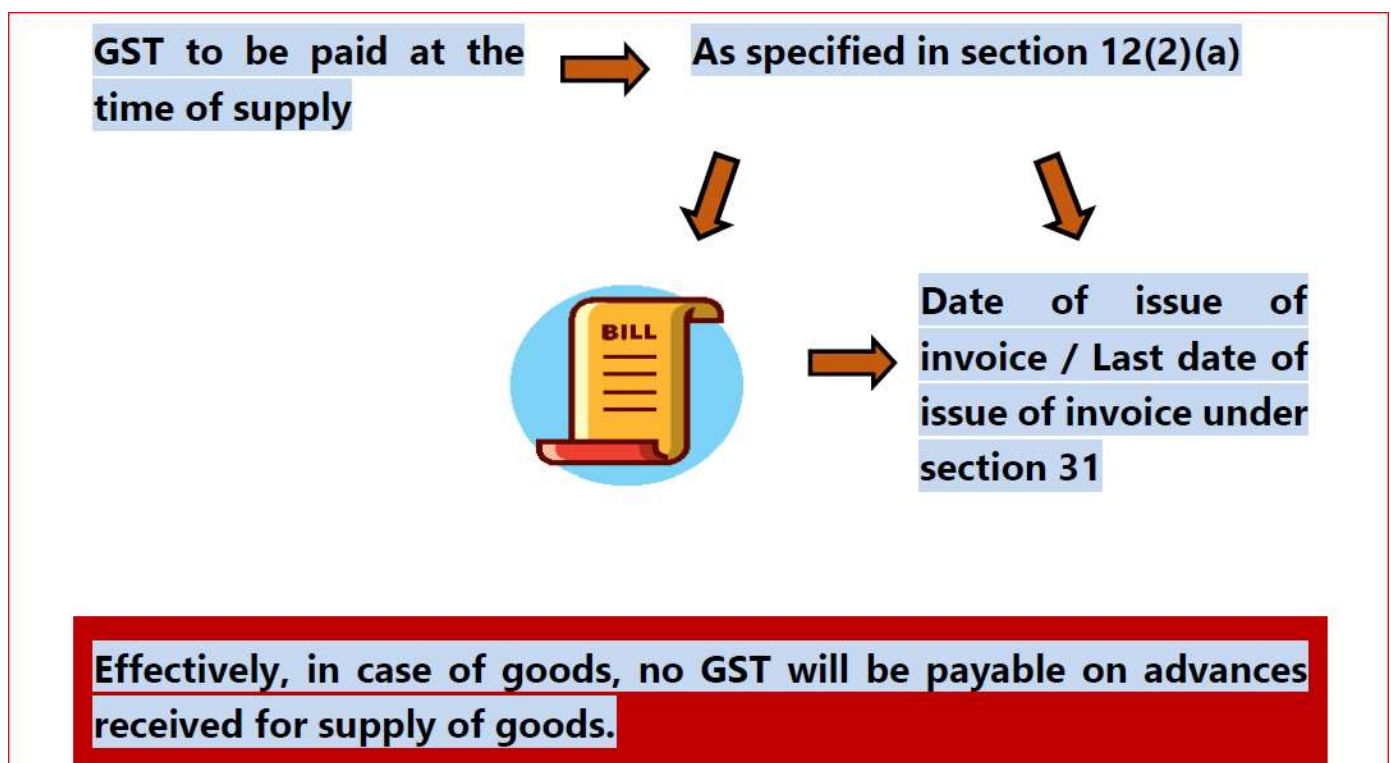
Time of supply of Goods and Services: Section 12 & Section 13 of CGST Act, 2017

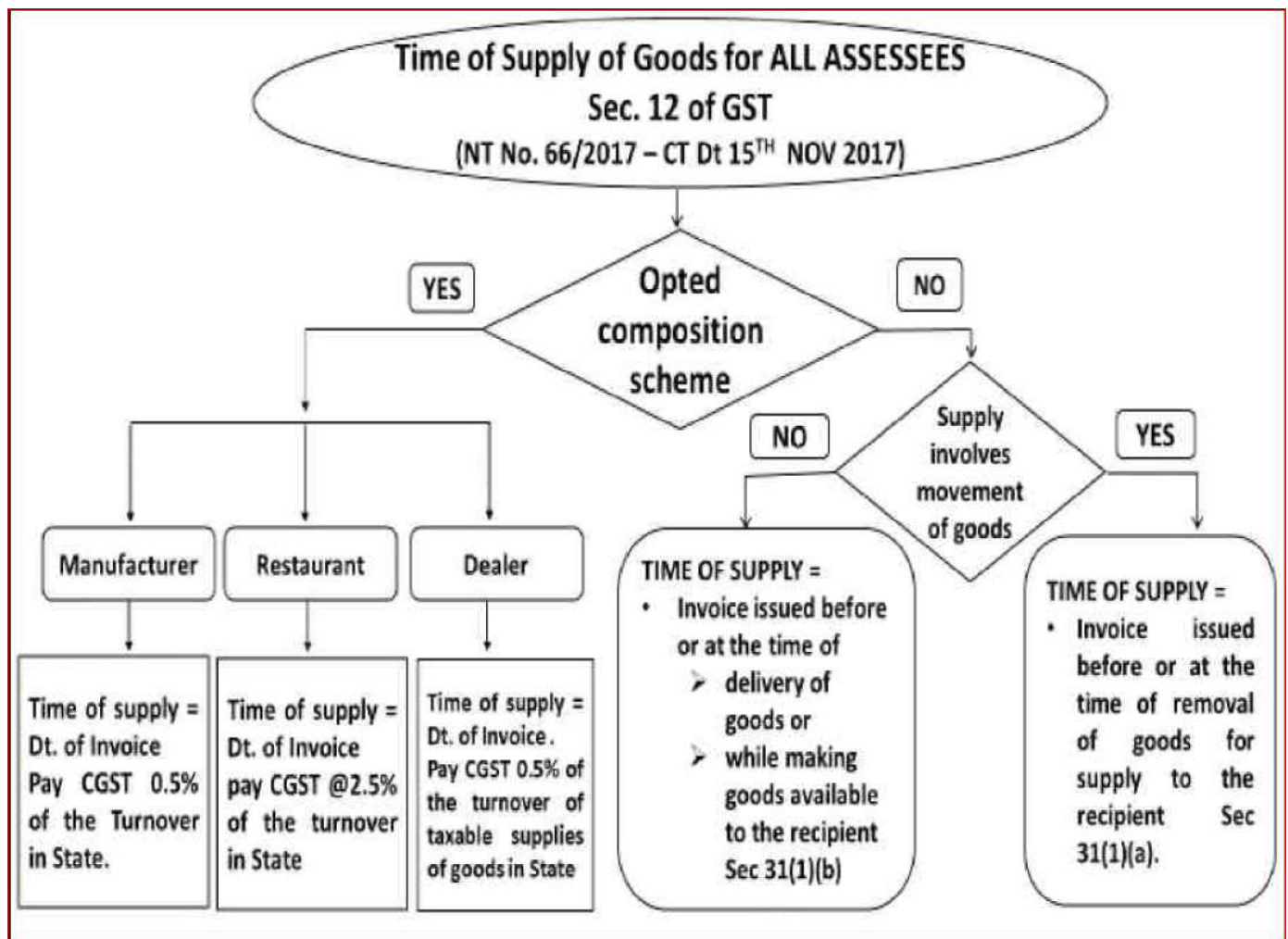
| Time of Supply of Goods | | Time of Supply of Services | |
|--------------------------------|--|-----------------------------------|--|
| Section 12(1) | The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section. | Section 13(1): | The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section. |
| Section 12(2) | Time of Supply of Goods under Forward Charge. | Section 13(2) | Time of Supply of Services under Forward Charge. |
| Section 12(3) | Time of Supply of Goods under Reverse Charge. | Section 13(3) | Time of Supply of Services under Reverse Charge. |
| Section 12(4) | Time of Supply in case of Supply of Vouchers . | Section 13(4) | Time of Supply in case of Supply of Vouchers . |
| Section 12(5) | Residuary Clause. [where the time of supply cannot be determined under sub-section (2) to sub-section (4) of Section 12] | Section 13(5) | Residuary Clause. [where the time of supply cannot be determined under sub-section (2) to sub-section (4) of section 13] |
| Section 12(6) | The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. | Section 13(6) | The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. |

Section 12 covers the determination of Time of Supply of Goods in the following situations:

- ✚ Supply of goods by supplier where supplier is liable to pay tax;
- ✚ Receipt of goods that are taxable under reverse charge;
- ✚ Supply of vouchers that can be used to pay for goods;
- ✚ Residual cases
- ✚ Addition to value of supply by way of interest or fee or penalty for delayed payment.

I. TIME OF SUPPLY OF GOODS WHERE TAX IS PAYABLE UNDER FORWARD CHARGE





Time of Supply of Goods

Earliest of:

1. Date of issue of invoice
2. Last date on which invoice should have been issued

Example # 4

Mr. X sold goods to Mr. Y worth Rs 1,00,000. The invoice was issued on 15th January 2021. The payment was received on 31st January 2021. The goods were supplied on 20th January 2021.

Let us analyse and arrive at the time of supply of goods in this case.

Time of supply is **earliest** of –

1. Date of issue of invoice: **15th January 2021**
2. Last date on which invoice should have been issued: **20th January 2021**

Then Time of Supply of Goods is **15th January 2021**

Example # 5

Suppose in the above example an advance of Rs 50,000 is received by Mr. X on 1st January 2021

No tax on advance received against the supply of goods:

Tax payers have been exempted to pay tax upon receipt of advance w.e.f. 15-11-2017 to all tax payers vide Notification No 66/2017-CT dated 15-11-2017

II. TIME OF SUPPLY WHERE TAX IS PAYABLE UNDER REVERSE CHARGE:

TIME OF SUPPLY OF GOODS UNDER REVERSE CHARGE



Date on which goods are received



Date on which the payment is recorded in the books of account of the recipient of goods



Date on which the payment is debited from the bank account of the recipient of goods



31st DAY



31st day from the issue of invoice by the supplier



If it is not possible to determine the time of supply through above parameters,
THEN
TIME OF SUPPLY WILL BE



Date on which goods are recorded in the books of account of the recipient of supply

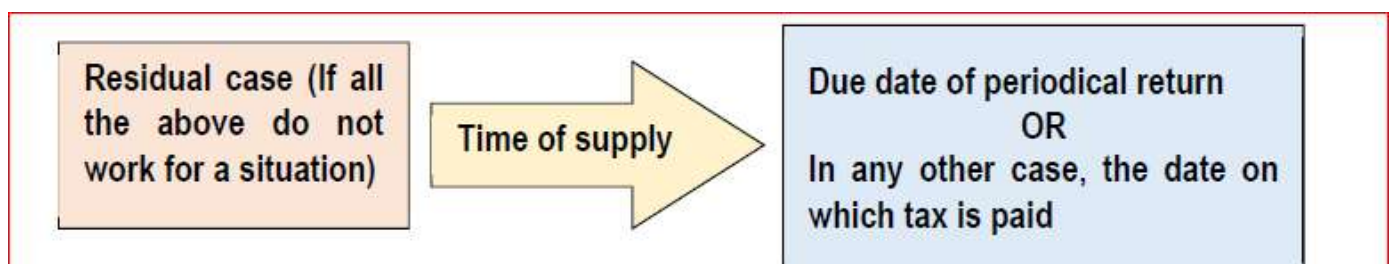
III. TIME OF SUPPLY OF VOUCHERS EXCHANGEABLE FOR GOODS



IV. TIME OF SUPPLY OF GOODS OR SERVICES IN RESIDUAL CASES

If the situation is **not** covered by any of the provisions discussed above, the time of supply is fixed under sub-section (5) of Section 12, in the following manner

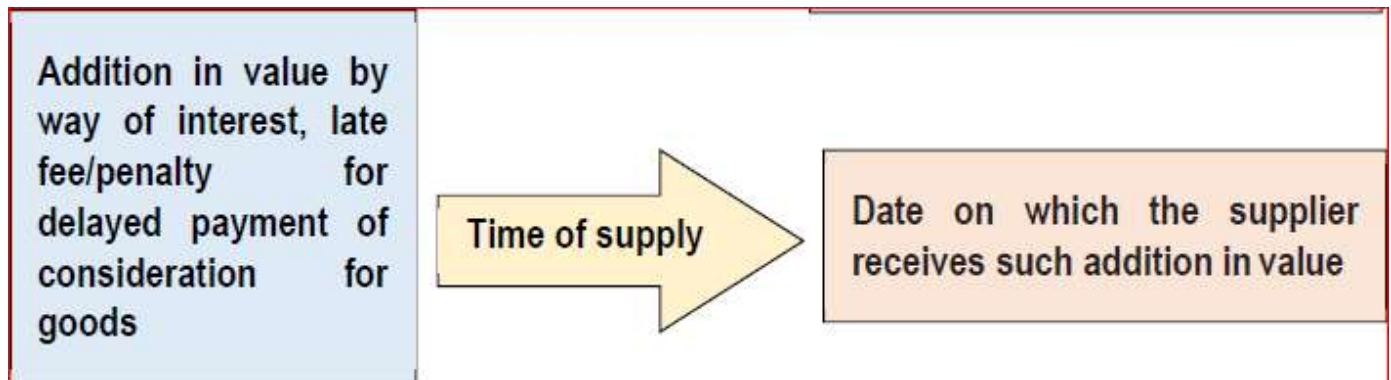
- Due date for filing of the periodical return, or
- In any other case, date on which GST is paid



V. TIME OF SUPPLY FOR ADDITION IN VALUE BY WAY OF INTEREST/ LATE FEE / PENALTY FOR DELAYED PAYMENT OF CONSIDERATION

Addition in value by way of interest, late fee/penalty for delayed payment of consideration

Time of Supply: Date on which the supplier receives such addition in value.



Section 13 covers the determination of Time of **Supply of Services** in the following situations:

I. TIME OF SUPPLY OF SERVICE WHERE TAX IS PAYABLE UNDER FORWARD CHARGE

Time of Supply

Time of supply in case of service :

If invoice is issued within 30 days of provision of service :

Date of issue of invoice

Date receipt of payment

Which ever is earlier

If invoice not is issued within 30 days of provision of service :

Date of provision of service

Date receipt of payment

Which ever is earlier

If not determinable in above cases

Date of receipt entered in books of account of recipient

Note:

Here “**date of receipt**” of means:

earlier of

a) Date of entry in the books of account

(or)

b) Date of credit in the Bank account

Example # 5

Mr. A provides services worth Rs 1,00,000 to Mr. B on 1st January 2021. The invoice was issued on 20th January 2021 and the payment for the same was received on 1st February 2021.

In the present case, we need to 1st check if the invoice was issued within the prescribed time.

The prescribed time is 30 days from the date of supply i.e., 31st January.

The invoice was issued on 20th January.

This means that the invoice was issued within a prescribed time limit.

The time of supply will be **earliest** of –

1. Date of issue of invoice = 20th January 2021
2. Date of receipt of payment = 1st February 2021

This means that the time of supply of services will be **20th January 2021**.

II. TIME OF SUPPLY OF SERVICE WHERE TAX IS PAYABLE UNDER REVERSE CHARGE

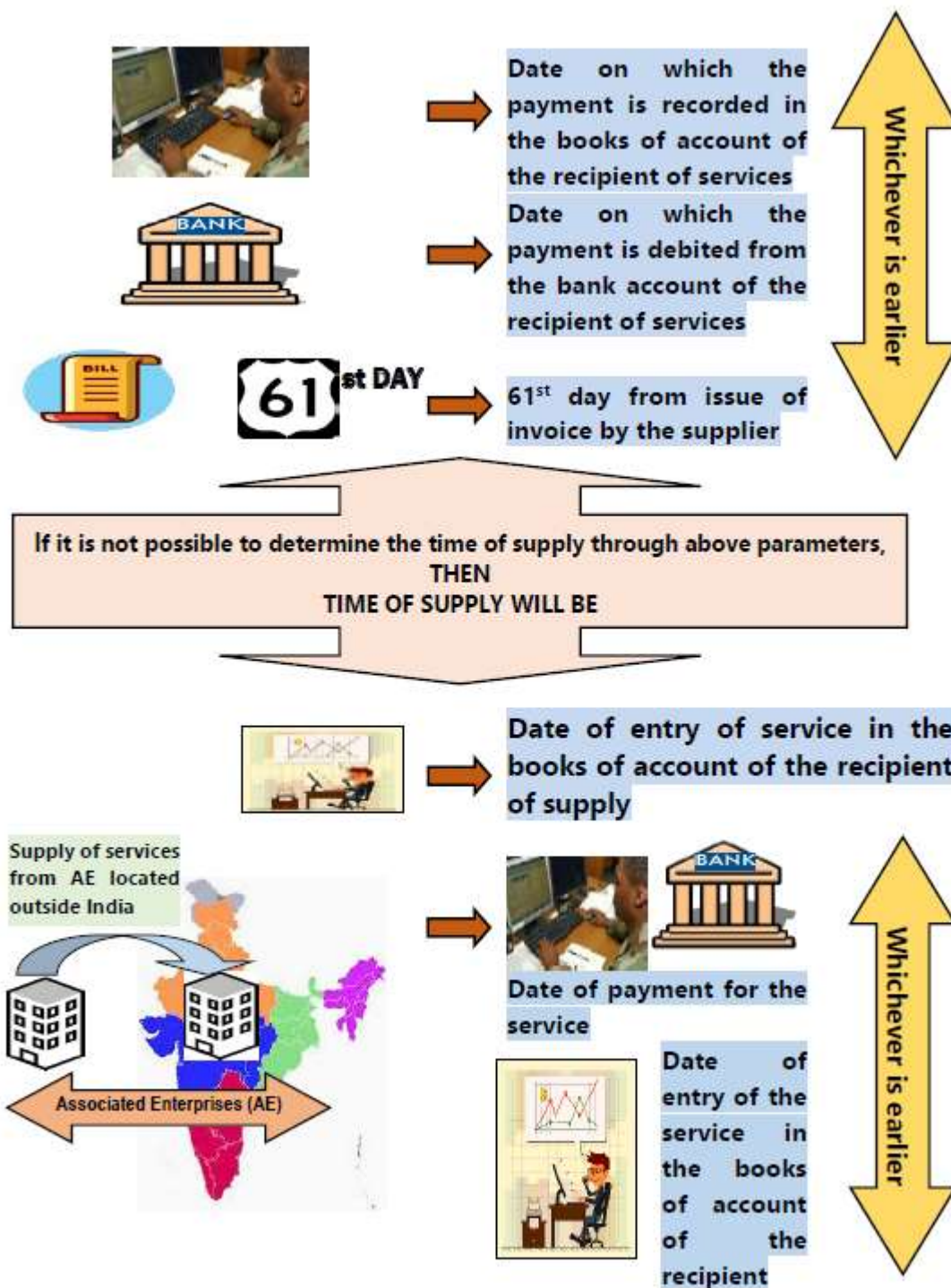
The time of supply for service receiver is earliest of:

1. Date of payment
2. 61st day from date of issue of invoice for services

Here “**date of payment**” refers to

- earlier of
 - a) Date entered in the books of account of recipient of services
 - (or)
 - b) Date on which payment is debited in the Bank account

TIME OF SUPPLY OF SERVICES UNDER REVERSE CHARGE



Example # 6

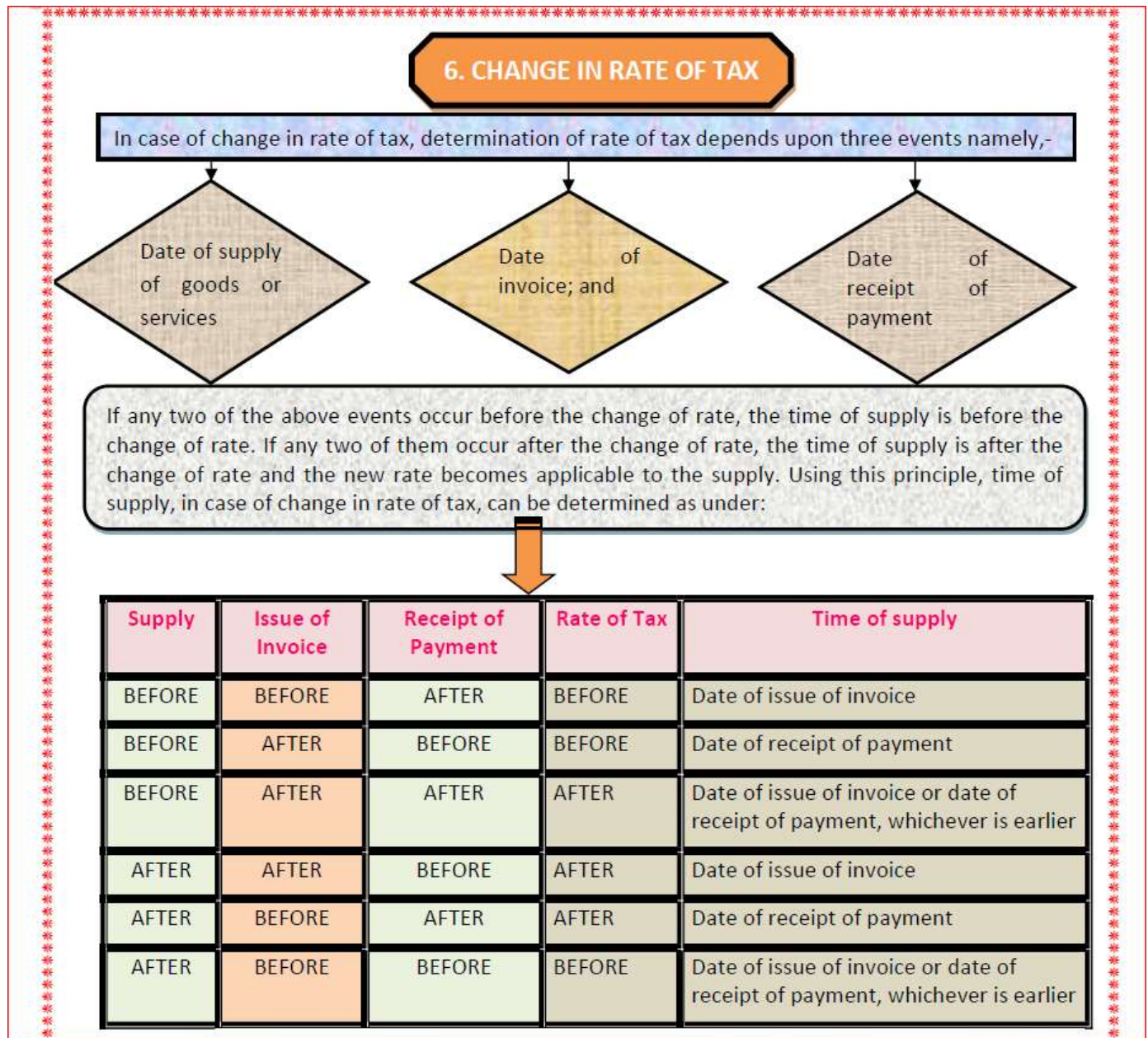
M/s ABC Pvt Ltd undertook service of a director Mr. X worth Rs. 50,000 on 15th January 2021. The invoice was raised on 1st February. M/s ABC Pvt Ltd made the payment on 1st May.

The time of supply, in this case, will be earliest of –

1. Date of payment: 1st May 2021
2. 60 days from date of date of invoice: 2nd April 2021

Thus, the time of supply of services is **2nd April 2021**

Change in Rate of Tax:



-Thank You-