

Time of Supply

Time of Supply of Goods

- The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of Sec. 12 of the CGST Act, 2017.
- The time of supply of goods shall be the earlier of the following dates, namely:-
 - (a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or
 - (b) the date on which the supplier receives the payment with respect to the supply:
- if advance upto Rs 1,000 is received, GST is not payable at that stage. In that case, GST will be payable when invoice is raised.

- provision in respect of payment of tax on advances in respect of supply of goods has been suspended w.e.f. 15-11-2017, though it is continuing for supply of services.

"the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

- In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:-

- (a) the date of the receipt of goods; or
- (b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- (c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Where it is not possible to determine the time of supply under a, b or c above, the time of supply shall be the date of entry in the books of account of the recipient of supply.

- Where it is not possible to determine the time of supply in case of the above situations, the time of supply shall-

- (a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

(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.

Apart from the event of supply, there are two more important event which will play crucial role in deciding the TOS -

(1) Date of Issue of Invoice.

(2) Date of Receipt of Payment.

Date of issue of invoice: It will be the actual date of issue of invoice as per the provision of Section 31 of CGST/SGST ACT.

Date of Receipt of Payment : As per the explanation to this section is " the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

Residual clause of time of supply of goods

Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—

(a) in a case where a periodical return⁵ has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid."

Time of Supply of Services

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

- The time of supply of services shall be the earliest of the following dates, namely:-

(a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under [section 31](#) or the date of receipt of payment, whichever is earlier; or

(b) the date of provision of service, if the invoice is not issued within the period prescribed under [section 31](#) or the date of receipt of payment, whichever is earlier; or

(c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not: apply

- Where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

ToS for supply made under Reverse Charge

In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:—

(a) the date of the receipt of goods; or

(b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply."

Time of supply in case of supply of voucher

In case of supply of vouchers by a supplier, the time of supply shall be—

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases."

Change in rate of tax in respect of supply of goods or services

Notwithstanding anything contained in section [12](#) or section [13](#), the time of supply, where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely:-

- (a) *in case the goods or services or both have been supplied before the change in rate of tax,-*
- (i) *where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or*
- (ii) *where the invoice has been issued prior to the change in rate of tax but payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or*
- (iii) *where the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;*
- (b) *in case the goods or services or both have been supplied after the change in rate of tax,-*
- (i) *where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or*
- (ii) *where the invoice has been issued and payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or*
- (iii) *where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice:*

Provided that the date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after four working days from the date of change in the rate of tax.

Explanation.-For the purposes of this section, "the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

Determination of Time of supply as per section 14 is depending upon the period of supply (delivery of goods or provision of service), the treatment for supply taking place before rate change and supply taking place after rate change is different depending upon the other two events i.e. payment for that supply and Invoicing of that supply.

Section 14 (a) When Supply is Completed BEFORE the Rate Change

| Scenario | Invoice Issued | Payment Received | Time of Supply (Taxable Event) | Rate to Apply |
|-----------------|-----------------------|-------------------------|---|----------------------|
| Case 1 | AFTER rate change | AFTER rate change | Whichever is earlier: 1. Date of Invoice 2. Date of Payment | NEW Rate |
| Case 2 | BEFORE rate change | AFTER rate change | Date of Invoice | OLD Rate |
| Case 3 | AFTER rate change | BEFORE rate change | Date of Payment | OLD Rate |

Section 14 (b) When Supply is Completed AFTER the Rate Change

| Scenario | Invoice Issued | Payment Received | Time of Supply (Taxable Event) | Rate to Apply |
|-----------------|-----------------------|-------------------------|---|----------------------|
| Case 1 | BEFORE rate change | AFTER rate change | Date of Payment | NEW Rate |
| Case 2 | BEFORE rate change | BEFORE rate change | Whichever is earlier: 1. Date of Invoice 2. Date of Payment | OLD Rate |
| Case 3 | AFTER rate change | BEFORE rate change | Date of Invoice | NEW Rate |

Apart from above, it is also important to consider what is date of payment and one should refer the provision and explanation given in the section 14 to determine the same.