

Various Taxes contemplated in GST

Goods and Services Tax

One tax in many forms

CGST

SGST

UTGST

IGST

Compensation
Cess

OVERVIEW

- CGST Act/RULES/NOTIFICATIONS
- SCGST/UTGST ACT/RULES/NOTIFICATIONS
- IGST ACT/RULES/NOTIFICATIONS
- GST (COMPENSATION TO STATES) ACT

•	CGST	IGST	COMPEN
– Total No. of Chapters	21	9	
– Sections	174	25	14
– Schedules	3		1

IMPORTANT NOTIFICATIONS

- 1/2017 Rate notification for goods
- 2/2017 exemption for goods
- 4/2017 Reverse Charge Mechanism (RCM)
- 11/2017 Rate notification for services
- 12/2017 exemption for services
- 13/2017 RCM for services

- What is to be taxed
- When to be taxed
- Value at which it is to be taxed
- Rate at which it is to be taxed
- Who has to pay the tax

Cgst/sgst - important topics

- Definitions (Section 2)
- Scope of supply(sections 7 to 10) Read with Schedules I, II and III
- Time of supply (sections 12 to 14)
- Value of supply (Section 15)
- ITC (Sections 16 to 21)
- Registration (Sections 22 to 30)
- Accounts and records (Section 35 to section 36)
- Returns (Sections 37 to 48)
- Transitional provisions (Sections 139 to 142)
- Job work (Section 143)
- Eway bill (Rules 138 to 138D)

IGST IMPORTANT TOPICS

- Levy and Collection of Tax (Section 5)
- Interstate and intra state sales (Sections 7 to 9)
- Place of supply (Section 10 to 14)
- Zero Rated Supply (Section 16)

SCOPE OF SUPPLY

RELEVANT SECTIONS

- **CGST/SGST ACT**

- Sections 7 – Definition of supply
- Section 8 – Mixed and composite supply
- Section 9 – levy
- Section 10 – Composition Scheme
- Section 11 – Power to grant exemption

- Schedule I – Activities to be treated as supply even when made without consideration
- Schedule II – Activities to be treated as supply of goods or services
- Schedule III – Activities or transactions which shall be treated neither as supply of goods nor a supply of services
- Definitions of certain terms as per section 2

- **IGST ACT**

- Sections 5 (levy and collection) and Section 6 (Exemption)

SECTION 7

DEFINITION OF SUPPLY

- “supply” includes—
 - (a) all forms of supply of goods or services or both such as
 - sale,
 - transfer,
 - barter,
 - exchange,
 - licence,
 - rental,
 - lease or
 - disposal made or agreed to be made
 - for a consideration by a person
 - in the course or furtherance of business;
-

SECTION 7

- (b) import of services for a consideration
whether or not in the course or furtherance of
business;
- (c) the activities specified in Schedule I, made
without a consideration; and

- ~~(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.~~
- Section 7(1A)
- Certain activities or transactions, when constituting a supply in accordance with the Provisions of sub-section (1)
- shall be treated either as supply of goods or supply of services as referred to in Schedule II.

- (52) “goods” means every kind of movable property
- *other than money and securities*
- but includes
 - actionable claims
 - growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply

- (75) **“money” means the**
 - Indian legal tender or
 - any foreign currency,
 - cheque,
 - promissory note,
 - bill of exchange,
 - letter of credit,
 - draft,
 - pay order,
 - traveller cheque,
 - money order,
 - postal or electronic remittance or
 - any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination
- **but shall not include any currency that is held for its numismatic value;**

- (101) “securities” shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 ;

clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956

- securities include—
- shares,
- scrips,
- stocks,
- bonds,
- debentures,
- debenture stock or
- other marketable securities of a like nature
- in or of any incorporated company or other body corporate;

clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956

- derivative;
- units OF any mutual fund scheme;]
- Government securities;
- such other instruments as may be declared by the Central Government to be securities; and
- rights or interests in securities;

Actionable claim

- Section 2(1) *“actionable claim” shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882;*
- "actionable claim" means a claim to any debt, other than a debt
 - secured by
 - mortgage of immovable property or
 - by hypothecation or pledge of movable property, or
- A claim to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant, which the civil courts recognize as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent

- (102) “services” means anything
- *other than goods, money and securities*
- *but* includes
 - activities relating to the use of money or
 - its conversion by cash or
 - by any other mode, from one form, currency or Denomination, to another form, currency or denomination– for which a separate consideration is charged;

Explanation: The expression “services” includes facilitating or arranging transactions in securities

MEANING OF BUSINESS

Section 2(17)

- “business” includes—
- any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, **whether or not it is for a pecuniary benefit;**
- any activity or transaction in connection with or incidental or ancillary to above
- any activity or transaction **whether or not there is volume, frequency, continuity or regularity of such transaction;**
- supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- **provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;**
- **State of West Bengal v. Calcutta Club Limited .(SC)**

- admission, for a consideration, of persons to any premises;
- services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- ~~services provided by a race club by way of totalisator or a licence to book maker in such club; and~~
- ~~services provided by~~ activities of a race club including by way of totalisator or a license to book maker ~~or activities of a licensed book maker~~ in such club; and
- any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

- *Supply should be by a person engaged in business:*
- However, in case of import of services for a consideration, even if such services are imported otherwise than in the course or furtherance of business, it would be deemed to be a supply.
- ***However, it would be liable to IGST since it would not be an intra-State supply.***
- *Section 2(21) of IGST Act has adopted the meaning of 'supply' as per from CGST/SGST Act.*

- (31) “consideration” in relation to the supply includes—
 - (a) any payment in money or otherwise,
 - in respect of, in response to, or for the inducement of, the supply of goods or services or both,
 - whether by the recipient or by any other person
 - but shall not include any subsidy given by the Central Government or a State Government;
 - (b) the monetary value of any act or forbearance,
 - in respect of, in response to, or for the inducement of, the supply of goods or services or both,
 - whether by the recipient or by any other person
 - but shall not include any subsidy given by the Central Government or a State Government:
- Provided that a deposit given in respect of the supply shall not be considered as payment made for such supply

Forms of Supply	Two persons capable to contract	Consideration in money	Willing buyer	Willing seller	Delivery or possession	Permanent alienation of title	Consensus as to the objects of supply
Sales	✓	✓	✓	✓	✓	✓	✓
Transfer	✓	✓	✓	X	✓	✓	✓
Barter	✓	X	✓	✓	✓	✓	✓
Exchange	✓	✓ /X	✓	✓	✓	✓	✓
license	✓	✓	✓	✓	X	X	✓
Rental	✓	✓	✓	✓	✓	X	✓
Lease	✓	✓	✓	✓	✓	X	✓
Disposal	✓	✓	✓ /X	✓	✓	✓	X

- ~~(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.~~
- Section 7(1A)
- Certain activities or transactions, when constituting a supply in accordance with the Provisions of sub-section (1)
- shall be treated either as supply of goods or supply of services as referred to in Schedule II.

SECTION 7 (2)

- **Neither Supply of Goods or service**
- (a) activities or transactions specified in **Schedule III**; or
- (b) such activities or transactions undertaken by
 - Central Government,
 - a State Government or
 - any local authority
 - in which they are engaged as public authorities,
 - as may be notified by the Government

- Notified transactions:
- “Services by way of any activity in relation to a function entrusted
 - to a Panchayat under article 243G of the Constitution or (29 activities)
 - to a Municipality under article 243W of the Constitution”.” (18 activities)

- **243G. Powers, authority and responsibilities of Panchayats**
- The Legislature of a State may endow the Panchayats with such powers and authority as may be necessary
- to enable them to function as institutions of self government and
- such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level,
- subject to such conditions as may be specified therein, with respect to
 - **(a)** the preparation of plans for economic development and social justice;
 - **(b)** the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the **matters listed in the Eleventh Schedule**

Activities specified under Article 243 G

- Agriculture, including agricultural extension.
- Land improvement, implementation of land reforms, land consolidation and soil conservation.
- Minor irrigation, water management and watershed development.
- Animal husbandry, dairying and poultry.
- Fisheries.
- Social forestry and farm forestry.
- Minor forest produce.
- Small scale industries, including food processing industries.

Activities specified under Article 243 G

- Khadi, village and cottage industries.
- Rural housing.
- Drinking water.
- Fuel and fodder.
- Roads, culverts, bridges, ferries, waterways and other means of communication.
- Rural electrification, including distribution of electricity.
- Non-conventional energy sources.
- Poverty alleviation programme.
- Education, including primary and secondary schools.
- Technical training and vocational education.

Activities specified under Article 243 G

- Technical training and vocational education.
- Adult and non-formal education.
- Libraries.
- Cultural activities.
- Markets and fairs.
- Health and sanitation, including hospitals, primary health centres and dispensaries.
- Family welfare.
- Women and child development.
- Social welfare, including welfare of the handicapped and mentally retarded.
- Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
- Public distribution system.
- Maintenance of community assets.]

- **243W. Powers, authority and responsibilities of Municipalities, etc**
- The Legislature of a State may endow
- [\(a\)](#) the Municipalities with such powers and authority
- as may be necessary to enable them to function as institutions of self government and
- such law may contain provisions for the devolution of powers and responsibilities upon Municipalities,
- subject to such conditions as may be specified therein, with respect to
 - [\(i\)](#) the preparation of plans for economic development and social justice;
 - [\(ii\)](#) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;
- [\(b\)](#) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule

Activities specified under 243 W

- Twelfth Schedule Article 243-W) — Municipalities (urban local government).
 1. Urban planning including town planning.
 2. Regulation of land-use and construction of buildings.
 3. Planning for economic and social development.
 4. Roads and bridges.
 5. Water supply for domestic, industrial and commercial purposes.
 6. Public health, sanitation conservancy and solid waste management.
 7. Fire services.
 8. Urban forestry, protection of the environment and promotion of ecological aspects.
 9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.

Activities specified under 243 W

- 10. Slum improvement and upgradation.
- 11. Urban poverty alleviation.
- 12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
- 13. Promotion of cultural, educational and aesthetic aspects.
- 14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
- 15. Cattle pounds; prevention of cruelty to animals.
- 16. Vital statistics including registration of births and deaths.
- 17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
- 18. Regulation of slaughter houses and tanneries.

SECTION 7 (3)

- Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—
 - (a) a supply of goods and not as a supply of services; or
 - (b) a supply of services and not as a supply of goods.
- **SCHEDULE II**

SCHEDULE I

- **ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION**
- Permanent **transfer or disposal** of **business assets** where input tax credit has been availed on such assets.
- Supply of goods or services or both between
 - related persons or
 - between **distinct persons** as specified in section 25, when made in the course or furtherance of business:
 - gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply

SCHEDULE I

- Supply of goods—
 - (a) by a **principal to his agent** where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- **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.

SCHEDULE II

- ACTIVITIES **OR TRANSACTIONS** TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES

SCHEDULE II

- **1. Transfer**

- (a) any transfer of the title in goods is a **supply of goods**;
- (b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a **supply of services**;
- (c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, **is a supply of goods**.

SCHEDULE II

- **2. Land and Building**

- (*a*) any lease, tenancy, easement, licence to occupy land **is a supply of services;**
- (*b*) any lease or letting out of the building including a commercial, industrial or residential complex **for business or commerce**, either wholly or partly, **is a supply of services.**

SCHEDULE II

- **3. Treatment or process**
 - Any treatment or process which is applied to another person's goods is a supply of services. = **Job work**

SCHEDULE II

- **4. Transfer of business assets**

- (a) where goods forming part of the assets of a business are transferred or disposed of **so as no longer to form part of those assets**, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;
- (b) where,, goods held or used for the purposes of the business **are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business**, **whether or not for a consideration**, the usage or making available of such goods is a supply of services;
- (c) **where any person ceases to be a taxable person**, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—
 - (i) the business is transferred as a going concern to another person; or
 - (ii) the business is carried on by a personal representative who is deemed to be a taxable person.

SCHEDULE II

- 5. The following shall be treated as supply of service, namely:—
- **(a) renting of immovable property;**
- **(b) construction of a complex, building, civil structure** or a part thereof, including a complex or building
- **intended for sale** to a buyer, wholly or partly,
 - **except where**
 - **entire consideration has been received after issuance of completion certificate**, where required, by the competent authority
 - or after its first occupation,
 - whichever is earlier.

- The expression "competent authority" means
 - the Government or
 - any authority authorised to issue completion certificate under any law for the time being in force and
 - in case of non-requirement of such certificate from such authority, from any of the following, namely:—
 - (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or
 - (ii) a chartered engineer registered with the Institution of Engineers (India); or
 - (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;
- (2) the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure

SCHEDULE II

- (c) temporary transfer or permitting the use or enjoyment of any **intellectual property right**;
- (d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of **information technology software**;
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and
- (f) **transfer of the right to use any goods** for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

SCHEDULE II

- **6. Composite supply**
- The following composite supplies shall be treated as a supply of services, namely:—
 - (a) works contract as defined in clause (119) of section 2; and
 - (b) supply, by way of or as part of any service of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption),
-

SCHEDULE II

- (119) “works contract” means a contract for (14activities)
 - building,
 - construction,
 - fabrication,
 - completion,
 - erection,
 - installation,
 - fitting out,
 - improvement,
 - modification,
 - repair,
 - maintenance,
 - renovation,
 - alteration or
 - commissioning
- of any **immovable property** wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;

SCHEDULE II

- 7. Supply of Goods
- The following shall be treated as supply of goods, namely:—
- **Supply of goods by**
- **any unincorporated association** or body of persons
- to a member thereof
- for cash, deferred payment or other valuable consideration.

SCHEDULE III

- **ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES**

SCHEDULE III

- 1. Services by an employee to the employer in the course of or in relation to his employment.
- 2. Services by any court or Tribunal established under any law for the time being in force.
- Explanation.1. For the purposes of paragraph 2, the term "court" includes District Court, High Court and Supreme Court.

SCHEDULE III

- 3. *a)* the functions performed by the
 - Members of Parliament,
 - Members of State Legislature,
 - Members of Panchayats,
 - Members of Municipalities and
 - Members of other local authorities;
- *(b)* the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
- *(c)* the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

SCHEDULE III

- **4.** Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- **5.** Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- 3(26) of General clauses Act "immovable property" shall include land, benefits to arise out of land, and things attached to the earth, or permanently fastened to anything attached to the earth;
- **6.** Actionable claims, other than lottery, betting and gambling.

SCHEDULE III

- 7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering india

SCHEDULE III

- 8 (a) Supply of warehoused goods to any person before clearance for home consumption.
- (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.
- Explanation.- For the purposes of this clause, the expression “warehoused goods” shall have the meaning as assigned to it in the Customs Act, 1962 (52 of 1962)

COMPOSITE SUPPLY V MIXED SUPPLY

Section 8

- The tax liability on a composite or a mixed supply shall be
 - (a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
 - (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

COMPOSITE SUPPLY - MEANING

- 2(30) “composite supply” means a supply consisting of
 - two or more **taxable supplies** of goods or services or both, or any combination thereof,
 - which are **naturally bundled** and
 - supplied in conjunction with each other
 - In the **ordinary course of business**,
 - one of which is a **principal supply**;
- *Illustration:* Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

MIXED SUPPLY - MEANING

- 2(74) “mixed supply” means
 - two or more individual supplies of goods or services, or any combination thereof,
 - made in conjunction with each other
 - for a single price
 - where such supply does not constitute a composite supply;
- *Illustration:* A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately

- 2(108) “taxable supply” means a supply of goods or services or both **which is leviable to tax** under this Act;
- 2(90) “principal supply” means the supply of goods or services **which constitutes the predominant element of a composite supply** and to which any other supply forming part of that composite supply is ancillary;

- Section 2(47) – “**exempt supply**” means supply of any goods and/ or services
 - which attract nil rate of tax; or
 - which may be exempt from tax under Section 11 or Section 6 of IGST Act i.e Notification No. 2 and 12 of 2017 under CGST
 - and includes non-taxable supply
- Section 2(78) – “**non-taxable supply**” means a supply of goods and/or services which is not leviable to tax under this Act or IGST Act
- 2(108) “**taxable supply**” means a supply of goods or services or both which is leviable to tax under this Act;
- Section 16(1) of IGST Act – “**zero-rated supply**” means any of the following supplies of goods and/or services, namely -
 - a) Export of goods and/or services
 - b) Supply of goods and/or services to a SEZ developer or an SEZ unit

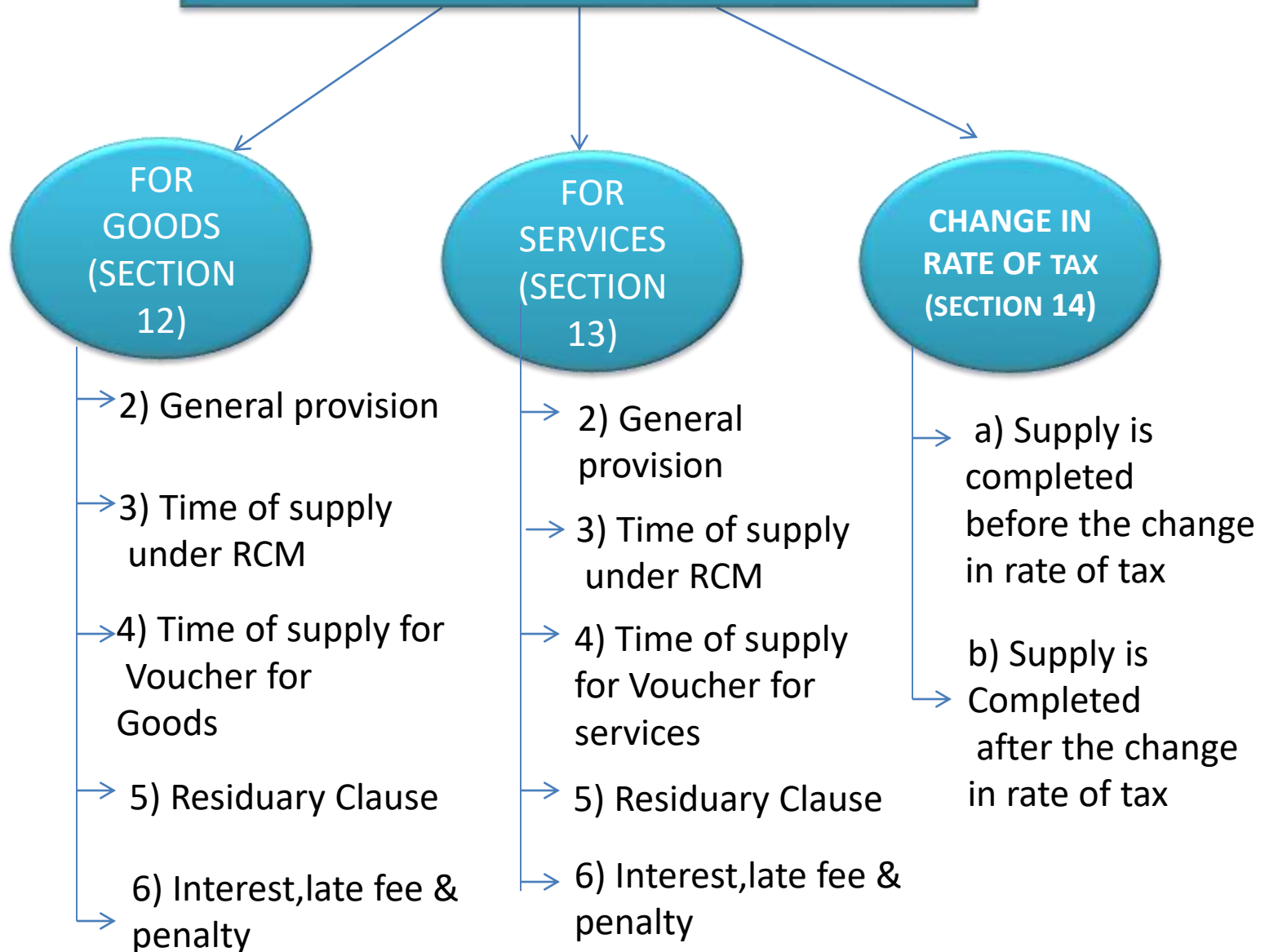
- Non GST Supply:
 - Not defined
 - Which is out of definition of Supply as per section 7
 - alcoholic liquor for human consumption – excluded by charging section
 - For petroleum product levy has been postponed
 - Schedule III supply – Outside the definition of supply – hence non GST supply

CONCEPT OF DEEMED SUPPLY

- Not found in section 7
- Phrase 'deemed supply' in section 19(3) and 19(6) and 31(7)
- in respect of inputs/capital goods sent to a job worker but are not returned back within the time period of 1 year/ 3 years permitted for their return.
- Supply on sale or return basis – If invoice is not raised within 6 months

TIME OF SUPPLY

TIME OF SUPPLY



- **Time of supply for goods (Section 12)**

- Section 12(2)
- The earlier of the following dates
 - the date of issue of invoice
 - the last date under section 31, to issue the invoice
 - ~~the date on which the supplier receives the payment~~ (Notification No. 66/2017 dated 15/11/2017)
 - he registered person **who did not opt for the composition levy under section 10** shall pay the central tax on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e. the date of issue of invoice by the supplier or the last date on which he is required, under section 31(1), to issue the invoice with respect to the supply..
- Earlier by Notification No.40/2017- Central Tax dtd.13-Oct-17, the benefit was granted to only small assesses whose turnover in the preceding financial year or in the year in which he obtained registration does not exceed or is not likely to exceed `150 Lakhs.
- Subsequently the scope was enhanced to include all registered persons making supply of goods except the persons who have opted for composition under section 10

- Explanation 1 to section 12(2)
 - Supply shall be deemed to have been made to the extent the value of supply indicated in the invoice or the value of payment received by the supplier.
- Explanation 2 to section 12(2)
 - Date of receipt of payment shall be the date on which the payment is accounted in the books of the supplier or the date reflected in the bank account of the supplier, whichever is earlier.
- NN- 66/2017-Central Tax dated 15-Nov-17 - No GST is payable on advances received against supply of goods.

– .

- *Exceptions:*
- When an amount is received in excess of tax invoice up to ` 1,000/-, the time of supply in respect of such excess at the option of the supplier shall be the date of such invoice.
- Supplier has received an amount of Rs. 76000/- against an invoice of Rs.75000/- on 15/07.17
- the date of invoice of next supply to the said recipient is 28/08/17,
- An option to treat the time of supply w.r.t Rs. 1,000/-
 - either as 15.07.17 or 28.08.17.

- *Section 31.(1)*
- *When To issue a tax invoice*
 - (a) *Where supply involves **movement of goods***
 - *Before or at the time of **removal of goods** for supply to the recipient, or*
 - (b) *In any other case*
 - *Before or at the time of **delivery of goods** or*
 - ***making available thereof** to the recipient*

- 2(96) Removal in relation to goods means:
 - (a) despatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or
 - (b) collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient;
- The term ‘movement of goods’ is not defined

TIME LIMIT FOR ISSUE OF INVOICE IN RESPECT OF CONTINUOUS SUPPLY OF GOODS

- **Section 2(32).**
- Continuous Supply of **goods** means
- a supply of goods which is provided, or agreed to be provided,
- **continuously or on recurrent basis**, under a contract,
- whether or not by means of a wire, cable, pipeline or other conduit, and
- **for which the supplier invoices the recipient on a regular or periodic basis and**
- includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify;

- Section 31(4) continuous supply of goods
- the invoice to be issued
- before or at the time
- each such statement is issued or, each such payment is received

- Section 31(7) If **goods sent for approval** then Invoice to be raised at the earliest of the following:
 - ♦ Time when it becomes known that supply has taken place.
 - ♦ Six month from the date of removal.

- Date of Payment:
- Earlier of
 - 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,

- TIME OF SUPPLY UNDER RCM FOR GOODS
- Section 12(3)

- Earliest of the following dates:
 - Date of receipt of goods
 - Date on which the payment is entered in the books of accounts of the recipient or
 - the date on which the payment is debited in his bank account
 - Date immediately **following 30 days**
 - from the date of issue of invoice or
 - any other legal document in lieu of invoice by the supplier
- If it is not determinable in aforesaid manner the time of supply is
 - the date of entry of the transaction in the books of accounts of the recipient .

- **Time of supply in case of supply of vouchers**

- **Section 2 (118) Definition of 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;

:

Voucher 2(119) may be represented as follows

Object	
Instrument with obligation	Created by contract between private Parties
Value represented	As per terms of use
Stored value	Nil; only value of obligation admitted
Obligor (person liable to discharge admitted obligation)	Issuer or other name obligor
Parties involved	3 or more parties – supplier, receiver and obligor

- Voucher is an ‘instrument with obligation’ that is accepted as consideration.
- Voucher does not contain any ‘stored value’ but ‘value-to-use’.
- This ‘value-to-use’ is credited into a voucher by a contractual arrangement between the issuer-redeemer of the voucher.
- A customer who redeems the voucher is not a party to the arrangement for creation of the voucher.

- Vouchers are classifiable into two:
 - Single purpose voucher
 - A shopkeeper may issue vouchers for a specific supply i.e. supply which is identifiable at the time of issuance of voucher
 - General purpose voucher
 - Similarly a voucher can be a general purpose voucher which can be used for multiple purposes.
- Time of supply
 - for single purpose voucher is the date of issue of voucher.
 - In all other cases is the date of redemption of voucher

- Gift voucher issued by a merchant that is a bearer certificate with a unique identification number or code is not a voucher that agrees with this definition because this gift voucher is a close-ended PPI.
- Another similar product is 'loyalty points' which also contains 'value-to-use' but the difference is that in loyalty points, issuer-redeemer is the same person.
- Yet another product coupon or token in the form of a 'code', where a customer becomes entitled to discount at the very first purchase also by citing this 'code'

- Pass is one which could be an entry pass or customer's pass or a free ticket.
- company buys these tickets and distributes it to key customers
- There is a normal taxable supply between the supplier of goods or services and the person who pays and buys the 'pass'. There is another supply to be examined, between the person who pays and the person who actually enjoys the goods or services

Criteria	Money	Voucher	Loyalty Points
Instrument Type	Indian legal tender, foreign currency or stored value PPI of cash paid	Physical card / non- physical account of cash received	Points-statement of accrued discount from past Transactions
Beneficiary	Bearer of cash or account-holder of PPI	Bearer or account- holder	Account-holder
Represents cash deposited	Yes, paid by Beneficiary *	Yes, paid by third party Issuer *	No, notional credit of loyalty points
Paid value = Face value on redemption	Yes, no discount and no premium	No, discounted value is paid by redemption of face value	NA

* includes nominee of bearer-instruments
** becomes voucher on transfer of accumulated points before redemption

Criteria	Money	Voucher	Loyalty Points
Paid value refundable	Yes, stored-value	No, only value-to- use	NA, discount-to-claim
Transferrable	No	Yes	Yes**
Issuer is redeemer	Yes	No	Yes
Redemption by	Bearer	Bearer	Account-holder
Unredeemed value	Continues	Loss to issuer	Lapse
Governing law	PSS Act	Contract Act	Contract Act

Illustrations:

Illustration	Voucher or Not	Nature of Instrument
Shopping gift card purchased for `5,000/-	Not voucher	It's money, by way of 'stored value' even if not encashable
Coupons or token given to customer by pizza outlet on making purchase of `1,000/- which allows 10% discount on next purchase	Not voucher	It is future discount by way of 'value-to-use' not encashable
Money deposited into digital wallet	Not voucher	It's money, by way of 'stored value' though encashable
Points credited into digital wallet	Not voucher	It is future discount by way of 'value-to-use' not encashable

Illustration	Voucher or Not	Nature of Instrument
Transfer of liability towards accumulated loyalty points credited to customers	Voucher	Now, it's become an 'instrument with obligation'
Pre-paid instruments: ➤ Telephone calling card / rechargecard ➤ Multi-currency traveller'scard ➤ DTH rechargecard	Not voucher	It's money received in advance to be settled by making supplies in future

Illustration	Voucher or Not	Nature of Instrument
<p>Non-instrument based advances:</p> <ul style="list-style-type: none"> ➤ Receipt issued to customer for acknowledging advance payment received towards PO issued ➤ Advance booking of film ticket ➤ Train ticket purchased in advance ➤ Contribution of installments into 'gold savings scheme' ➤ Time-share in resort 	Not voucher	It's money received in advance to be settled by making supplies in future

- **Time of Supply – Residuary**

- Where none of the above provisions are able to satisfactorily answer the time of supply
 - where a periodical return has to be filed, the due date prescribed for such return; or
 - in any other case, the date of payment of the tax.

- **Time of Supply – Special Charges**

- Special charges imposed for delay in payment of consideration
- time of supply being date of receipt of the charges imposed,
- that is, cash-basis of payment of GST.

- Some illustrations for better understanding of the provisions of time

	Concept illustrations Section 12(2)	Invoice date	Invoice due date	Payment entry in supplier's books	Credit in bank account	Time of supply
1	Invoice raised before removal	10-Oct-17	20-Oct-17	26-Oct-17	30-Oct-17	10-Oct-17
2	Advance received	30-Oct-17	20-Oct-17	10-Oct-17	30-Oct-17	10-Oct-17

	Supply involves movement of goods Section 12(2) r/w Section 31(1)(a)	Invoice/ docume nt date	Removal of goods	Delivery of goods	Receipt of payment	Time of supply
3	Delayed issue of invoice	26-Oct-17	20-Oct-17	26-Oct-17	26-Oct-17	20-Oct-17
4	Inter-State stock transfer	10-Oct-17	20-Oct-17	26-Oct-17	10-Nov-17	10-Oct-17
5	Advance received, invoice for full amount issued on same day (40% advance, 60% post supply payment)	30-Oct-17	10-Nov-17	14-Nov-17	30-Oct-17 20-Nov-17	30-Oct-17 30-Oct-17

	Supply otherwise than by involving movement of goods Section 12(2) r/w Section 31(1)(b)	Invoice date	Receipt of invoice by recipient	Delivery of goods	Receipt of payment	Time of supply
6	Delayed issue of invoice	30-Oct-17	05-Nov-17	26-Oct-17	10-Nov-17	26-Oct-17
7	Invoice issued prior to delivery	20-Oct-17	10-Nov-17	26-Oct-17	10-Nov-17	20-Oct-17

	Continuous supply of goods Section 12(2) r/w Section 31(4)	Invoice date	Removal of goods	Due date of payment as per agreement	Receipt of payment	Time of supply
8	Contract provides for	01-Nov-17	15-Oct-17 25-Oct-17	05-Nov-17	01-Nov-17	01-Nov-17
9	successive statements of	11-Dec-17	08-Nov-17 30-Nov-17	05-Dec-17	11-Dec-17	05-Dec-17
10		08-Jan-18	14-Dec-17 23-Dec-17	05-Jan-18 account/s uccessive	01-Jan-18	01-Jan-18

	Reverse charge Section 12(3)	Date of invoice issued by supplier	Removal of goods	Receipt of goods	Payment by recipient	Time of supply
11	General	31-Oct-17	31-Oct-17	20-Nov-17	30-Nov-17	20-Nov-17
12	Advance paid	31-Oct-17	31-Oct-17	20-Nov-17	05-Nov-17	05-Nov-17
13	No payment made for the supply	31-Oct-17	30-Dec-17	05-Jan-18	-	30-Nov-17

	Sale on approval basis Section 12(2) r/w Section 31(7)	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment	Time of supply
14	Acceptance communicated within 6 months of removal	01-Nov-17	25-Nov-17	15-Nov-17	25-Nov-17	15-Nov-17
15	Amount paid to supplier before informing acceptance	01-Nov-17	25-Nov-17	15-Nov-17	12-Nov-17	12-Nov-17
16	Acceptance not communicated within 6 months of removal	01-Oct-17	15-May-18	15-May-18	02-May-18	01-Apr-18

- **SUPPLY OF SERVICES**

- **Time of Supply – Forward Charge**
- **Time of Supply – Reverse Charge**
- **Time of Supply – Vouchers**
- **Time of Supply – Residuary**
- **Time of Supply – Special Charges**

- If the invoice is issued within the prescribed period under section 31(2)
 - Earliest of the following dates:
 - Date of issue of invoice by the supplier)
 - or the date of receipt of payment, whichever is earlier
- If the invoice is not issued within the prescribed period
 - Earlier of the following:
 - Date of provision of service or
 - the date of receipt of payment, whichever is earlier
- If the above not applicable
 - Date on which the recipient shows the receipt of service in his books of account

- Time limit for issue of an invoice
 - needs to be issued before or after the provision of service
 - But **not later than thirty days** from the date of supply of service.
 - **45 days** in case of supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial com

- ***For inter branch supplies for certain categories of persons***
- ***Invoice could be issued***
 - ***before or at the time such supplier records the same in his books of account or***
 - ***before the expiry of the quarter during which the supply was made.***
- ***Categorised persons***
 - ***an insurer or***
 - ***a banking company or***
 - ***a financial institution, including a non-banking financial company, or***
 - ***a telecom operator, or***
 - ***any other class of supplier of services as may be notified by the Government***

- In case of continuous supply of services:

- Section 2(33)
- “continuous supply of services” means a supply of services which is provided, or agreed to be provided,
- continuously or on recurrent basis, under a contract,
- for a period exceeding three months
- with periodic payment obligations and
- includes supply of such services as the Government may notify

TIME LIMIT FOR ISSUE OF INVOICE

- **Due date of payment can be identified from the contract :**
 - the invoice shall be issued on or before the due date of payment;
- **Due date of payment is cannot be identified from the contract:**
 - the invoice shall be issued before or at the time when the supplier of service receives the payment;
- **Payment is linked to the completion of an event:**
 - the invoice shall be issued on or before the date of completion of that event..
- **Supply of services ceases under a contract before the completion of the supply:**
 - the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

- *Exceptions:*
- When an amount in excess of tax invoice is received up to ` 1,000/-, the time of supply in respect of such excess at the option of the supplier shall be the date of such invoice.

- TIME OF SUPPLY OF SERVICES UNDER RCM

- Earliest of the following dates:
 - 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,
 - Date immediately following 60 days from
 - the date of issue of invoice or any other legal document in lieu of invoice by the supplier
- If it is not possible to determine the time of supply in aforesaid manner,
 - the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply

- **in case of supply by Associated Enterprises located outside India**
- the time of supply is the earlier of
 - the date of entry in the books of account of the recipient or
 - the date of payment,

- **SUPPLY OF VOUCHERS**

- The time of supply in the case of vouchers is
 - the date of issue of voucher if the supply is identifiable at that point; or
 - in all other instances, the date of redemption of the voucher.

- RESIDUAL PROVISIONS

- In case it is not possible to determine the time of supply under aforesaid provisions, the time of supply is:
 - Due date of filing of return, in case where periodical return has to be filed
 - Date of payment of tax in all other cases.

- **Time of Supply – Special Charges**

- **Time of supply of goods or services related to an addition in the value of supply by way of interest, late fees or penalty**
- the date on which supplier receives such addition in value.

- whether the three listed charges are exhaustive or only illustrative?
- whether delay in payment is the only occasion when this provision is attracted or special charges imposed for any other default linked to the original supply will also attract this provision?
- whether special charges imposed for any other default (not delay in payment) is liable to GST but not on receipt basis but accrual basis or are special charges for these cases not at all liable to GST?

- **CHANGE IN RATE OF TAX**

- Supply is completed before the change in rate of tax
- Supply is completed after the change in rate of tax

- **(a) When 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 earlier of
 - 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) When 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:
- 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.

Supply is completed before the change in rate of tax

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicable rate of tax
No	No	Earliest of the date of invoice or payment	New rate of tax
Yes	No	Date of issue of invoice	Old tax rate
No	Yes	Date of receipt of payment	Old tax rate

Supply is completed after the change in rate of tax

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicable rate of tax
Yes	Yes	Earliest of the date of invoice or payment	Old rate of tax
Yes	No	Date of receipt of payment	New rate of tax
No	Yes	Date of issue of invoice	New rate of tax

(a) Supply before the cut-off date-say 01-Sep-18

Supply	Invoice	Payment	Point of taxation
25.08.2018	01.09.2018	05.09.2018	01.09.2018 (Invoice or payment, whichever is earlier)
25.08.2018	26.08.2018	05.09.2018	26.08.2018(Date of Invoice)
25.08.2018	01.09.2018	27.08.2018	27.08.2018(Date of payment)

(b) Supply after the cut-off date-say 01-Sep-17

Supply	Invoice	Payment	Point of taxation
01.09.2017	25.08.2017	05.09.2017	05.09.2017 (Date of payment)
01.09.2017	25.08.2017	26.08.2017	25.08.2017 (Date of invoice or date of payment, whichever is earlier)
01.09.2017	02.09.2017	26.08.2017	02.09.2017 (Date of Invoice)