



CHAPTER - 6

TIME OF SUPPLY

Table of Content

Sections	Descriptions	Pg. No.
12	Time of Supply of Goods	116
13	Time of Supply of Service	122
14	Change in effective rate of Tax	126

Introduction :

GST is payable on supply of goods or services. A supply consists of elements that can be separated in time, like purchase order / agreement, despatch (of goods), delivery (of goods) or provision or performance of service, entry in the records, payment, and entry of the payment in the records or deposit in the bank.

So, at which of these points of time will GST become payable? Will it become payable when an agreement to supply goods or services is made, or when the goods are shipped or the services are provided, or when the invoice is issued or when payment is made? What if the goods are shipped over a period of time? What if the service is provided over a period of time? Provisions relating to 'time of supply' provide answer to all such and other questions that arise on the timing of the liability to pay CGST and SGST/UTGST (intra-State supply) and IGST (inter-State supply) as time of supply fixes the point in time when the liability to pay tax arises.

The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13 of CGST Act. Section 14 provides for the method of determining the time of supply in case there is a change in the rate of tax on supply of goods or services. Sections 12 and 13 use the provisions of section 31 relating to issue of tax invoice as a reference point.

Events like issuing of invoices, receipt of payment, provision of service, receipt of services in books of account need to be analysed to determine the time of supply when the tax on supply is payable under forward charge. When the tax on supply is payable under reverse charge, events like date of receipt of goods, date of making payment etc. need to be analysed to determine the time of supply. The provisions relating to time of supply essentially push the tax collection event to the earliest possible time.



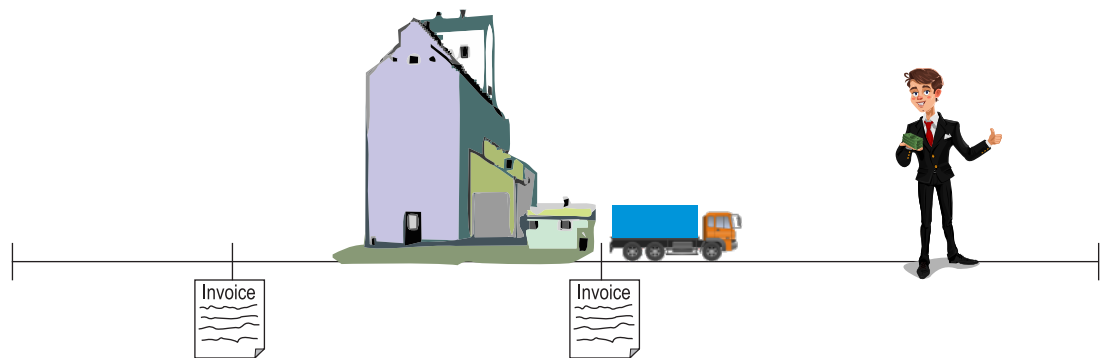
DATE OF ISSUE OF INVOICE BY SUPPLIER OF GOODS OR SERVICES (Relevant extract of Sec 31)

Invoice is main criteria for deciding Time of Supply. Hence before going ahead first try to understand when the invoice to be issued by supplier of goods or services.

Invoice by supplier of the goods

As per Sec 31 a registered person supplying taxable goods shall, **before or at the time** of

- (a) **removal of goods** for supply to the recipient, **where the supply involves movement of goods; or**
- (b) **delivery of goods or making available** thereof to the recipient, **in any other case shall issue the Invoice**



Invoice by supplier of the Service

As per Sec 31 a registered person supplying taxable services shall, **before or after the provision of service**

but not beyond 30 days (in case of banks or financial institution within 45 days) from the date of supply of service

shall issue the Invoice

CONTINUOUS SUPPLY OF GOODS OR SERVICES

“Continuous Supply of Goods”

Section 2(32) Continuous Supply of Goods

“**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.*



Issue of Invoice Sec 31(4)

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

Example Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract. Every quarter, invoice is issued by the supplier supported by a statement of the goods dispatched and payments made, and the recipient has to pay the differential amount, if any. The details of the various events are [ICAI Material]

August 5, September 5, October 6	Payments of ₹ 2 lakh made in each month
October 3	Statement of accounts (SOA) issued by supplier, with invoice for the quarter July – September
October 17	Differential payment of ₹ 56,000 received by supplier for the quarter July – September as per statement of accounts

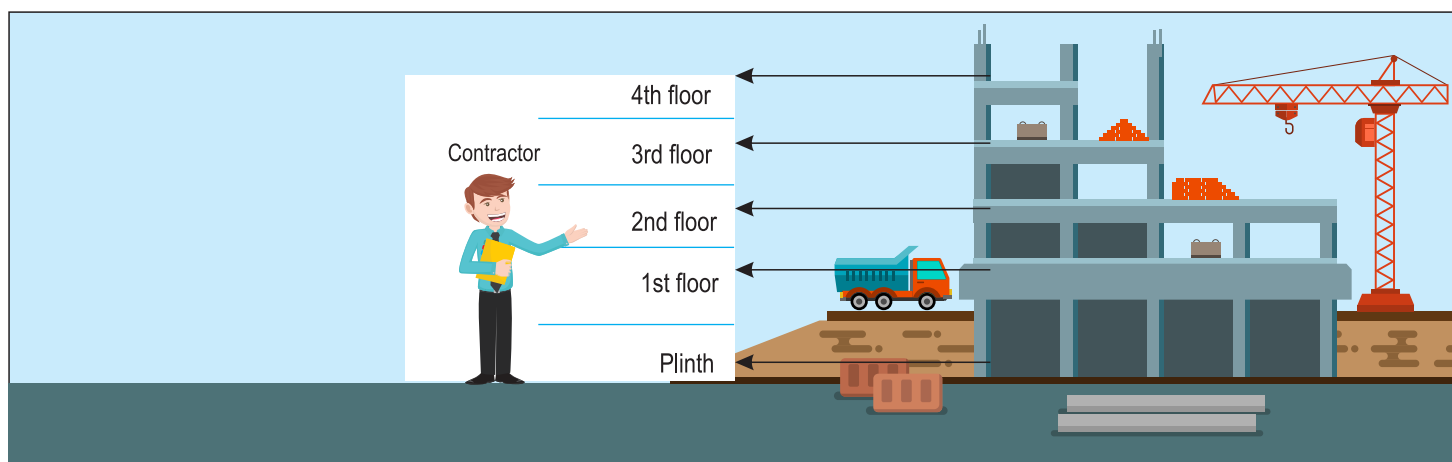
Answer

Continuous Supply of Services

Section 2(33) Continuous Supply of Services

“**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, subject to such conditions, as it may by notification, specify.*



Issue of Invoice Sec 31(5)

in case of continuous supply of services

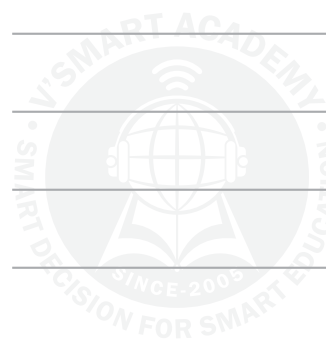
(a)	where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment	
	Example	On 1/10/20XX ABC Ltd enters into contract with Mr. H a practicing CMA for supply of Cost Audit Services by the said CMA for a period of one year. In terms of aforesaid contract the due date of payment is fifteenth day of every month with effect from 15/11/20XX. In the above case Mr. H shall be required to issue an invoice on or before fifteenth day of every month
(b)	where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;	
	Example	On 1/10/20XX ABC Ltd enters into contract with Mr. H a practicing CMA for supply of Cost Audit Services by the said CMA for a period of one year. In the above case Mr. H receives the payment from ABC Ltd on 15/10/20XX hence he shall be required to issue an invoice on or before 15/10/20XX
(c)	where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.	
	Example	On 15/10/20XX Mr. R a builder enters into a contract with Mr. O a landlord for supplying construction services for Rs. 50,00,000 . In terms of the said contract Mr. O shall be required to make payment as per the following details 1) Rs. 30,00,000 on completion of ground floor. The completion of the same takes place on 15/11/20XX 2) Rs. 20,00,000 on completion of first floor. The completion of the same takes place on 15/12/20XX. In the above case Mr. R will issue invoice on or before 1) 15/11/20XX 2) 15/12/20XX

Supply of Goods on approval basis
(Date of Issue of Invoice Section 31(7))

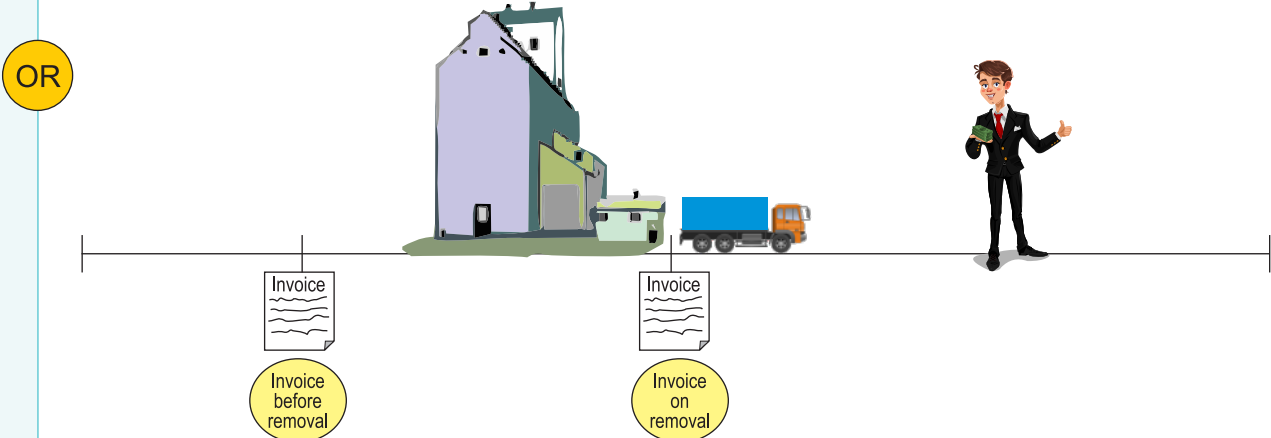


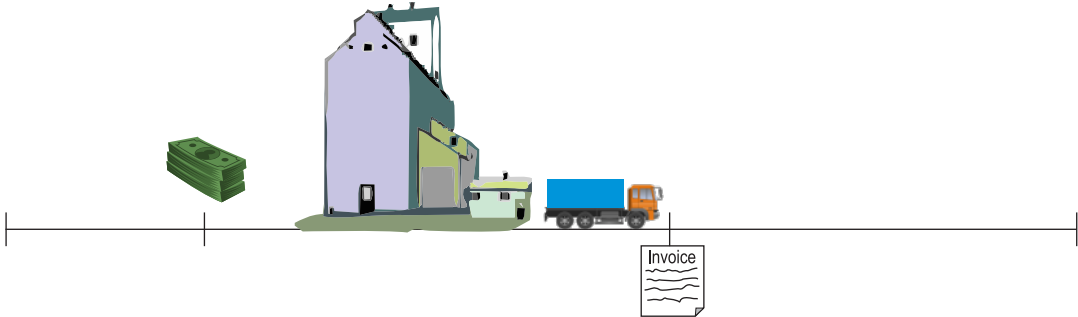
Where Goods are being sent for approval on Sale/Return are removed before Supply taken place,
Invoice shall be issued.

- (a) Before or at the time of Supply or
 - (b) 6 months from the date of Removal
- Whichever is earlier

Example : Mr Vinay, a registered person, supplies goods on approval for sale or return basis, As on 5/5/2019 or worth ₹ 75000 to Mr. Sagar with option of return within 2 months. As on 15/6/2019 Mr. Sagar signifies his approval for the entire quantity of goods.
Specify when Mr. Vinay will issue the invoice ? would you answer differ if Sagar has given approval on 18th Feb 2020



Section 12 : Time of Supply of Goods

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.	
2.	The time of supply of goods shall be the earlier of the following dates , namely	
(a)	<div>the date of issue of invoice by the supplier or</div> <div>the last date on which he is required to issue the invoice with respect to the supply</div> <div>(Sec 31(4)) Omitted by CGST Amendment Act 2018</div>	
	<div style="text-align: center;"> <div style="background-color: #FFCC00; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 20px auto;">OR</div>  </div>	
	<div>(b) the date on which the supplier receives the payment with respect to the supply:</div> <div> <div> <div>Explanation</div> <div> <p>For the purposes of clause (b), “the date on which the supplier receives the payment” shall be</p> <ul style="list-style-type: none"> ➞ 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, <p>whichever is earlier.</p> </div> </div> <div style="text-align: right;">   </div> </div> <div style="text-align: center;">  </div> <div> <div>Explanation</div> <div> <p>For the purposes of clauses (a) and (b), “supply” shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.</p> </div> </div> <div style="background-color: #FFF9C4; padding: 10px; margin-top: 10px;"> <p>Significance of “to the extent supply is covered by the invoice” : The TOS, as discussed above shall be only to the extent of the amount covered in the invoice i.e., suppose, invoice is issued for part value, the time of supply will not cover the full supply. The supply shall be deemed to have been made to the extent it is covered by the invoice.</p> </div>	

Time of Supply is only on invoice basis

N/n - 40/2017 C.T. dated 13 Oct. 2017 Superseded by N/n 66/2017 dated 15 Nov.2017

Any registered person who did not opt for the composition levy under section 10 of the said Act as the class of persons

who shall pay the central tax

on the **outward supply of goods** at the time of supply as specified in **clause (a) of sub-section (2) of section 12** of the said Act

including in the situations attracting the provisions of section 14 of the said Act, and

shall accordingly furnish the **details and returns** as mentioned in Chapter IX of the said Act and the rules made thereunder and

the period prescribed for the **payment of tax** by such class of registered persons shall be such as specified in the said Act.

Important Comment:- In simple words all taxpayers (except composition suppliers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods. The entire GST shall be payable only when the invoice for supply of such goods is issued or ought to have been issued.

A composite supplier has to pay, in lieu of tax payable by him, and amount calculated at the prescribed rate applied on his turnover in the State/UT for quarter.

Therefore, composition supplier is not required to pay any tax on advanced received as the same does not form part of taxable supplies and, in turn, also does not form a part of the turnover in a state/UT at the end of the quarter

Case : Where 'movement of goods' is involved

S. No.	Date of Removal of goods	Date of Invoice	Last date of Invoice as per Section 31	Date of Receipt of Payment		Time of supply	Comments
				In suppliers book	Credit in Bank a/c		
1.	20.10.20XX	10.10.20XX	20.10.20XX	28.10.20XX	30.10.20XX		
2.	20.10.20XX	20.10.20XX	20.10.20XX	28.10.20XX	30.10.20XX		
3.	20.10.20XX	23.10.20XX	20.10.20XX	28.10.20XX	30.10.20XX		
4.	20.10.20XX	20.10.20XX	20.10.20XX	10.10.20XX	13.10.20XX		
5.	20.10.20XX	15.10.20XX	20.10.20XX	08.10.20XX	05.10.20XX		

Proviso

Time of Supply if excess amount is received upto 1000

Provided that where the supplier of taxable goods

➡ receives an amount **upto ₹ 1000**

➡ 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 in respect of such excess amount**.

Example

What is time of supply with respect to amount received in excess of the invoice amount for supply of goods Invoice is issued for ₹5,000 on August 22, 20XX by the supplier. Subsequently, the recipient pays- scenario 1: ₹5,500/- and scenario 2: ₹ 8,000/-?

For scenario 2:- Date on which payment entered in books of accounts of the supplier is Aug 30, 20XX & date on which payment is credited to bank account is Aug 28, 20XX. For excess amount invoice issued on September 22, 20XX in both the cases.

Example 2: Determine the Time of Supply in the following cases-

1. M/s. ABC Ltd. removed the goods valuing ₹ 10 lakh on 15.6.20XX & issued invoice thereof on 12.6.20XX. The payment is received on 1.8.20XX (book entry and bank realization is on same date).
2. M/s. A Ltd. removed the goods valuing ₹ 12 lakh on 15.6.20XX & issued invoice thereof on 15.6.20XX. The payment is received on 21.9.20XX (book entry and bank realization is on same date).
3. Mr. A removed the goods valuing ₹ 14 lakh on 15.7.20XX & issued invoice thereof on 20.7.20XX. The payment is received on 21.9.20XX (book entry and bank realization is on same date).
4. M/s. MNL AOP removed the goods on 1.5.20XX. An invoice towards value of ₹ 2 lakh was issued on 1.5.20XX. The payment is received by cheque and entered in books on 10.4.20XX. It is realized in bank by 13.4.20XX.
5. M/s. AB HUF removed the goods valuing ₹ 12 lakh on 19.6.20XX & part payment ₹ 4,00,000 received on 21.6.20XX & balance payment received on 2.7.20XX (book entry and bank realization is on same date). The invoice thereof is issued on 19.6.20XX.
6. M/s. XYZ Ltd. removed the goods valuing ₹ 12 lakh on 19.6.20XX & part payment ₹ 5,00,000 received on 21.5.20XX (book entry is on 21.5.20XX and bank realization is on 19.5.20XX) & balance payment received on 2.8.20XX (book entry and bank realization is on same date). The invoice thereof is issued on 2.7.20XX.

Solution:

Assessee	Date of removal of goods	Date of Invoice	Last Date of Invoice	Date of receipt of Payment		Date of TOS (read with N/N 66/2017)	Remark
				Book entry	Credit in Bank		

3. Time of Supply for goods in case of 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:—

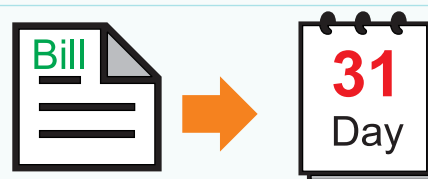
- (a) the date of the receipt of goods;

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

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:



Whichever is earlier

Proviso 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.

Case : Where reverse charge is applicable as per section 9(3) & 9(4) of CGST act

Sr. No.	Date of receipt of goods	Date of issue of Invoice by supplier	31st day after invoice	Date of		Time of Supply	Comments
				Payment in books of recipient	Payment debited in bank a/c		
1.	22.10.20XX	20.10.20XX		23.10.20XX	25.10.20XX		
2.	22.10.20XX	15.10.20XX		17.10.20XX	18.10.20XX		
3.	22.10.20XX	15.10.20XX		20.10.20XX	18.10.20XX		
4.	22.10.20XX	10.10.20XX		23.11.20XX	25.11.20XX		

4. Time of Supply in case 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.

Sec 2 (118) 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.

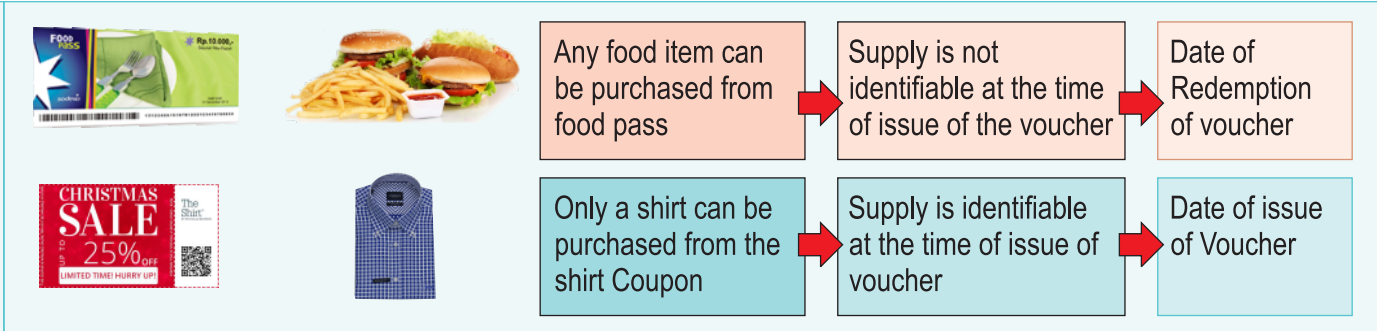


Illustration 1 : Food Panda meal coupons are sold to a company on 4th Nov. for being distributed to the employees of the said company. The coupons are valid for 4 months and can be used against purchase of various food items. The employees use them in various stores for purchases of various edible items on different dates throughout the 4 months, what is the date of supply of the coupons?

Solution : As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of section 12(4)

Illustration 2 : Hyundai Ltd. has purchased for its customers 100 vouchers dated 22-11-2019 worth ₹ 1,000 each from Bata Ltd, a footwear manufacturing company. The vouchers were issued by Bata Ltd. on 30-11-2019. The vouchers can be encashed at retail outlets of Bata Ltd. The employees of Hyundai Ltd. encashed the same on 01-01-2020. Determine time of supply of vouchers.

Solution : In case of supply of vouchers by a supplier, the time of supply shall be the date of issue of voucher, if the supply is identifiable at the point, In this case the supply of goods i.e. footwear is identifiable with the voucher, hence time of supply shall be the date of issue of such vouchers by Bata Ltd. i.e. 30-11-2019. If voucher can be encashed against various items of footwear taxable at different rates, TOS = Time of redemption = 1-1-2020

Illustration 3 : Ms Prisha purchased a gift voucher from Pantaloon (a departmental store) worth ₹ 1,500 on 30-11-2019 and gifted it to her friend on occasion of her birthday on 22-11-2019. Her friend encashed the same on 25-01-2020 for purchase of a handbag. Determine the time of supply.

Solution : In this case supply is not identified with the voucher. The holder of voucher can purchase anything from Pantaloon. hence, time of supply is date of redemption of voucher i.e., the date of purchase of goods by the holder of voucher i.e. 25-01-2020

Analysis

Shopping gift card purchased for ₹5,000/-	Not Voucher
Coupons or token given to customer by pizza outlet on making purchase of ₹1,000/- which allows 10% discount on next purchase	Not Voucher
Money deposited into digital wallet	Not Voucher
Points credited into digital wallet	Not Voucher
Transfer of liability towards accumulated loyalty points credited to customers	Voucher
Pre-paid instruments: ➤ elephone calling card / recharge card ➤ Multi-currency traveller's card ➤ DTH recharge card	Not Voucher

5. Residual Case

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 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.

Example Investigation reveals clandestine removal of goods by a supplier who is not registered under GST. The evidence is in the form of noting, often undated, and some corroborative material. The supplier voluntarily pays tax during the investigation, to close the case. The time of supply will be the date on which the tax is paid, as being unregistered, the supplier is not required to file periodical returns.



6	Enhancement in value on account of interest/late fee etc. for delayed payment of consideration		
	<p>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.</p>		
	<table> <tr> <td data-bbox="168 259 337 596">Example</td><td data-bbox="337 259 1547 596"> <p>Mr. Raj, a registered supplier supplied certain goods to Mr. Yash on 3 months credit with a penalty clause in the agreement levying a penalty of 3% of the invoice value in case of delay payment. The invoice was dated on 01-12-2019. Mr. Yash could not make the payment on the due date due to unavoidable reasons he however made the payment of invoice value on 08-03-2020. Mr. Raj raised a debit note of penalty amount such amount was paid by Mr. Yash on 10-05-2022. Hence with respect to the goods supplied the time of supply shall be the invoice date (assuming the delivery of goods is on the date of invoice) i.e. 01-12-2019. With respect to the penalty amount the time of supply shall be date of payment by Mr. Yash towards the penalty i.e. 10-05-2020 as per Sec 12(6) of CGST Act.</p> </td></tr> </table>	Example	<p>Mr. Raj, a registered supplier supplied certain goods to Mr. Yash on 3 months credit with a penalty clause in the agreement levying a penalty of 3% of the invoice value in case of delay payment. The invoice was dated on 01-12-2019. Mr. Yash could not make the payment on the due date due to unavoidable reasons he however made the payment of invoice value on 08-03-2020. Mr. Raj raised a debit note of penalty amount such amount was paid by Mr. Yash on 10-05-2022. Hence with respect to the goods supplied the time of supply shall be the invoice date (assuming the delivery of goods is on the date of invoice) i.e. 01-12-2019. With respect to the penalty amount the time of supply shall be date of payment by Mr. Yash towards the penalty i.e. 10-05-2020 as per Sec 12(6) of CGST Act.</p>
Example	<p>Mr. Raj, a registered supplier supplied certain goods to Mr. Yash on 3 months credit with a penalty clause in the agreement levying a penalty of 3% of the invoice value in case of delay payment. The invoice was dated on 01-12-2019. Mr. Yash could not make the payment on the due date due to unavoidable reasons he however made the payment of invoice value on 08-03-2020. Mr. Raj raised a debit note of penalty amount such amount was paid by Mr. Yash on 10-05-2022. Hence with respect to the goods supplied the time of supply shall be the invoice date (assuming the delivery of goods is on the date of invoice) i.e. 01-12-2019. With respect to the penalty amount the time of supply shall be date of payment by Mr. Yash towards the penalty i.e. 10-05-2020 as per Sec 12(6) of CGST Act.</p>		

Section 13 : Time of Supply of Service

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.**



2. **Time of Supply for Normal Charge :** The time of supply of services shall be the earliest of the following dates, namely

(a) if the invoice is issued within the period prescribed under section 31(2) - Omitted by CGST Amendment Act 2018 → **the date of issue of invoice by the supplier, or the date of receipt of payment, whichever is earlier**

"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.

(b) if the invoice is not issued within the period prescribed under section 31(2) - Omitted by CGST Amendment Act 2018 → **the date of provision of service, or the date of receipt of payment, whichever is earlier**

"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.

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

Explanation the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment

Case : Supply of services in normal case

Sr. No.	Date of Completion of Service	Date of issue of invoice	Last date to issue invoice as per Sec 31(2)	Date on which payment received	Time of Supply	Comments
1.	10.07.20XX	20.07.20XX	09.08.20XX	30.07.20XX		
2.	10.07.20XX	06.08.20XX	09.08.20XX	30.06.20XX		
3.	10.07.20XX	20.08.20XX	09.08.20XX	17.07.20XX		
4.	10.07.20XX	20.08.20XX	09.08.20XX	05.07.20XX		

Case :

Sr. No.	Date of provision of Service	Date of issue of invoice	Last date of issue of invoice as per Sec 31(2)	Date of Receipt of Payment		Time of Supply	Comments
				In books of supplier	Credit in Bank a/c		
1.	01.10.20XX	20.10.20XX	31.10.20XX	21.10.20XX	23.10.20XX		
2.	01.10.20XX	20.10.20XX	31.10.20XX	15.10.20XX	16.10.20XX		
3.	01.10.20XX	24.10.20XX	31.10.20XX	15.10.20XX	13.10.20XX		
4.	01.10.20XX	10.11.20XX	31.10.20XX	12.11.20XX	13.11.20XX		
5.	01.10.20XX	10.11.20XX	31.10.20XX	27.09.20XX	26.09.20XX		

Example 2: Determine the Time of Supply in the following cases-

1. M/s. ABC Ltd. provided taxable services valuing ₹ 10 lakh on 15.6.20XX & issued invoice thereof on 12.6.20XX. The payment is received on 1.8.20XX (book entry and bank realization is on same date).
2. M/s. A Ltd. provided taxable services valuing ₹ 12 lakh on 15.6.20XX & issued invoice thereof on 15.6.20XX. The payment is received on 21.9.20XX (book entry and bank realization is on same date).
3. Mr. A provided taxable services valuing ₹ 14 lakh on 15.7.20XX & issued invoice thereof on 20.7.20XX. The payment is received on 21.9.20XX (book entry and bank realization is on same date).
4. M/s. MNLAOP provided taxable services on 1.5.20XX. An invoice towards value of ₹ 2 lakh was issued on 1.5.20XX. The payment is received by cheque and entered in books on 10.4.20XX. It is realized in bank by 13.4.20XX.
5. M/s. AB HUF provided taxable services valuing ₹ 12 lakh on 19.6.20XX & part payment ₹ 4,00,000 received on 21.6.20XX & balance payment received on 2.7.20XX (book entry and bank realization is on same date). The invoice thereof is issued on 19.6.20XX.
6. M/s. XYZ Ltd. provided taxable services valuing ₹ 12 lakh on 19.6.20XX & part payment ₹ 5,00,000 received on 21.5.20XX (book entry is on 21.5.20XX and bank realization is on 19.5.20XX) & balance payment received on 2.8.20XX (book entry and bank realization is on same date). The invoice thereof is issued on 2.7.20XX.

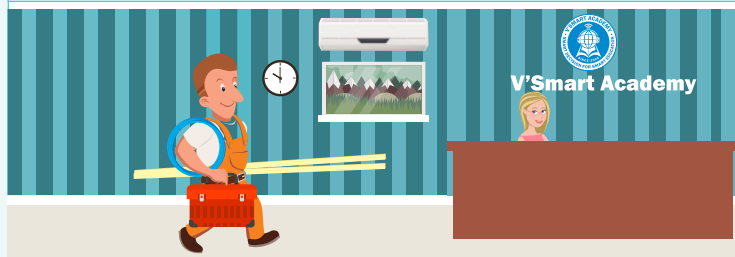
Solution:

Assessee	Date of provision of service	Date of Invoice	Last Date of Invoice	Date of receipt of Payment		Date of TOS	Due date of Payment	Remark
				Book entry	Credit in Bank			

Proviso	Time of Supply if excess amount is received upto 1000
	Provided that where the supplier of taxable service receives an amount upto 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.
Example	Idea bill amount is Rs 1453/-. Mr Vishal is the service recipient has paid Rs 1500 (through Credit card online) So, for Idea company Rs 47/- is advance received. Idea company at its option can issue invoice for such excess amount received as per proviso to section 13(2) of CGST act.

3. Time of Supply for goods in case of 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 earlier of the following dates, namely



- (a) 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

- (b) the date immediately following **sixty days** from the date of issue of invoice or
any other document, by whatever name called, in lieu thereof by the supplier



Whichever is earlier

Proviso 1	Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply
Proviso 2	Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier

Case -Where reverse charge is applicable as per section 9(3) & 9(4) of CGST act

Sr.no	Date of services provision by supplier	Date of Invoice by issue of supplier of	Last date section issue as per 13(3)(b) i.e.61 days	Date of		Time of supply	Comments
				Payment in books of recipient	Payment debited in bank a/c		
1	01.10.20XX	01.10.20XX	01.12.20XX	03.10.20XX	04.10.20XX		
2	01.08.20XX	01.08.20XX	01.10.20XX	21.10.20XX	20.10.20XX		

TOS IN CASE OF ASSOCIATED ENTERPRISES

Sec 2 - Associated Enterprise

“Associate Enterprise” Shall have the same meaning as assigned to it in Section 92-A of the Income tax Act, 1961

Section 92-A of the Income Tax Act, 1961

Associated Enterprise means :

1. An enterprise, which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise or
2. An enterprise in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

TOS : As per 2nd Proviso, in case of **supply by associated enterprises**,
where the supplier of service is located outside India,
the time of supply shall be the

- *date of entry in the books of account of the recipient of supply or*
- *the date of payment, whichever is earlier*

Case :

Sane & Sane Ltd is located in India and holding 51% of the shares of Parker Ltd., a USA based Company. Parker Ltd. provides Business Auxiliary services to Sane & Sane Ltd.

From the following details, determine the Point of Taxation of Sane & Sane Ltd:

Agreed Consideration	US \$ 1,00,000
Date on which services are provided by Parker Ltd.	16.09.20XX
Date on which invoice is sent by Parker Ltd	19.09.20XX
Date of debit in the books of account of Sane & Sane Ltd	30.09.20XX
Date on which payment is made by Sane & Sane Ltd	23.12.20XX

Hint : Time of supply shall be as on 30.09.20XX as per proviso to Sec 13(3) of CGST Act

4.	Time of Supply in case of Voucher	
	<i>In case of supply of vouchers by a supplier, the time of supply shall be</i>	
	(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.
5.	Residual Case	
	<i>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</i>	
	(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.	Enhancement in value on account of interest/late fee etc. for delayed payment of consideration	
	<i>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.</i>	

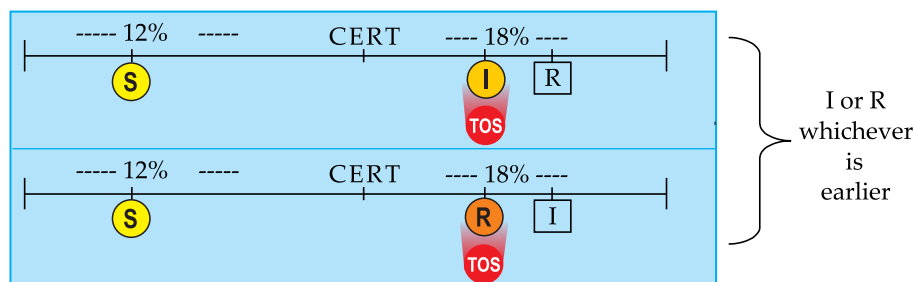


Sec. 14 : Determination of Time of Supply in case of Change in Rate of Tax of Goods or Services

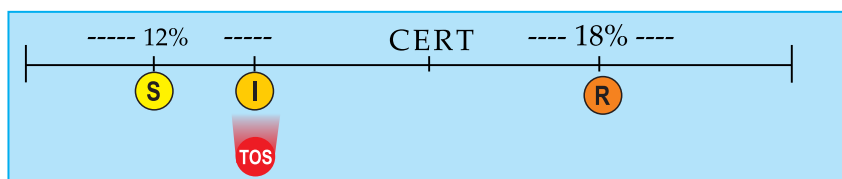
Notwithstanding anything contained in section 12 or section 13, the time of supply, where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely

(a) in case the goods or services or both have been supplied before the change in rate of tax

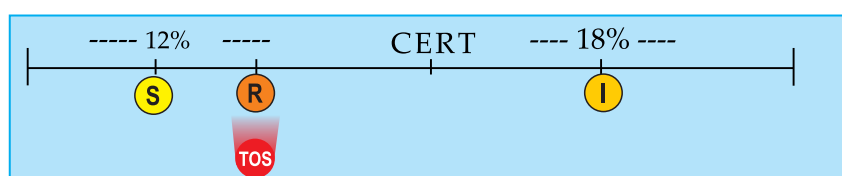
- (i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the **date of issue of invoice, whichever is earlier**; or



- (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**

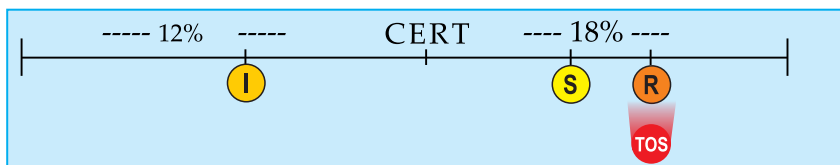


- S** Goods or Services Supplied
- I** Invoice
- R** Payment Received

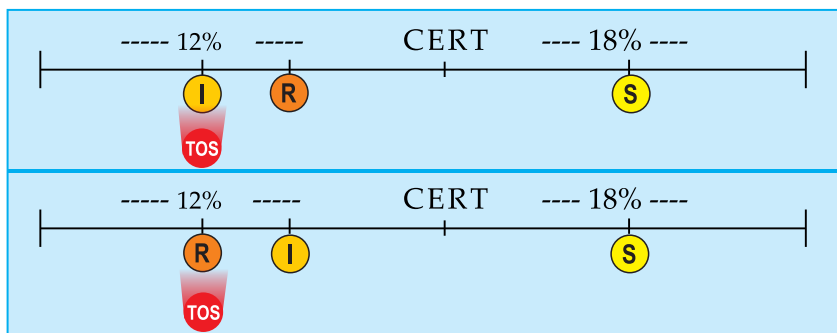


(b) in case the goods or services or both have been supplied after the change in rate of tax

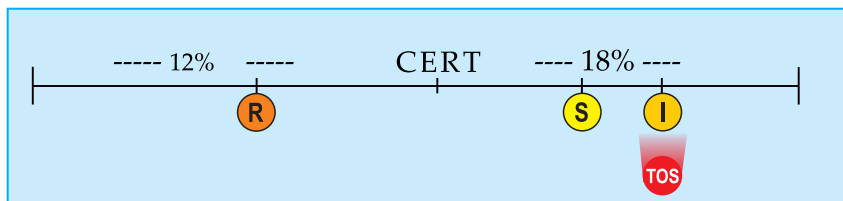
- (i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or



- (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**

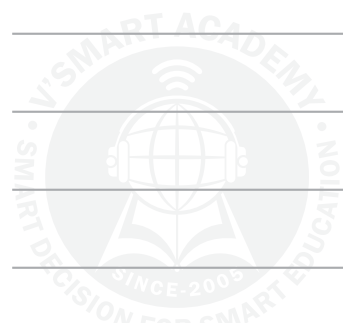


- (iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the **date of issue of invoice:**



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.



Comment:**1. Time of Supply where goods or services are supplied before change in rate of tax**

Sr. No.	Sec	Supply of Service	Issue of Invoice	Payment	Time of Supply
1.	14(a)(i)	Before CERT	After CERT	After CERT	I or R whichever is earlier
2.	14(a)(ii)	Before CERT	Before CERT	After CERT	Dt of Invoice
3.	14(a)(iii)	Before CERT	After CERT	Before CERT	Dt of Receipt

Example 4: Date of CERT- 1st Sept 20XX (Supply of Service)

Change in Rate 12% to 18%

GOODS OR SERVICES SUPPLIED BY XYZ LTD BEFORE CERT

Sr. No.	Date of Supply	Date of Invoice	Date of receipt of payment	Time of Supply (as per 14(a) or sec 13)	Applicable Rate	Remark
1.	1-7-20XX	11-7-20XX	20-7-20XX			
2.	4-8-20XX	20-9-20XX	10-9-20XX			
3.	21-8-20XX	03-9-20XX	15-9-20XX			
4.	25-8-20XX	28-8-20XX	15-9-20XX			
5.	22-8-20XX	15-9-20XX	29-8-20XX			
6.	20-8-20XX	3-9-20XX	15-11-20XX			

2. Time of Supply where goods or services are supplied After CERT

Sr. No.	Sec	Supply of Service	Issue of Invoice	Payment	Point of Taxation
1.	14(b)(i)	After CERT	Before CERT	After CERT	Dt of Payment
2.	14(b)(ii)	After CERT	Before CERT	Before CERT	Dt of invoice or Payment whichever is earlier
3.	14(b)(iii)	After CERT	After CERT	Before CERT	Dt of Invoice

Example 5 : Date of CERT- 1st Sept XX (Supply of Service)

Change in Rate 12% to 18%

GOODS OR SERVICES SUPPLIED BY XYZ LTD AFTER CERT

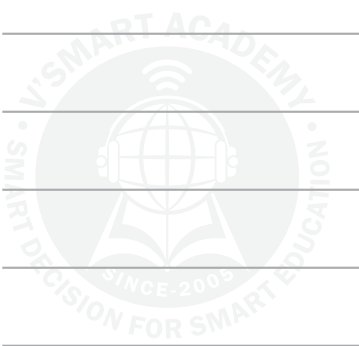
Sr. No.	Date of Supply	Date of Invoice	Date of receipt of payment	TOS as per Sec 14/13	Applicable Rate	Remark
1.	25-9-20XX	21-8-20XX	10-9-20XX			
2.	25-9-20XX	21-8-20XX	15-11-20XX			
3.	25-9-20XX	01-8-20XX	14-8-20XX			
4.	25-9-20XX	30-9-20XX	12-8-20XX			
5.	25-10-20XX	30-10-20XX	6-11-20XX			

**Date of credit in bank after 4 working days****Question 1**

On the basis of following information, determine the 'Time of Supply' as per Sec 14

Sr. No.	Event	Date
(1)	Completion of service	10-10-20XX
(2)	Invoice issued	20-10-20XX
(3)	Payment received by cheque and entered in the books	15-10-20XX
(4)	Amount credited in Bank A/c	25-10-20XX
(5)	Change in Rate of Tax	21-10-20XX

would your answer differ if amount credited in bank account 20 Nov 20XX



Determination of TOS in case of Continuous Supply of Goods or Services

Supply	Time of Supply	Continuous Supply
Supply of Goods	Sec 12(2)(a) :- Tos is earlier of the following a) Date of issue of invoice	If invoice is issued on or before, the date of successive statement of accounts or successive payment TOS = Date of issue of invoice
	b) Last Date of issue of invoice	If invoice is not issued on or before, the date of successive statement of accounts or successive payment TOS = Date of successive statement of a/c or Date of Successive Payment received

Example :

Time of Supply as per Sec 12							
Sr. No.	Date of removal of goods	Date of		Date of issue of Invoice	Last date of issue of as per Sec 31(4) invoice	Time of Supply	Comments
		Statement of A/C	Successive Payment				
1.	20.10.20XX to 25.10.20XX	25.10.20XX	28.10.20XX	25.10.20XX	25.10.20XX		
2.	20.10.20XX to 24.10.20XX	25.10.20XX	28.10.20XX	23.10.20XX	25.10.20XX		
3.	20.10.20XX to 24.10.20XX	25.10.20XX	20.10.20XX	20.10.20XX	20.10.20XX		

Supply	Time of Supply		Continuous Supply
Supply of Services	Sec 13(2):- a) If invoice is issued within prescribed time	TOS is on :- ➡ Date of issue of invoice or ➡ Date of receipt Whichever is earlier	a) If due date is ascertainable and invoice is issued on or before due date b) If due date is not ascertainable and invoice is issued on or before receipt of payment c) If invoice is issued on or before completion of event TOS = Date of issue of invoice or receipt, WIE
	b) If invoice is not issued within prescribed time	TOS is on :- ➡ Date of provision of service or ➡ Date of receipt Whichever is earlier	a) If due date of payment is ascertainable and invoice is not issued on or before due date TOS = Due Date of payment or Date of Receipt, whichever is earlier Note:- As per ICAI's interpretation date of completion is the due date of payment in contract b) If due date of payment is not ascertainable and also invoice is not issued on or before receipt of payment TOS = Date of receipt of payment c) If service is linked to completion of event and invoice is not issued on or before completion of event TOS = Date of completion of event or Date of receipt, WIE



Question

Determine the Time of Supply for the following case: (ICAI BGM)

	Continuous supply of services Section 13(2) r/w Section 31(5)	Invoice date	Date as per contract	Receipt of payment	Entry of provision of services in books
1	Section 31(5)(a) Contract provides for payments monthly on the 10th of succeeding month	02-Nov-19 17-Dec-19 10-Jan-20	10-Nov-19 10-Dec-19 10-Jan-20	15-Nov-19 15-Dec-19 06-Jan-20	31-Oct-19 30-Nov-19 31-Dec-19
2	Section 31(5)(c) Contract provides for payments on completion of event. Recipient to pay within 1 month from date of completion	12-Nov-19 24-Apr-20	10-Nov-19 24-Apr-20	25-Nov-19 20-Apr-20	12-Nov-19 24-Apr-20

Answer :



Determination of TOS in case of Goods sent on approval basis

Supply	Time of Supply	Goods sent for sale on approval or return basis
Supply of Goods	Sec 12(2)(a) :- Tos is earlier of the following a) Date of issue of invoice	a) If acceptance is given before 6 months and invoice is issued on or before acceptance b) If acceptance is not given before 6 months and invoice is issued on or before the date when 6 months expires TOS = Date of issue of invoice
	b) Last Date of issue of invoice	a) If acceptance is given before 6 months but invoice is not issued on or before acceptance TOS = Date of Acceptance b) If acceptance is not given within 6 months and invoice is also not issued on or before acceptance TOS = Date on which 6 months expires

Example :-

Sr. No.	Sale as App. Basis	Removal of Goods	Issue of invoice for goods	Accepted by Recipient	Receipt of Payments	Time of Supply
1.	Acceptance Communicated Within 6 month of Removal	01/11/19	25/11/19	15/11/19	25/11/19	15/11/18
2.	Amt. paid to Supplier before informing acceptance	01/11/19	25/11/19	15/11/19	12/11/19	(a) U/s 12(2) -12/11/19 (b) N/No.66/2017 - 15/11/19
3.	Acceptance Not Communicated Within 6 month of Removal	01/10/19	15/05/20	15/05/20	2/05/20	01/04/20 (i.e. 6 month from Removal)

1) In case goods are sent for sale on Approval / Return Basis, last day of invoice is date of acceptance by recipient
 OR
 Completion of 6 month if acceptance not given within 6 month. So, Invoice issued after last date i.e. 15/11/19. Hence, TOS is on 15/11/19.



Special procedure for determining the time of supply of services in certain cases

With effect from 01.04.2019, supply of services by a landowner to a developer by way of –

- (i) transfer of transferable development rights (TDR) or floor space index (FSI);
- (ii) granting of long term lease,

for construction of residential apartments have been exempted subject to the condition that the constructed flats are sold before issuance of completion certificate or first occupation of the project, whichever is earlier, and tax is paid on them.

Such exemption for TDR, FSI, long term lease (premium) shall not be available in case of flats which remain un-booked on the date of issuance of completion certificate or first occupation of the project, whichever is earlier.

The promoter (developer) shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of

- (i) value of development rights and/or FSI, or
- (ii) upfront amount paid for long term lease, as is attributable to such un-booked residential apartments.

In view of the above change, **with effect from 01.04.2019**, a special procedure for payment of tax has been laid down for following classes of registered persons, namely-

- (i) a promoter who receives development rights or FSI (including additional FSI) on or after 1st April, 2019 for construction of a project against consideration payable or paid by him, wholly or partly, in the form of construction service of commercial or residential apartments in the project or in any other form including in cash;
- (ii) a promoter, who receives long term lease of land on or after 1st April, 2019 for construction of residential apartments in a project against consideration payable or paid by him, in the form of upfront amount*,

* Such upfront amount is called as premium, salami, cost, price, development charges or by any other name.

For such persons, the liability to pay tax on, -

- (a) the consideration paid by him in the form of construction service of commercial or residential apartments in the project, for supply of development rights or FSI (including additional FSI);
- (b) the monetary consideration paid by him, for supply of development rights or FSI (including additional FSI) relatable to construction of residential apartments in project;
- (c) the upfront amount paid by him for long term lease of land relatable to construction of residential apartments in the project; and
- (d) the supply of construction service by him against consideration in the form of development rights or FSI (including additional FSI), shall arise on the date of issuance of completion certificate or first occupation of the project, whichever is earlier. [Notification No. 6/2019 CT (R) dated 29.03.2019/ Notification No. 6/2019 IT @ dated 29.03.2019]

Determination of Time of Supply in different Situations

Supply	Time of Supply		Normal case	Continuous Supply	Goods sent for sale on approval or return basis
Supply of Goods	Sec 12(2)(a) :- Tos is earlier of the following		If invoice is issued on or before ➡ Removal for supply (if movement involved), or ➡ Delivery of goods or made available	If invoice is issued on or before, the date of successive statement of accounts or successive payment	a) If acceptance is given before 6 months and invoice is issued on or before acceptance b) If acceptance is not given before 6 months and invoice is issued on or before the date when 6 months expires
	a) Date of issue of invoice		TOS = Date of issue of invoice	TOS = Date of issue of invoice	TOS = Date of issue of invoice
	b) Last Date of issue of invoice		If invoice is not issued on or before ➡ Removal for supply (if movement involved), or ➡ Delivery of goods or made available	If invoice is not issued on or before, the date of successive statement of accounts or successive payment	a) If acceptance is given before 6 months but invoice is not issued on or before acceptance TOS = Date of Acceptance b) If acceptance is not given within 6 months and invoice is also not issued on or before acceptance TOS = Date on which 6 months expires
			TOS = Date of removal of goods or Date of delivery	TOS = Date of successive statement of a/c or Date of Payment received	
Supply of Services	Sec 13(2):- a) If invoice is issued within prescribed time	TOS is on :- ➡ Date of issue of invoice or ➡ Date of receipt Whichever is earlier	If invoice is issued on or before 30 days or 45 days (In case of banking or FI)	a) If due date is ascertainable and invoice is issued on or before due date b) If due date is not ascertainable and invoice is issued on or before receipt of payment c) If invoice is issued on or before completion of event	—
	b) If invoice is not issued within prescribed time	TOS is on :- ➡ Date of provision of service or ➡ Date of receipt Whichever is earlier	If invoice is not issued within 30 days or 45 days (In case of banking or FI) then, TOS = Date of provision of service or Receipt, WIE	a) If due date of payment is ascertainable and invoice is not issued on or before due date TOS = Due Date of payment or Date of Receipt, whichever is earlier Note:- As per ICAI's interpretation date of completion is the due date of payment in contract b) If due date of payment is not ascertainable and also invoice is not issued on or before receipt of payment TOS = Date of receipt of payment c) If service is linked to completion of event and invoice is not issued on or before completion of event TOS = Date of completion of event or Date of receipt, WIE	—

