

CN. 14. Sec 14 Change in Rate of Tax

Note 10:-

General provision student should refer for solving following question

S. No	Time [Date] of Supply	Time [Date] of Issue of Invoice	Time [Date] of Receipt of Payment	Time of Supply	Special Note
14(a)	Before the change in rate of tax	1) After the change in rate of tax	After the change in rate of tax	Earlier of following two dates: Date of issuance of invoice; or Date of payment of invoice	Student can write "If supply is before CRT then, TOS is on Invoice or receipt whichever is earlier. [Instead writing all situations of Sec 14(a)]
		(ii) Prior to change in rate of tax	After the change in rate of tax		
		(iii) After the change rate of tax	Prior to the in change in rate of tax		
14(b)	After the change in rate of tax	1) Prior to change in rate of tax	After the change in effective rate	Date of payment	If Supply is after CRT then TOS is invoice or receipt which ever is later. But Invoice and receipt

		(ii) Prior to change in rate of tax	Prior to change in rate of tax	Earlier of the following two dates : (A) Date of receipt of payment; or (B) Date of issuance of invoice	occurred before CRT then TOS is on Invoice or Receipt whichever is earlier.
		(iii) After the change rate of tax	Prior to change in rate of tax	Date of issuance of invoice	

CCP. 05.14.35.00

ABC & Co., a CMA firm, provided audit service that got completed on 15.05.20XX. The invoice was issued on 15.06.20XX and payment was made on 25.05.20XX. The rate of GST was 12% till 31.05.20XX and after that changes to 18%. Determine the point of taxation with respect to the GST so applicable.

Answer:- Legal Provision:- first write **Provision of sec 14(a)(iii) of CGST Act** Note 10 refer above

Conclusion

Date of Completion of Service: 15/05/20XX

Date of Invoice: 15/06/20XX

Date of Receipt of Payment: 25/05/20XX

CRT from 12% to 18%: 01/06/20XX

Time of Supply shall be the **Date of Receipt of Payment** which is 25/05/20XX and the rate applicable will be 12%

CCP. 05.14.36.00

Mr. X supplied goods to Mr. Y on 28th April 20XX. The GST rate on goods is changed from 12% to 5% w.e.f. 1st April 20XX. Mr. X issued invoice on 28th January 20XX and payment is credited in his bank account on 30th March 20XX.

(i) What is the time of supply in this case?

(ii) Effective rate of GST?

Answer:

Legal Provision:- first write Provision of sec 14(b)(ii) of CGST Act Note 10 refer above

Conclusion:- The time of supply shall be the date of issue of invoice

(i) Time of supply = 28th JANUARY 20XX

(ii) Effective rate of GST = 12%.

CCP. 05.14.37.00

I buy a set of modular furniture from a retail store. Invoice is issued to me and I make the payment. The furniture is to be delivered to me later in the week when a technician is available to assemble and install it. The next day the rate of tax applicable to modular furniture is revised upward, and the store sends me a supplementary invoice with the delivery note accompanying the furniture to collect the differential amount of tax.

Is this correct on store's part? (ICAI Study Material)

Answer:

Legal Provision:- first write Provision of sec 14(b)(ii) of CGST Act Note 10 refer above

Conclusion:- No the store is not correct in issuing supplementary invoice with revised rate of tax. The revised rate of tax is not applicable to the transaction, as the issuance of invoice as well as receipt of payment occurred before the supply.

CCP. 05.14.38.00

An online portal, Best Info, raises invoice for database access on 21st February on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, which is received and entered in the accounts of Best Info on 28th February.

Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March. In the meanwhile, the rate of tax is changed from 1st March 20XX. What is the time of supply of the service of database access by Best Info? (ICAI Study Material)

Answer:

Legal Provision:- first write Provision of sec 14(b)(ii) of CGST Act Note 10 refer above

Conclusion :- As issuance of invoice and receipt of payment (entry of the payment in Best Info's accounts) occurred before the change in rate of tax, the time of supply of service by the online portal is earlier of

➔ the date of issuance of invoice (21st February) or

➔ date of receipt of payment (28th February) i.e., 21st February.

This would be so even though the service commences after the change in rate of tax [Section 14(b)(ii)].

Thus, time of supply is 21st February.

CCP. 05.14.39.00

Mr. Rajesh Singla is engaged in providing taxable services. GST was chargeable at the rate of 12% up to 31.05.20XX. However, with effect from 01.06.20XX, the rate of GST has been increased to 18%. Determine the point of taxation as well as consequent Applicable Rate of GST in each of the following independent cases of provision of service:

S. No	Date of supply of services	Date of Invoice	Receipt of Payment
1	25.05.20XX	03.06.20XX	09.06.20XX
2	06.06.20XX	28.05.20XX	07.06.20XX
3	26.05.20XX	28.05.20XX	29.05.20XX

Answer:- i) Legal Provision :- First write provision of sec 14(a)(i) & 14(b)(i) of CGST Act Note 10 refer above

S. No	Date of supply of services	Date of Invoice	Receipt of Payment	Time of Supply	Applicable Section
1	25.05.20XX	03.06.20XX	09.06.20XX	03.06.20XX	14(a)(i)
2	06.06.20XX	28.05.20XX	07.06.20XX	07.06.20XX	14(b)(i)
3	26.05.20XX	28.05.20XX	07.06.20XX	28.05.20XX	13(2)

Note for case 3 :- For section 14 to be applicable atleast one event amongst date of supply of service or date of issue of invoice or date of receipt of payment should occur before or after change in rate of tax.

In the given case as all the events have occurred before change in rate of tax, Hence sec 13(2) shall be applicable for determination of time of supply.

CCP. 05.14.40.00

On the basis of following information, determine the 'Point of Taxation' in GST :

S. No	Event	Date
1	Commencement of providing of services	05.06.20XX
2	Completion of services	10.10.20XX
3	Invoice issued	30.10.20XX
4	Payment received by cheque and entered in the books	15.10.20XX
5	Amount credited in Bank A/C	25.10.20XX
6	Change in rate of tax	22.10.20XX

Note :- The above case does not fall under the purview of continues supply of

service though the service is for more than 3 months but there is no periodic payment made [ICAI Material]

Answer :

Legal Provision- As per Section 13 (2) (a) of CGST Act, since the invoice is issued within 30 days from the date of provision of service the time of supply is the date of issue of invoice or the date of receipt of payment whichever is earlier.

And for the purpose of receipt of payment as per the explanation of aforesaid section the following needs to be taken into consideration

Date of receipt of payment is the earliest of

➤ 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

Discussion:- For section 14 to be applicable atleast one event amongst date of supply of service (S) or date of issue of invoice (I) or date of receipt of payment (R) should occur before or after change in rate of tax.

In the given case as all the events have occurred before change in rate of tax and also as per the proviso to Sec 14 wherein the date of receipt of payment shall be the date of credit in bank account if such credit in the bank account is after 4 working days from change in Rate of Tax & thus the provision as per sec 14 shall not be applicable for the given case.

Hence sec 13(2) of CGST shall be applicable for determination of time of supply

For the given case date of receipt of payment shall be the earliest of :

Date on which it is entered in the books of account: 15-10-20XX

Date on which payment is credited to bank account: 25-10-20XX

Hence date of receipt of payment is 15-10-20XX

Conclusion

Date of issue of Invoice: 30-10-20XX

Date of Receipt of Payment: 15-10-20XX

Hence time of supply is 15-10-20XX which is the earliest of the above aforesaid dates



CCP. 05.14.41.00

Mr. Mahendra Sharma, an interior decorator registered at Ahmedabad (Gujarat), provided service to one of his clients XYZ Company Ltd., registered at Pune (Maharashtra). The provision of service was completed on 10-08-20XX and payment received was entered in the books of Mr. Mahendra Sharma on 11-08-20XX.

With effect from 16/08/20XX, applicable GST rate was increased from 5% to 12%. However payment for the service received was credited in his bank account on 17/08/2018 and invoice for the same was raised on 23-08-20XX.

Mr. Mahendra Sharma claimed that he is liable to pay IGST @ 5%. But the department took the view that he is liable to pay IGST @ 12%.

Examine the correctness of Mr. Mahendra Sharma's contention and determine the time of supply and applicable rate of tax as per the statutory provisions.

Would your answer undergo any change in the above case if the payment was credited to the bank account on 14-08-20XX instead of 17-08-20XX?

Note: You may assume that all days are working days. [CA Final Suggested Nov 18 New]

Answer:- As per section 14 of the CGST Act, 2017, in case of change in rate of tax, date of receipt of payment is earlier of:

(i) date of entering payment in the books of account of the supplier (11.08.20XX) or

(ii) date on which the payment is credited to his bank account (17.08.20XX).

However, if the payment is credited in the bank account **after 4 working days** from the date of change in the rate of tax, the date of receipt of payment will be the **date of credit in the bank account**.

In the given case, since the payment has been credited in the bank within 4 working days from the date of change in the rate of tax, the **date of receipt of payment will be 11.08.20XX** [i.e., earlier of 11.08.20XX or 17.08.20XX].

Section 14 further provides that where goods and/or services have been supplied before the change in rate of tax (10.08.20XX) and the payment has been received

before the change in rate of tax (11.08.20XX), but the invoice for the same is issued after the change in rate of tax (23.08.20XX), the time of supply shall be the date of receipt of payment.

Therefore, in the given case, the time of supply will be 11.08.20XX and the applicable rate of tax will be rate prevalent at the time of supply, i.e. IGST @ 5%.

Therefore, the contention of Mahendra Sharma is correct.

Further, if the date on which the payment is credited to bank account of supplier is 14.08.20XX, the date of receipt of payment will continue to be 11.08.20XX [i.e., earlier of 11.08.20XX or 14.08.20XX] since the payment is credited in the bank account before change in rate of tax. Consequently, with other things remaining the same, the time of supply and the applicable rate of tax will remain the same.

CCP. 05.14.42.00

I have raised the invoice with old rate of tax but now I am required to remit the taxes based on new rate of tax. Can I recover the additional tax payable from my customer?

Answer:-

Yes, you can raise a supplementary invoice / debit note to recover the additional tax from the customer.

Determination of Time of Supply in different Situations

CH 5

Time of Supply

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 TOS = 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	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		If invoice is not issued on or before ➔ Removal for supply (if movement involved), or ➔ Delivery of goods or made available TOS = Date of removal of goods or Date of delivery	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 Payment received	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
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) TOS = Date of issue of invoice or receipt, WIE	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	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	—

CN. 15. TOS for Continuous Supply of Goods**General provision student should refer for solving following question****Note II:-** Due date for issuance of invoice in terms of Section 31(4) involving successive statement of accounts (SOA) or successive payments is:

Before/ at the time of

- issue of each such SOA or
- receipt of such successive payment

Accordingly, the time of continuous supply of goods, in terms of Section 12(2)(a) shall be the earliest of the following:

- (a) Date of issue of invoice; or
- (b) Last date of issue of invoice; or

Note: As per N/N 66/2017, time of supply of goods shall be as per section 12(2)(a) i.e., invoice or last date of invoice. Thus in case of supply goods TOS is not on advance received & the above provision is applicable to all registered persons (except for composition dealer)**CCP. 05.15.43.00**

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:- As per sec 12(2) read with Notification No. 66/2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e.

- ➡ date of issue of invoice or
- ➡ the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(4), in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received.

Therefore, invoices should be issued for ₹ 2 lakh each on or before August 5, and September 5, when monthly payments of ₹ 2 lakh are received. Further, invoice should also be issued for differential payment of ₹ 2,56,000 (2,00,000 + 56,000) on or before October 3, when statement of account is issued.

Thus, assuming that the invoice is issued on August 5 and September 5, the time of supply for the purpose of payment of tax will be August 5 and September 5 respectively for goods valued at ₹ 2 lakh each.

For goods valued at ₹ 2,56,000, the time of supply for the purpose of payment of tax will be October 3.

CCP. 05.15.44.00

M/s Indian Oil Corporation entered into a contract with Mr. B to supply of oil throughout the year. M/s Indian Oil Corporation issues monthly statement for the oil supplied to Mr. B. Determine the time of supply of goods in following independent cases:

- (i) Mr. B made payment for the month of July on 31st July 20XX and M/s Indian Oil Corporation issued statement for the month of July on 8th August 20XX.
- (ii) M/s Indian Oil Corporation issued statement for the month of August on 5th September 20XX, the payment of which not received till 30th September 20XX.

Answer:

(i) *31st July 20XX will be the time of supply.*

Earliest of the following:

Date of Invoice: 8th August 20XX

Last date on which invoice has to be issued:

Date of payment (31.07.20XX) or statement (08.08.20XX), whichever is earlier i.e. 31st July 20XX.

(ii) *5th September 20XX will be the time of supply.*

Earliest of the following:

Date of Invoice: 5th September 20XX.

Last date on which invoice has to be issued:

Date of payment (not known) or statement (05.09.20XX), whichever is earlier i.e. 5th September 20XX.

CN. 16. TOS for Continuous Supply of Service

General provision student should refer for solving following question

Note 12:- Issue of Invoice : In terms of provisions of Section 31(5) –

- Where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment.
- Where the due date for 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.
- 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.

CCP. 05.16.45.00

Explain the meaning of continuous supply of service and date of issue of Invoice?

Also determine Time of Supply for continuous supply of service

Answer:- Legal Provision:- First write **general provision here as given in Note 12 refer above**

'Continuous supply of services' in terms of Section 2(33) of the CGST Act, 2017 means supply of services which is provided, or agreed to be provided,

➔ continuously or on recurrent basis,

➔ under a contract,

➔ for a period exceeding **3 months** with periodic payment obligations and

➔ includes supply of such service as the Government may, subject to such conditions, as it may, by notification, specify.

If due date is ascertainable in terms of contract then :-

If invoice is issued on or before due date

TOS is on date of issue of invoice or receipt whichever is earlier

If invoice is not issued on or before due date

TOS is on supply of service or receipt whichever is earlier.

Note :- Supply of service for clause (6) is date of due date in terms of contract (As per ICAI material)

CCP. 05.16.46.00

Determine whether the following services amount to continuous supply of service in the following case:

XYZ & Co., a firm of interior decorators, enters into a contract with Mr. Mehta on 01.08.2022 for doing up the interiors of his newly constructed home for a total consideration of ₹ 60 lakh. As per the terms of the contract, XYZ & Co. will complete the work by 31.01.2023 and consideration will be paid in six equal installments on the first day of each month covered during the period of contract.

Answer:-

Legal Provision: As per sec 2(33) of CGST Act, "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.



Conclusion- Since in the given case, service is provided for a period of six months with the obligation of periodic payment, the same will amount to continuous supply of service

CCP. 05.16.47.00

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

	Continuous supply of services Section 13(2) r/w Section 31(5)	Invoice date	Date as per contract (Due Date)	Receipt of payment
1	Section 31(5)(a) Contract provides for payments monthly on the 10th of succeeding month	02-Nov-22	10-Nov-22	15-Nov-22
		17-Dec-22	10-Dec-22	15-Dec-22
		10-Jan-23	10-Jan-23	06-Jan-23
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-22	10-Nov-22	25-Nov-22
		24-Apr-23	24-Apr-23	20-Apr-23

Answer :

Legal Provision:- First write general provision here as given in Note 12 refer above

	Continuous supply of services Section 13(2) r/w Section 31(5)	Invoice date	Date as per contract	Receipt of payment	Time of supply
1	Section 31(5)(a) Contract provides for payments monthly on the 10th of succeeding month	02-Nov-22	10-Nov-22	15-Nov-22	02-Nov-22
		17-Dec-22	10-Dec-22	15-Dec-22	10-Dec-22
		10-Jan-23	10-Jan-23	06-Jan-23	06-Jan-23

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-22	10-Nov-22	25-Nov-22	10-Nov-22
		24-Apr-23	24-Apr-23	20-Apr-23	20-Apr-23

Note:- As per ICAI background material date of completion of service is the due date in terms of contract or date of completion of event

CCP. 05.16.48.00

Renudhoot Ltd. enters into a contract with XYZ Ltd. on 2nd July 2022 for a period of 2 years for construction of a new building - to be used for commercial purposes - for a total consideration of ₹ 150 lakh. As per the terms of contract, Renduhoot Ltd. is required to make payment at different stages of completion of the building namely, 50%, 75% and 100%.

Determine the time of supply using relevant details given as under:

Stage	Date of various stages	Date of issuance of invoice	Date of payment	Amount paid (₹)
Initial booking	02.07.2022	02.07.2022	02.07.2022	15 lakh
50% completion of building	15.03.2023	22.03.2023	29.03.2023	60 lakh
75% completion of building	20.06.2023	24.07.2023	23.07.2023	35 lakh

100% completion of building	30.09.2023	30.09.2023	20.09.2023	40 lakh
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Answer:

As per section 13, the time of supply of services is the earlier of the dates arrived at by methods (A) and (B), as follows:

(A) Date of invoice or date of receipt of payment (to the extent the invoice or payment covers the supply of services), whichever is earlier, if the invoice is issued within the time prescribed under section 31;

(B) Date of provision of service or date of receipt of payment (to the extent the payment covers the supply of services), whichever is earlier, if the invoice is not issued within the time prescribed under section 31. Since in the present case, the construction services are provided under a contract for a period exceeding three months with periodic payment obligations, such services would fall within the ambit of term "continuous supply of services" as defined under section 2(33).

Legal Provision:- First write **general provision here as given in Note 12 refer above**

Accordingly, the time of supply with respect to each of the stages of completion is as follows:

Stages of completion	Time of supply
Initial booking	Since invoice is issued within the prescribed time limit, earlier of the ➤ date of issuance of invoice (02.07.2022) and ➤ date of receipt of payment (02.07.2022) Therefore, time of supply is 02.07.2022
50%	Since invoice has not been issued on or before the date of 50% completion, earlier of ➤ date of provision of service (15.03.2023) or ➤ date of receipt of payment (29.03.2023), Therefore, time of supply is 15.03.2023 .

75%	Since invoice has not been issued on or before the date of 75% completion, earlier of ➤ date of provision of service (20.06.2023) or ➤ date of receipt of payment (23.07.2023), Therefore, time of supply is 20.06.2023
100%	Since invoice is issued within the prescribed time limit, earlier of the ➤ date of issue of invoice (30.09.2023) or ➤ date of receipt of payment (20.09.2023), Therefore, time of supply is 20.09.2023

CN. 17. Goods sent for approval basis

CCP. 05.17.49.00

State the time of supply for goods sent for approval.

Answer: Time of supply for goods sent for approval =

Time when it becomes known that supply is taken place.

OR

Six month from the date of removal.

Whichever is earlier.

CCP. 05.17.50.00

From the following Information determine time of supply, if goods are supplied on approval basis

	Sale as approval or return Basis	Removal of Goods	issue if Invoice	Accepted by Recipient	Receipt of Payment
1	Acceptance Communicated Within 6 month of Removal	01/11/22	25/11/22	15/11/22	25/11/22
2	Amt. paid to Supplier before informing acceptance	01/11/22	25/11/22	15/11/22	12/11/22
3	Acceptance Not Communicated Within 6 month of Removal	01/10/22	15/05/22	15/05/23	2/05/23



Answer:-

Legal Provision:- Where Goods are being sent for approval on Sale/Return basis 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

Determination of TOS :- TOS in above case shall be determined as per Sec. 12 (2) read with N/No. 66/2017. i.e.

➤ Date of Invoice or

➤ Last date of Invoice

Whichever is earlier.

So, in given case, Last date of Invoice.

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. 15/11/22. Hence, TOS is on 15/11/22.

	Sale as Approval or Return Basis	Removal of Goods	Issue of Invoice	Accepted by Recipient	Receipt of Payment	Time of Supply
1	Acceptance Communicated Within 6 month of Removal	01/11/22	25/11/22	15/11/22	25/11/22	15/11/22
2	Amt. paid to Supplier before informing acceptance	01/11/22	25/11/22	15/11/22	12/11/22	15/11/22 read with N/No.66/2017

3	Acceptance Not Communicated Within 6 month of Removal	01/10/22	15/05/22	15/05/23	2/05/23	01/04/23 (i.e. 6 month from Removal)
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Try to write comparative table of section 12 & 13

Particulars	Section 12	Section 13
Normal Charge		
Reverse Charge		
Excess amount upto 1000		
Voucher		
Residual Case		
Interest, late fee or penalty		

