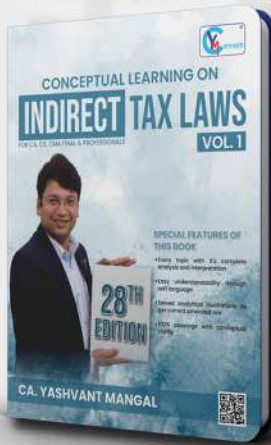


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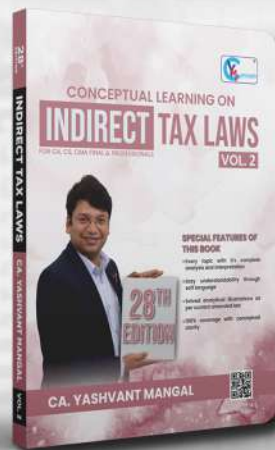
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# TIME OF SUPPLY

CHAPTER

02



## 2.1 Introduction

GST is payable on supply of goods or services. At which point of time liability to pay GST arises?

Provisions relating to 'time of supply' provide answer to all the 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 provisions relating to time of supply essentially push the tax collection event to the earliest possible time, so that, Government can earn the tax revenue at the earliest possible time.

## 2.2 Time of Supply (TOS) of Goods [Section 12]

**Section 12(1):** The liability to pay GST on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

**The TOS of goods where supplier is liable to pay GST (Forward charge) [Section 12(2) read with section 31] shall be :**

(a) Date of invoice (date of actual issue or last date when it should be issued u/s 31, to the extent supply is covered by the invoice); or

(b) Date of receipt of payment (to the extent payment is received),

whichever is earlier.



- (i) **Assessee supplying goods is not required to pay GST on advance payment received [NN 66/2017-CT, w.e.f. 15.11.2017] :** The registered person who did not opt for the composition levy u/s 10 of the CGST Act, has been notified as the class of persons who shall pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act [i.e. the Date of issue of invoice (date of actual issue or last date when it should be issued u/s 31)], irrespective of the actual receipt of payment in respect of such supply.

**[In Simple Words, Forward Charge में Goods के Case में TOS निकालते Time सिर्फ Date of invoice ही देखना है]**

However, in respect of supply of "specified actionable claims", the time of supply shall be as specified in section 12(2)(a) or section 12(2)(b), whichever is earlier [i.e. Date of issue of invoice (date of actual

issue or last date when it should be issued u/s 31) or Date of receipt of payment (to the extent payment is received), whichever is earlier.] In nut shell, GST will be required to be paid on advances received in respect of supply of “specified actionable claims”.

(ii) **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. **[बोले तो...जितने Amount का Invoice, उतने का ही TOS आएगा]**

(iii) **Time limit for issuance of invoice for supply of goods [Sec. 31]:**

- The invoice needs to be issued either before or at the time of removal (where supply involves movement of goods) of goods/delivery of goods/ making goods available to the recipient.
- In case of continuous supply of goods, the invoice should be issued before or at the time of issuance of periodical statement/receipt of periodical payment.

**“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.

- In case of goods sent or taken on approval for sale or return, invoice should be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

**Illustration 1** : A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of the various events are:

17 <sup>th</sup> September	Purchase order with advance of ₹ 50,000 is received for machine worth ₹ 12 lakh and entry duly made in the seller's books of account
20 <sup>th</sup> October	The machine is assembled, tested at site, and accepted by buyer
23 <sup>rd</sup> October	Invoice raised
4 <sup>th</sup> November	Balance payment of ₹ 11,50,000 received

Determine the time of supply(ies) in the above scenario for the purpose of payment of tax.

**Solution** : As per Notification No. 66/2017 CT dated 15.11.2017, 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.

Therefore, the time of supply for the purpose of payment of tax for the entire amount of ₹ 12,00,000 is 20<sup>th</sup> October which is the date on which the goods were made available to the recipient as per section 31(1)(b), and the invoice should have been issued by this date [Section 12(2)(a)].



**Illustration 2 :** Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract on 5<sup>th</sup> of every next month. Every quarter, invoice is issued by the supplier supported by a statement of goods dispatched and payment made, and the recipient has to pay the differential amount, if any. The details of various events are:

5 <sup>th</sup> August, 5 <sup>th</sup> September and 5 <sup>th</sup> October	Payments of Rs. 2 lakhs made in each month
13 <sup>th</sup> October	Statement of accounts issued by supplier, with invoice for the quarter of July-September
10 <sup>th</sup> November	Differential payment of Rs. 56,000/- received by supplier for the quarter July-September as per statement of accounts.

Determine the time of supply.

**Solution :** In the case of continuous supply of goods, the invoice should be issued before or when the statement of accounts is issued or each such payment is received. Hence, monthly invoice in respect of each Rs. 2 lakhs should have been issued on or before 5<sup>th</sup> of the next month.

Time of supply will be 5<sup>th</sup> August, 5<sup>th</sup> September and 5<sup>th</sup> October respectively for goods valued at Rs. 2 lakh each, as the date of payment is earlier than the date of invoice. Time of supply will be 13<sup>th</sup> October for the goods valued at 56,000, as the date of invoice is earlier than the date of payment.

**TOS in respect of the receipt of goods that are taxable under reverse charge [Section 12(3)] :** The time of supply of goods on which GST is payable on reverse charge basis u/s 9(3) and (4) of CGST Act is determined as follows:

The time of supply for such goods will be the earliest of the following dates:

- Date on which the goods are received, or
- Date on which payment is recorded in the books of account of the entity (who receives the goods), or the date on which it is debited from the entity's bank account, whichever is earlier, or
- 31<sup>st</sup> Day from the date of issue of invoice (or document by some other name in lieu of invoice) of supplier.



However, if it is not possible to determine the time of supply by using these parameters, then the time of supply will be the date of entry of goods in the books of accounts of the recipient of supply.

**Illustration 3 :** Determine the time of supply from the given information:

- |        |  |
|--------|--|
| May 4  | Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice lapse on June 3) |
| May 12 | Bridge & Co. receives the goods  |
| May 30 | Bridge & Co. makes payment   |

**Solution** : Here, 12<sup>th</sup> May will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3)]. (Here, date of invoice is relevant only for calculating thirty days from that date.)

**Illustration 4** : Determine the time of supply from the given information :

May 4            Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice lapse on June 3)

June 12        Pillar & Co. receives the goods, which were held up in transit

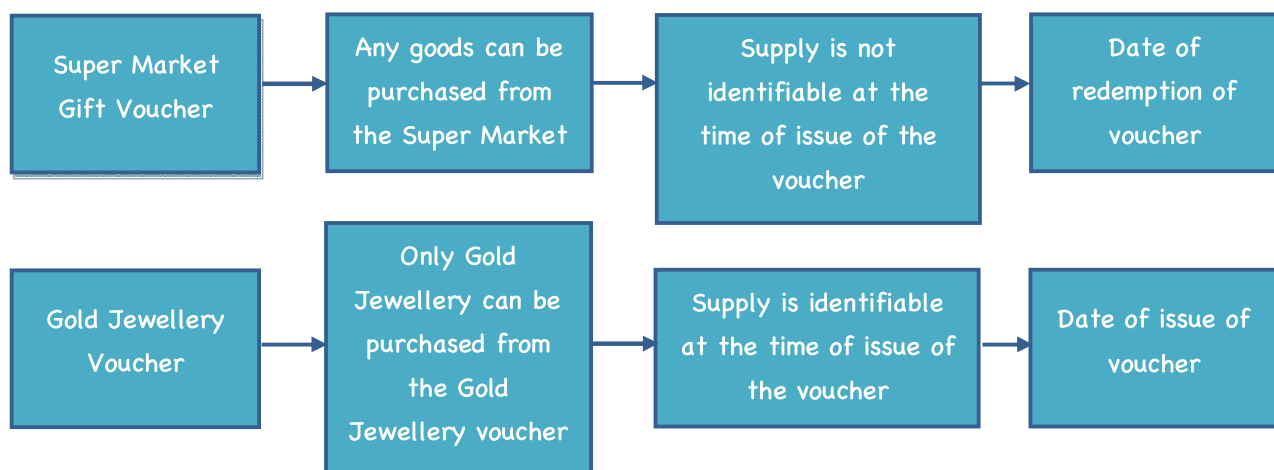
July 3            Payment made for the goods

**Solution** : Here, June 4, [i.e. 31<sup>st</sup> day from the date of supplier's invoice], will be the time of supply. Being the earliest to the three stipulated dates namely, receipt of goods, date of payment, and date immediately following 30 days from issuance of invoice [Section 12(3)].

**TOS in respect of supply of Vouchers of goods [Section 12(4)] :**

- As commonly understood, vouchers are instruments that can be exchanged as payment for goods and services of the designated value. As per the definition, they are instruments that certain persons (potential suppliers) are obliged to accept as consideration, part or full, for goods and/or services; the instrument or its related documentation sets out the terms and conditions of use, the goods/services covered, and the identity of potential suppliers of these.
- As per section 12(4), the time of supply of vouchers exchangeable for goods is -
  - Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
  - Date of redemption of the voucher in other cases.

#### Examples of Time of Supply of Vouchers Exchangeable for Goods:



**Example** : Acme Sales Limited sells food coupons to a company, which gives these to its employees as part of the agreed perquisites. The coupons can be redeemed for the purchase of any item of food/provisions in the outlets that are a part of the program.

As the supply against which the coupon will be redeemed is not known on the date of the sale coupon, the time of supply of the coupon will be the date on which the employee redeems it against food/provision items of his choice.



**Example :** With each purchase of a large pizza during the Christmas week from Perfect pizza, one can buy a voucher for Rs. 200 which will be redeemable till 5 Jan. for a small pizza.

As the supply against which the voucher will be redeemed is known on the date of the sale, the time of supply is the date of issue of the voucher.

**Residual Case [Section 12(5)] :** If the situation is not covered by any of the provisions discussed above, the time of supply shall be determined in the following manner:

Where a periodical return is to be filed	Date on which return is required to be filed
Other Cases	Date on which GST is paid

**Example :** Investigation reveals illegal 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 tax is paid, as being unregistered, the supplier is not required to file periodical returns.

**TOS in respect of enhancement in the value on account of Interest/late fee etc. for delayed payment of consideration [Section 12(6)] :** Commercially, most of the contracts of supplies stipulate payment of interest/late fee/ penalty etc. in case of payment of consideration beyond the agreed time period. Such interest/late fee/ penalty etc. is includible in value of taxable supply [will be discussed in Section 15(2)(d) - Value of supply]. So, the question arises as to when the liability to pay GST would arise in such cases of addition in value.

The time of supply in case of addition in value by way of interest/late fee/penalty for delayed payment of consideration for goods is the **date on which the supplier receives such addition in value.**

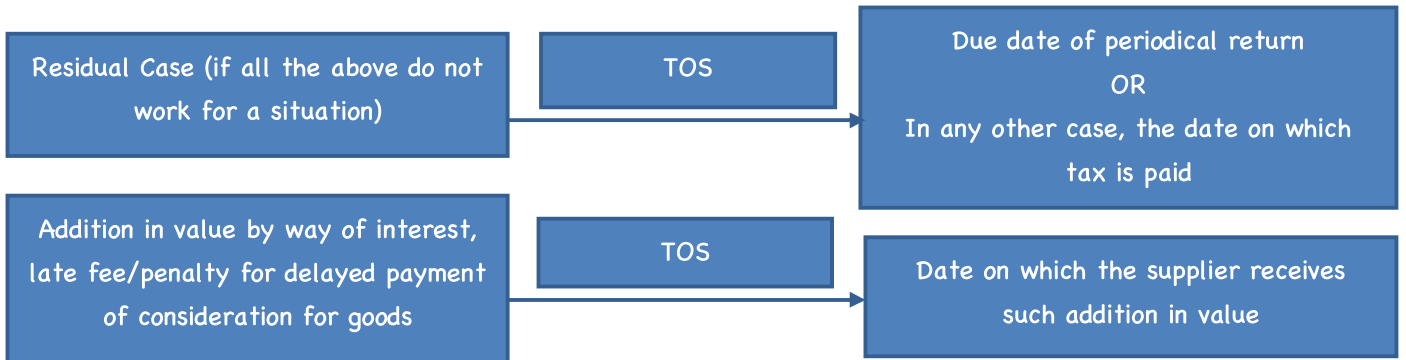
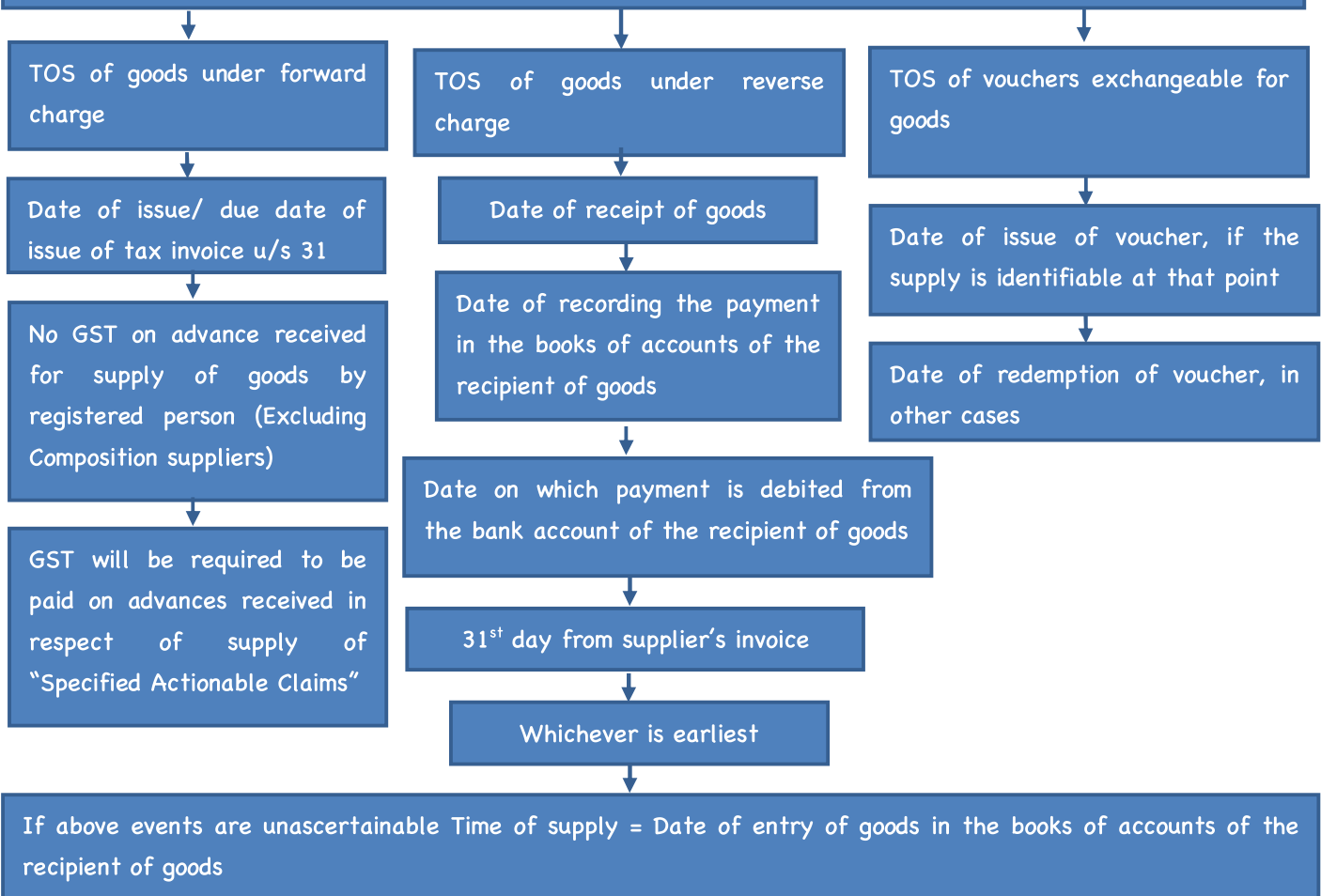
**Example :** Radha Traders sold goods to Shyam Sales on 6th June with a condition that interest @ 2% per month will be charged if Shyam Sales failed to make payment within 15 days of the delivery of the goods. Goods were delivered alongwith the invoice, on 6th June. Shyam Sales paid the consideration for the goods on 6th July along with applicable interest.

Time of supply for the goods sold is the date of issue of invoice, i.e. 6th June and the time of supply for addition in value by way of interest is the date when such addition in value is received by A Ltd., i.e. 6th July.

**Illustration 5 :** Mr. Kohli supplied goods for the value of Rs. 10,000 to its customer Mr. Rohit on 01.01.2018 on the condition that payment for the same will be made within a week. However, Mr. Rohit made payment for the said goods on 02.02.2018 and thus paid interest amounting to Rs. 500. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

**Solution :** As per section 12(6) of CGST Act, 2017, the time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed payment of consideration shall be the date on which the supplier received such additional consideration. Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e. 02.02.2018. Further, Mr. Kohli is required to make payment on or before 20<sup>th</sup> of March, 2018.

The provisions relating to TOS of goods as contained in section 12 are summarized in the diagram give below:

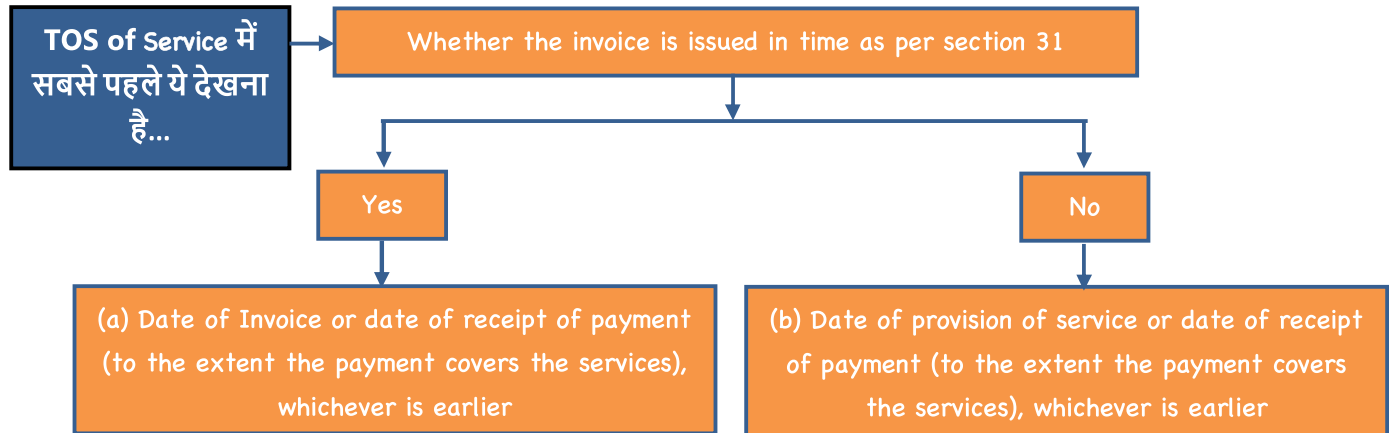


## 2.3 Time of Supply (TOS) of Services [Section 13]

**Section 13(1):** The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.

**The TOS of service where supplier is liable to pay GST (Forward Charge) [Section 13(2) read with section 31 and rule 47 of CGST Rules] shall be determined as under:**





(c) In a case where provisions of clause (a) or (b) do not apply, then, the time of supply will be the date on which the recipient of service shows receipt of service in his books of account.

#### Important Points :

- (i) **Analysis of "to the extent the payment covers the services":** Suppose, a part of the consideration is paid in advance or invoice is issued for part payment, 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 of the part payment.
- (ii) **Meaning of "date of receipt of payment":** "Date of receipt of payment" in the above situation refers to the date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or the date on which the payment is credited to the entity's bank account, whichever is earlier.
- (iii) **Time limit for issuance of invoice for supply of services [section 31 read with rule 47]**
  - The tax invoice needs to be issued either before or after the provision of service but within **30 days** (45 days in case of insurance companies/banking companies/ financial institutions including NBFCs) from the date of supply of service.
  - In case of cessation of supply of services before completion of supply, the invoice (to the extent of supply made before such cessation) should be issued at the time when the supply ceases.
  - In case of continuous supply of services, the invoice should be issued either (i) on/ before the due date of payment or (ii) before/ at the time when the supplier of service receives the payment (iii) on/ before the date of completion of the event when the payment is linked to completion of an event.

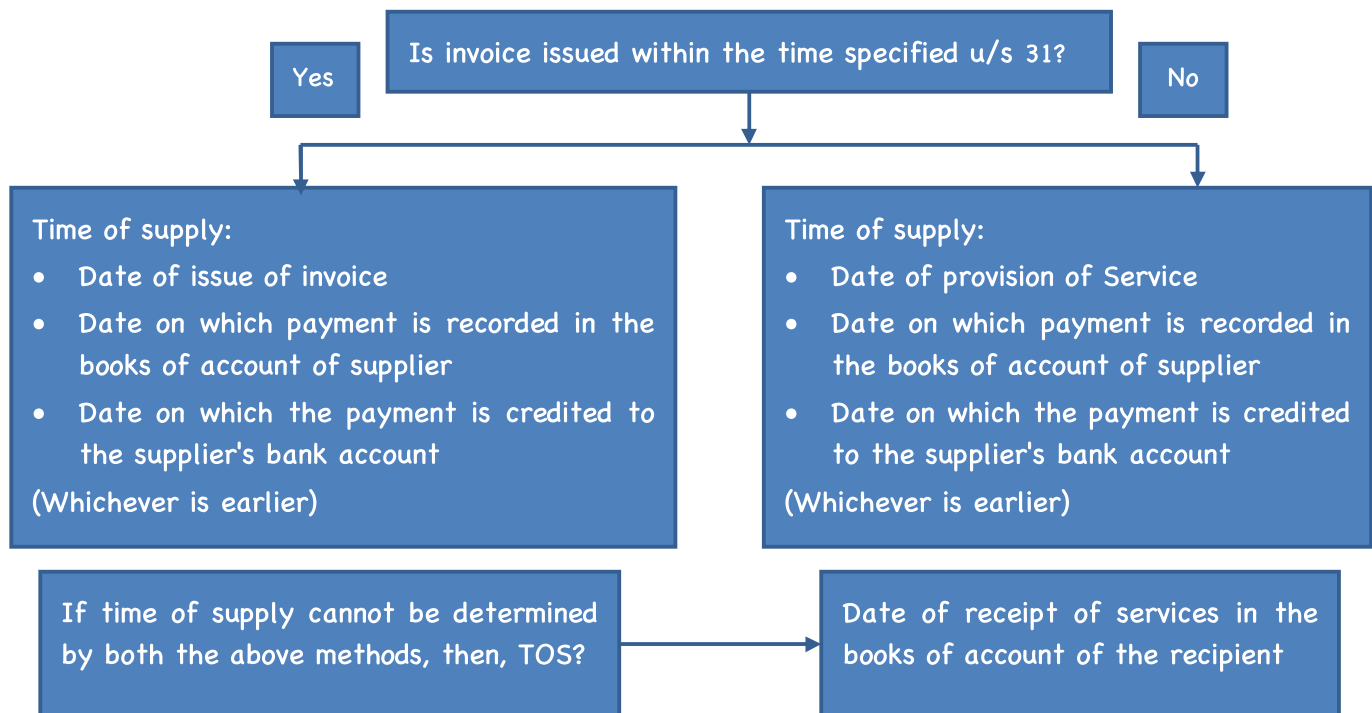
"Continuous supply of services" means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding 3 months with periodic payment obligations.

  - In case of insurance companies/ banking companies/ financial institutions including NBFCs/ telecom companies/ notified supplier of services making taxable supplies between distinct persons as specified in section 25 (like inter-branch transaction), invoice may be issued before or at the time of recording such supply in the books of account or before the expiry of the quarter during which the supply was made.

(iv) **Excess payment upto Rs. 1,000 – Option of taking invoice date as time of supply:** In terms of the proviso to sub-section (2) of section 13, if Advance payment received is upto Rs. 1,000, the supplier can choose to take date of invoice issued with respect to such excess amount as the time of supply of services of such excess value.

**Example :** ABC Pvt. Ltd. received Rs. 11,000 against an invoice of Rs. 10,500. The excess amount of Rs. 500 can be adjusted against the next invoice. The company has the option to take the date of the next invoice as the time of supply of service in relation to the amount of Rs. 500 received in excess against the earlier invoice.

#### TIME OF SUPPLY OF SERVICES UNDER FORWARD CHARGE [Quick Recap]



**Example :** Mohit Khanna & Sons is a firm of management consultants. The firm enters into a contract with Spark Pvt. Ltd. on 1st September for providing consultancy services. Provision of service gets completed on 15th September. Invoice for the service is issued on 20th September and payment is received on 10th October. Since invoice is issued within 30 days from the date of supply of service, time of supply is the date of issue of invoice, i.e. 20th September being earlier than the date of receipt of payment.

If in the above example, invoice is issued on 25th October, the time of supply will be the date of provision of service, i.e. 15th September being earlier than the date of receipt of payment. This would be so as the invoice is not issued within 30 days from the date of supply of service.

**Illustration 6 :** The time of liability to pay GST is independent of the time of supply of goods/ services. Discuss the correctness of the statement?

**Solution :** The said statement is not correct. Liability to pay arises at the time of supply of goods as explained in Section 12 and at the time of supply of services as explained in Section 13 of CGST Act.



**Illustration 7 [Section 13(2)] :** Assuming that it is a case where the time limit for issue of invoice is 30 days:

Sr. No.	Date of Provision of Service	Date of Issue of Invoice	Date of Receipt of Payment	Time of Supply
1	30.04.2024	20.05.2024	25.05.2024	20.05.2024
2	30.04.2024	12.06.2024	25.05.2024	30.04.2024
3	12.04.2024	06.05.2024	25.04.2024	25.04.2024
4	12.04.2024	16.05.2024	25.04.2024	12.04.2024
5	05.05.2024	15.05.2024	25.04.2024	25.04.2024
6	27.05.2024	28.05.2024 (100000)	25.04.2024 (60000) 06.06.2024 (40000)	25.04.2024 (60000) 28.05.2024 (40000)
7	27.05.2024	06.06.2024	Bad Debt	06.06.2024
		(100000)		(100000)

**Illustration 8:** Investigation shows that ABC & Co carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account.

**Solution :** The time of supply cannot be determined vide the provisions of clauses (a) and (b) of section 13(2) as neither the invoice has been issued nor the date of provision of service is available as also the date of receipt of payment in the books of the supplier is also not available. Therefore, the time of supply will be determined vide clause (c) of section 13(2) i.e., the date on which the recipient of service shows receipt of the service in his books of account.

Thus, time of supply will be 4th April, the date on which the Apartment Owners' Association records the receipt of service in its books of account.

**The TOS in respect of the receipt of services that are taxable under reverse charge [Section 13(3)] :** The time of supply of service on which GST is payable on reverse charge basis (except on services received from associated enterprises located outside India) u/s 9(3) & (4) is determined as follows:

The time of supply for such service shall be:

- Date of making payment, or
- 61<sup>st</sup> day from the date of issue of invoice (or any other document in lieu of invoice) by the supplier, whichever is earlier.

However, if it is not possible to determine the time of supply by using these parameters, then, the time of supply will be the date of entry of the service in the books of account of the recipient of supply.

**Important Notes:**

- (i) **Import of services between associated enterprises:** In the case of service received from an associated enterprise located outside India, the time of supply will be the date of payment for the service, or the date of entry of the service in the books of account of the recipient, whichever is earlier.
- (ii) **Meaning of "Date of making payment":** "Date of making payment" in the above situation refers to the date on which the payment is recorded in the books of account of the entity that receives the service (recipient of service), or the date on which the payment is debited from the entity's bank account, whichever is earlier.

**Illustration 9 :** Determine the time of supply from the given information. (Assuming that service being supplied is taxable under reverse charge)

May 4            The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.

August 21      Payment made to the supplier of service

**Solution :** Here, July 4 will be the time of supply, being the earliest of the two stipulated dates namely, date of payment and date immediately following 60 days since issue of invoice.

**Illustration 10 :** Determine the time of supply from the given information.

May 4            A German company issues e-mail informing its associated company ABC Ltd. of the cost of technical services provided to it.

July 2            ABC Ltd transfers the amount to the account of the German company

**Solution :** As there is no prior entry of the amount in the books of account of ABC Ltd., July 2 will be the time of supply, being the date of payment in terms of second proviso to section 13(3).

**TOS in respect of Vouchers exchangeable for services [Section 13(4)] :** [Same as Sec. 12(4)] The time of supply of vouchers that are exchangeable for services is stipulated as the date of issue of the voucher, if the supply is identifiable at that point, or the date of redemption of the voucher in other cases.

**Example :** Best Hospitality Services enters into agreement with Drive Marketing Ltd by which Drive Marketing Ltd. markets Best Hospitality Services' hotel rooms and sells coupons/vouchers redeemable for a discount against stay in the hotel.

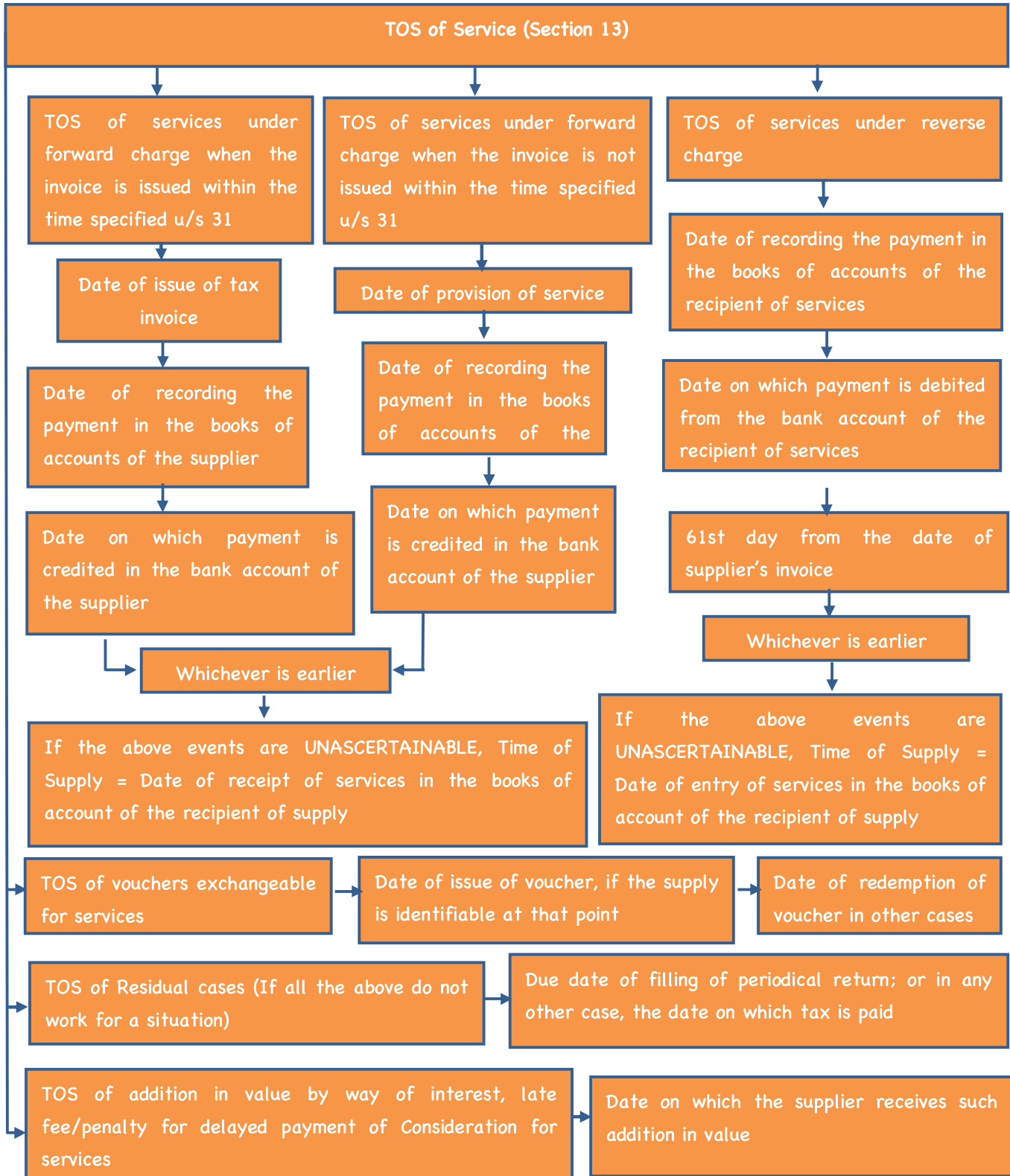
As the supply against which the voucher will be redeemed is identifiable, the time of supply of the voucher will be its date of issue.

**Residual case [Section 13(5)] :** [Same as Sec. 12(5)] If the situation is not covered by any of the provisions discussed above, the time of supply is fixed in the following manner:

Where a periodical return is to be filed	Date on which return is required to be filed
Other Cases	Date on which GST is paid



**Enhancement of value on account of interest/late fee etc. for delayed payment of consideration [Section 13(6)] :**  
 [Same as Sec. 12(6)] The time of supply in case of addition in value by way of interest/late fee/penalty for delayed payment of consideration for a service is the date on which the supplier receives such addition in value.



**Illustration 11 [Section 13(2)] :** On the basis of following information, determine the 'Time of Supply':

(1) Commencement of providing of service on	05-08-2017
(2) Completion of service on	10-10-2017
(3) Invoice issued on	20-10-2017
(4) Payment received by cheque and entered in the books on	15-10-2017
(5) Amount credited in Bank A/c on	25-10-2017
(6) Service became taxable for the first time on	01-07-2017

**Solution :** Refer Section 13(2) :

- Date of payment shall be the earlier of date of entry in BoA or Date of credit in Bank A/c (i.e. 15-10-2017).
- "Date of Commencement of Providing of Service" and "Service becoming taxable for the first time on 01-07-2017" are of no relevance in this case for determination of Time of Supply (TOS).
- Since, invoice is issued within 30 days of completion of service, therefore, as per Section 13(2), the TOS shall be the Date of issue of invoice or date of payment, whichever is earlier. [i.e. 20-10-2017 or 15-10-2017, whichever is earlier.]
- Therefore, TOS shall be 15-10-2017.

**Illustration 12 : [Refer Sec. 13(2) and Sec. 2(33)] [Continuous Supply of Service]**

Mr. Bhavesh entered into a contract with Mr. Amit for construction of a new building to be used primarily for the purpose of commerce or industry for a total consideration of Rs. 500 lakh on October 1, 2017. The said services fall within the purview of 'works contract services'. The initial booking amount of Rs. 100 lakh was billed and received on the date of contract itself. It was further agreed that Rs. 170 lakh, Rs. 140 lakh and Rs. 90 lakh respectively would be received on completion of 50%, 75% and 100% of the construction work of the building. Determine the time of supply in respect of each of following stages of completion with the help of relevant details furnished as under :

Stage	% of Completion of the Building	Date of Completion	Date of Issuance of Invoice	Date of Payment of Stipulated Amount
I	50%	November 20, 2017	October 25, 2017	January 25, 2018
II	75%	December 30, 2017	February 25, 2018	January 30, 2018
III	100%	February 25, 2018	March 03, 2018	March 01, 2018

A certificate from Chartered Engineer registered with Institution of Engineers has been obtained for each stage of completion of the building. Give brief reasons for your answer.

**Solution:** Refer Sec. 13(2) and Sec. 2(33) of CGST Act, 2017

Stage	Amount (in lakhs)	Time of Supply (TOS) with Reason

Initial Amount	100	01.10.2017, in case of receipt in advance, TOS shall be the date of receipt of advance.
I	170	25.10.2017, since, invoice is issued on or before the date of completion of the event linked to the payment, therefore, the TOS shall be date of issue of invoice or receipt of payment, whichever is earlier.
II	140	30.12.2017, since, invoice is issued after the date of completion of the event linked to the payment, therefore, the TOS shall be date of completion of service or receipt of payment, whichever is earlier.
III	90	25.02.2018, since, invoice is issued after the date of completion of the event linked to the payment, therefore, the TOS shall be date of completion of service or receipt of payment, whichever is earlier.

**Illustration 13: [Section 13(3) RCM Services]**

Service Imported on	15.10.2017
Invoice issued on	25.11.2017
Payment made to service provider on	10.12.2017

**Solution :**

TOS	10.12.2017
-----	------------

**Illustration 14: [Section 13(3) RCM Services]**

Service Imported by ABC Pvt. Ltd. On	15.10.2017
Invoice issued on	15.10.2017
Payment made to service provider on	20.03.2018

**Solution :** The TOS in this case shall be 61st day from the date of issue of invoice i.e. 15.12.2017. Because, in this case, payment is not made within a period of 60 days from the date of invoice.

## 2.3 Sec. 14 – Change in Rate of Tax in Respect of Supply of Goods or Services

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

	Goods / Services Supplied	Invoice Issued	Payment Received	Time of Supply
Before change in Rate of	Yes (Before change in rate)	No (After change in rate)	No (After change in rate)	Date of issue of invoice or Receipt of payment, whichever is earlier

tax	Yes (Before change in rate)	Yes (Before change in rate)	No (After change in rate)	Date of issue of invoice
	Yes (Before change in rate)	No (After change in rate)	Yes (Before change in rate)	Date of payment
	Goods / Services Supplied	Invoice Issued	Payment Received	Time of Supply
After change in Rate of tax	Yes (After change in rate)	No (Before change in rate)	No (Before change in rate)	Date of issue of invoice or Receipt of payment, whichever is earlier
	Yes (After change in rate)	Yes (After change in rate)	No (Before change in rate)	Date of issue of invoice
	Yes (After change in rate)	No (Before change in rate)	Yes (After change in rate)	Date of payment

**Date of Payment:** For the purposes of Time of Supply, the "Date of Payment" means the date on which the payment is entered in the books of account or the date on which the payment is credited to the bank account, whichever is earlier.

But, if the credit in the bank account is after 4 working days from the date of change in the rate of tax, then, the date of receipt of payment shall be the date of credit in the bank account.

**Illustration 15:** Date of Payment in Case of Change in Rate of Goods and Services Tax

Date of issue of invoice	15.03.2018
Date of entry in the books of accounts for cheque received	25.03.2018
Date of credit in the Bank A/c of cheque deposited	08.04.2018
Change in rate of goods & service tax	01.04.2018

What will be the date of payment ?

**Solution :** In this case, since, the rate of goods & service tax is changed on 01.04.2018 and the credit in the Bank A/c is after 4 working days from the change in rate of goods & service tax [i.e. after (01.04.2018 + 4 working days)], therefore, the date of payment shall be the date of credit in the Bank A/c. Thus, the date of payment, in this case, will be 08.04.2018.

**Illustration 16:** What would be your answer in the above illustration, if the date of credit in the Bank A/c would had been 03.04.2018 ?



Solution : In such case, the date of payment would be "Date of Entry in BoA, or Date of Credit in Bank A/c, whichever is earlier" i.e. 25.03.2018.

**Illustration 17:** [Section 14]

Service completion = 12.08.2017

Invoice issued = 03.09.2017

Amount received = 05.09.2017

Rate of GST upto 31.08.2017 = 12%

Rate of GST w.e.f. 01.09.2017 = 18%

Solution : The TOS as per Section 14 = 03.09.2017

Rate of GST as per Section 14 = 18%

So, liability on 03.09.2017 will have to be paid @ 18%.

**Illustration 18:** [Section 14] : YAM & Co., a Chartered Accountants firm, provided audit services to one of its clients. The service was completed on 15.09.2017. However, the invoice for the same was raised on 15.11.2017 whereas the payment was received on 25.09.2017. The GST Rate was 12% till 30.09.2017. However, from 01.10.2017, the GST Rate is increased to 18%. Determine the Time of Supply and the rate applicable.

Solution : Law Point : As per Section 14 of the CGST Act, 2017, whenever there is a change of rate of tax and the service is completed before such change and payment is also received prior to such change, then the TOS shall be the date of payment.

Analysis of the Facts with Law:

1. Here, the CA firm completed the audit services on 15.09.2017 and payment is received on 25.09.2017, which are before the date of change on 01.10.2017.
2. Hence, the Time of Supply shall be the date of payment (25.09.2017).

Conclusion: The Time of Supply shall be the date of payment (25.09.2017). Therefore, applicable rate of GST = 12%.

**Illustration 19:** 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? [MTP, 4Marks]

Solution : 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. Therefore, in terms of section 14(b)(ii), the time of supply is earlier of the two events namely, issuance of invoice or receipt of payment, both of which are before the change in rate of tax, and thus, the old rate of tax remains applicable.