



Date: 11 April 2021

# **VIRTUAL COACHING CLASSES ORGANISED BY BOS, ICAI**

## **INTERMEDIATE LEVEL PAPER 4B: INDIRECT TAXES TIME OF SUPPLY**

**Faculty: CA Deepak Jain**



# Time of Supply

Time of supply of-

- Goods
- Services

It includes

1. Reverse Charge (RCM)
2. Forward Charge
3. Vouchers exchangeable for goods/services
4. Residual cases





## GST Payable on Supply of Goods or Services

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Supply consists of elements

1. Purchase order/agreement
2. Dispatch of Goods
3. Delivery of Goods/Performance of service
4. Entry in the records
5. Payment
6. Entry of payment in the books

At what point of  
time, GST  
becomes  
payable

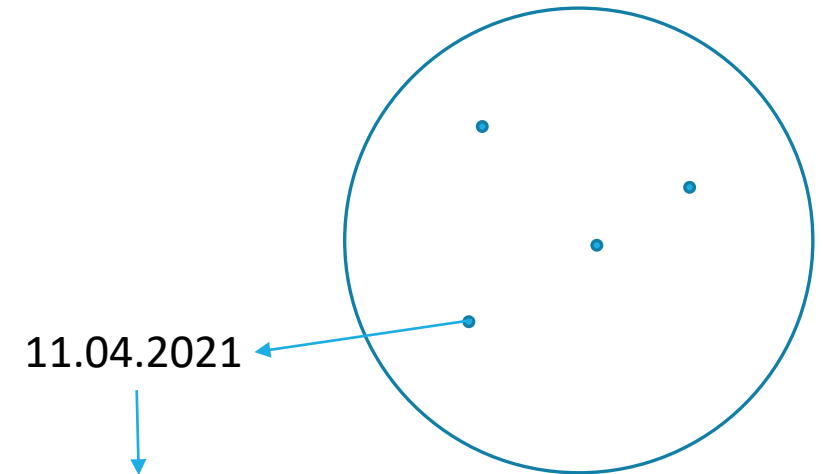




## At what point of time, GST becomes payable?

Does it become payable when

- An agreement to supply of goods/services is made?
- Goods are shipped/services are provided?
- the Invoice is issued?
- the Payment is made?



11.04.2021

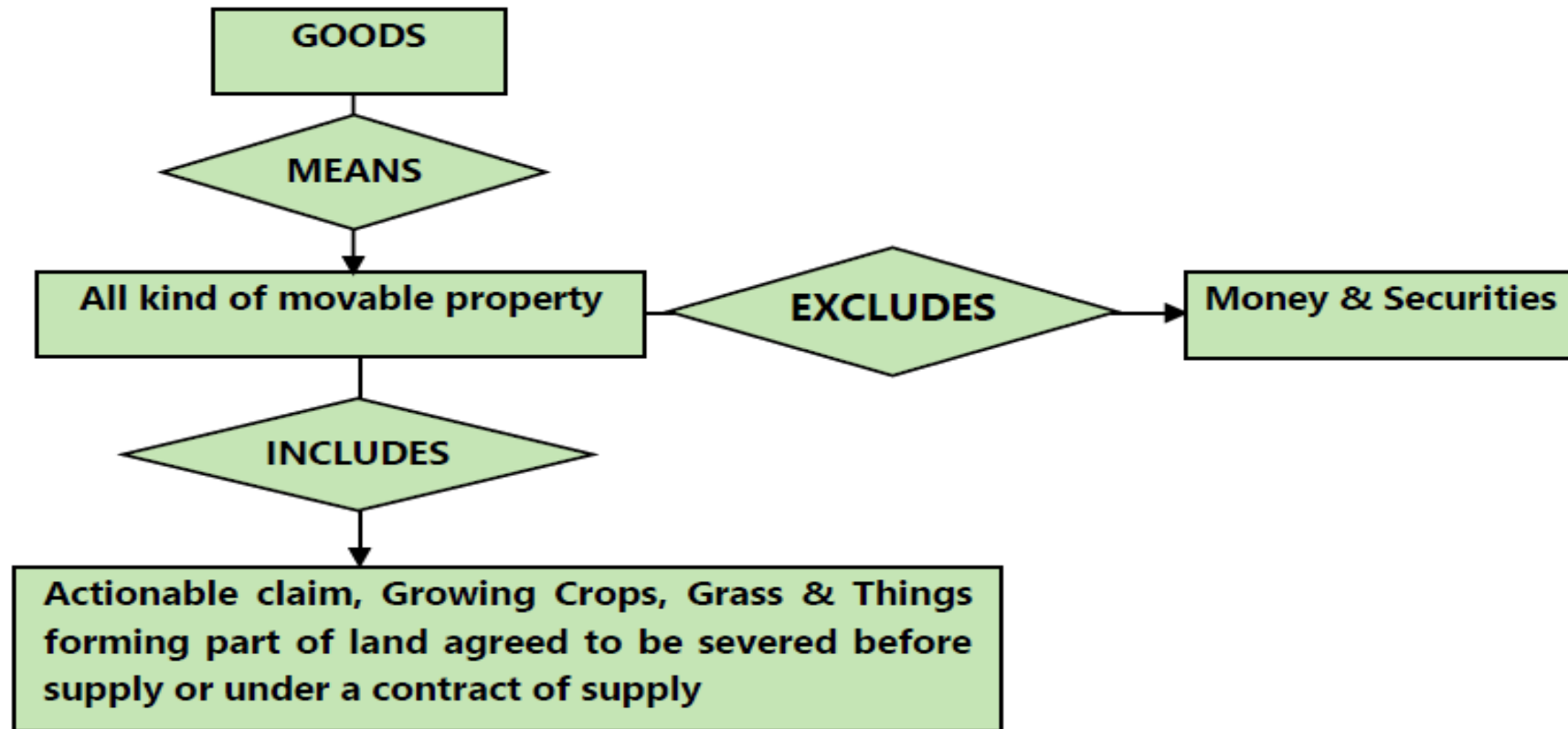
Due Date for April i.e 20.05.2021

**Time of Supply provides answers to the above questions**



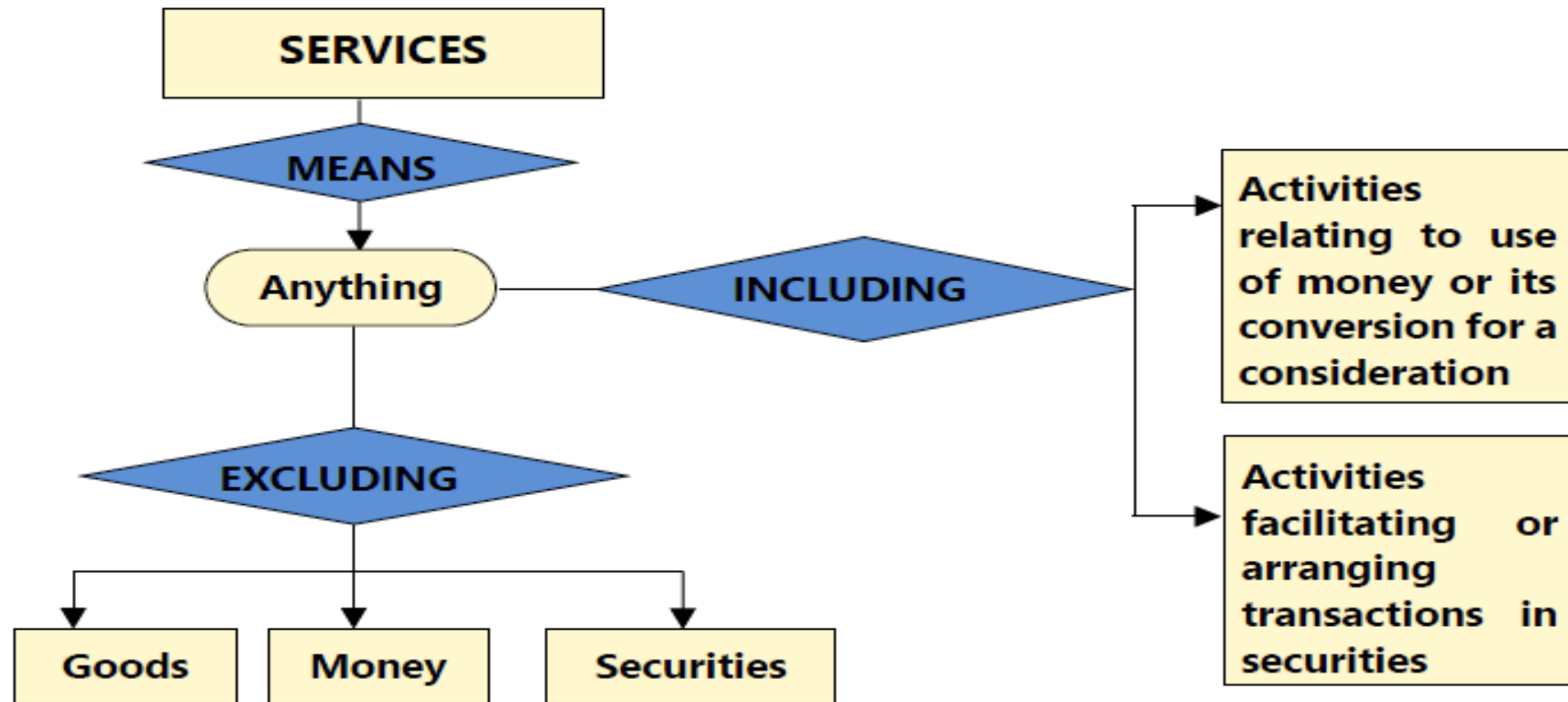
# Definitions

## GOODS



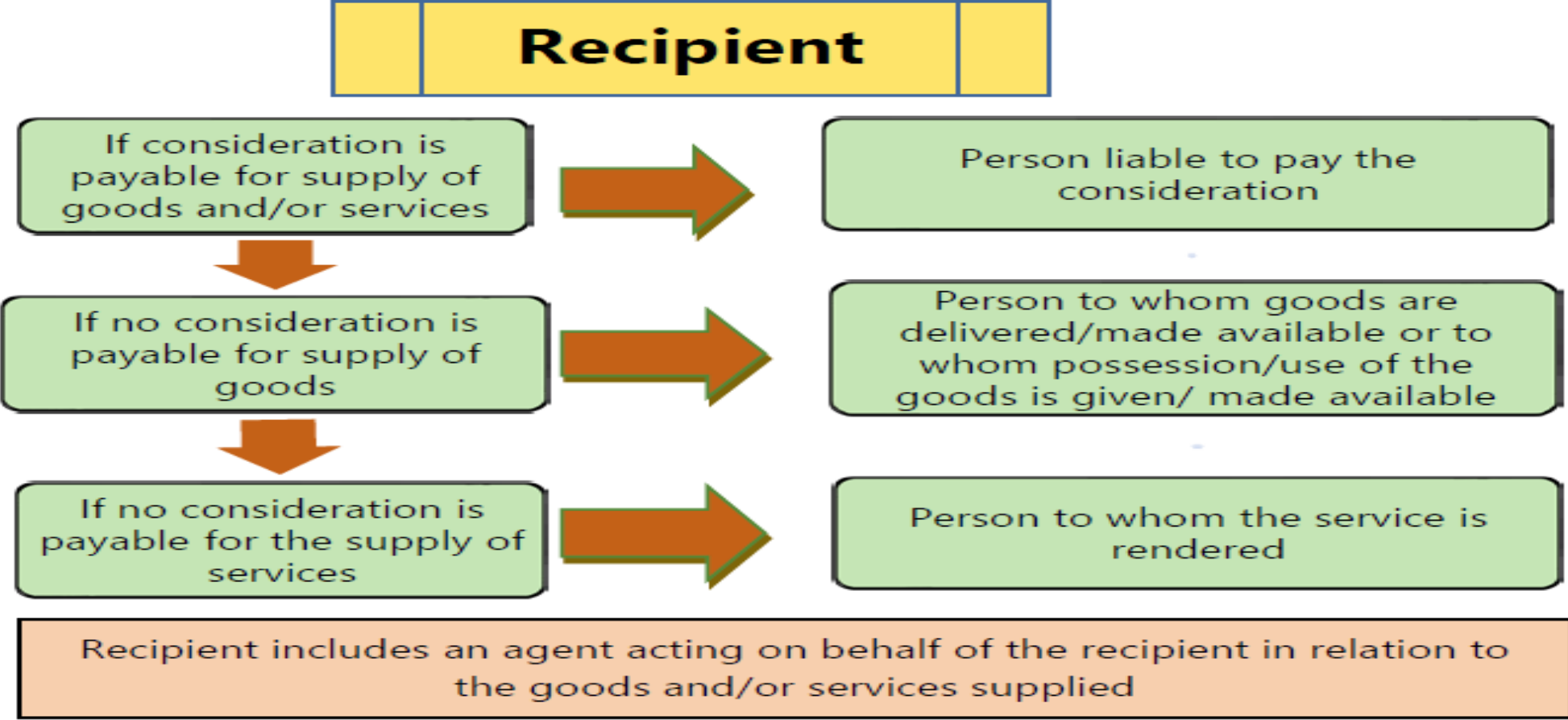


# SERVICES





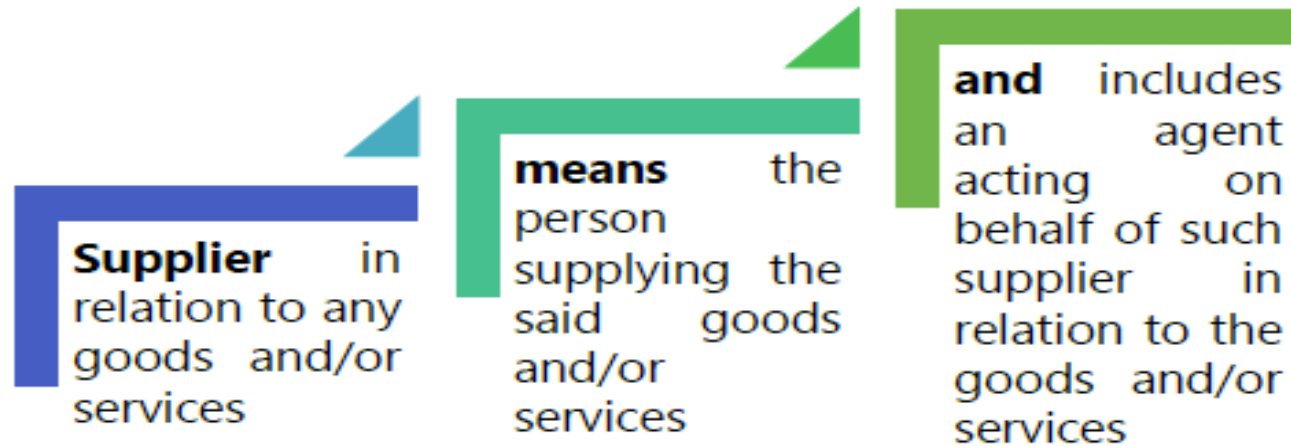
# RECIPIENT





# SUPPLIER

**Supplier** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied [Section 2(105)].







# Time of Supply of Goods - Section 12

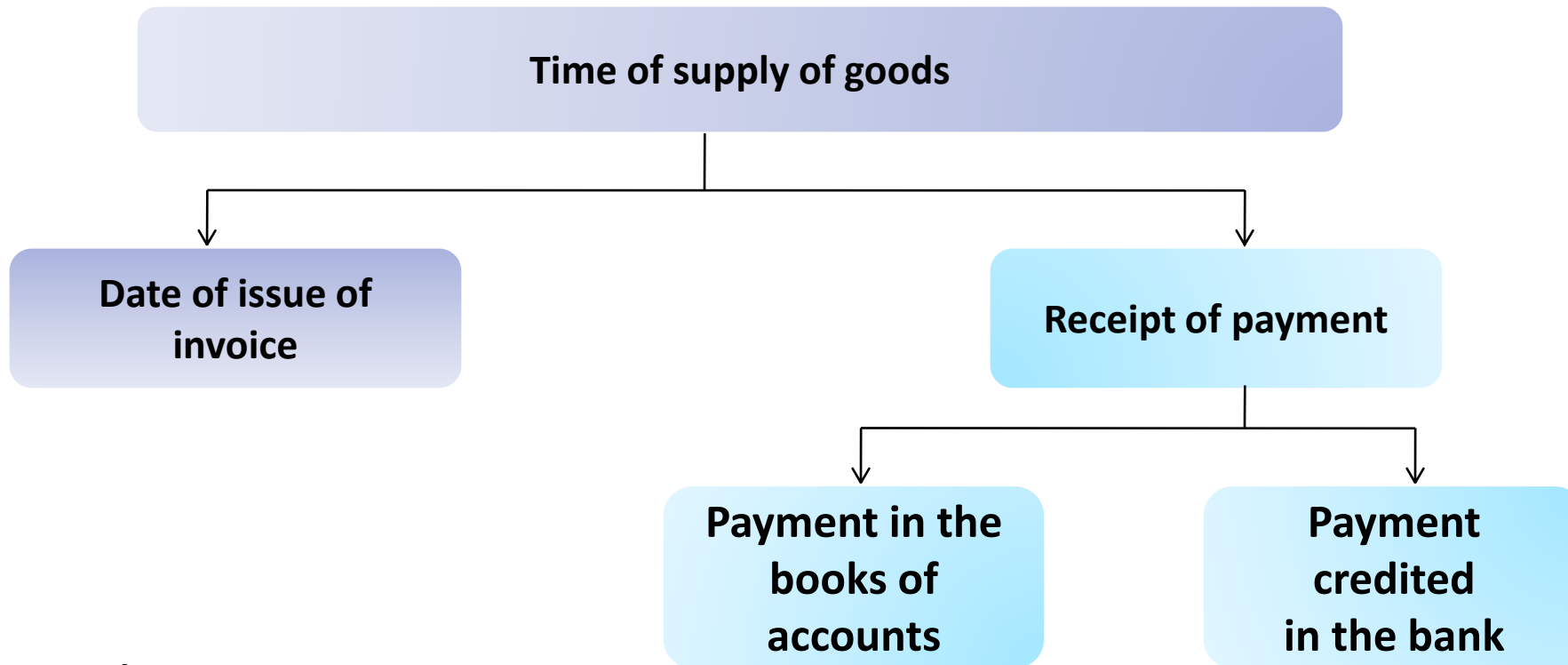
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12(1): liability to pay tax on goods shall arise at the **time of Supply**.

12(2): Time of supply shall be

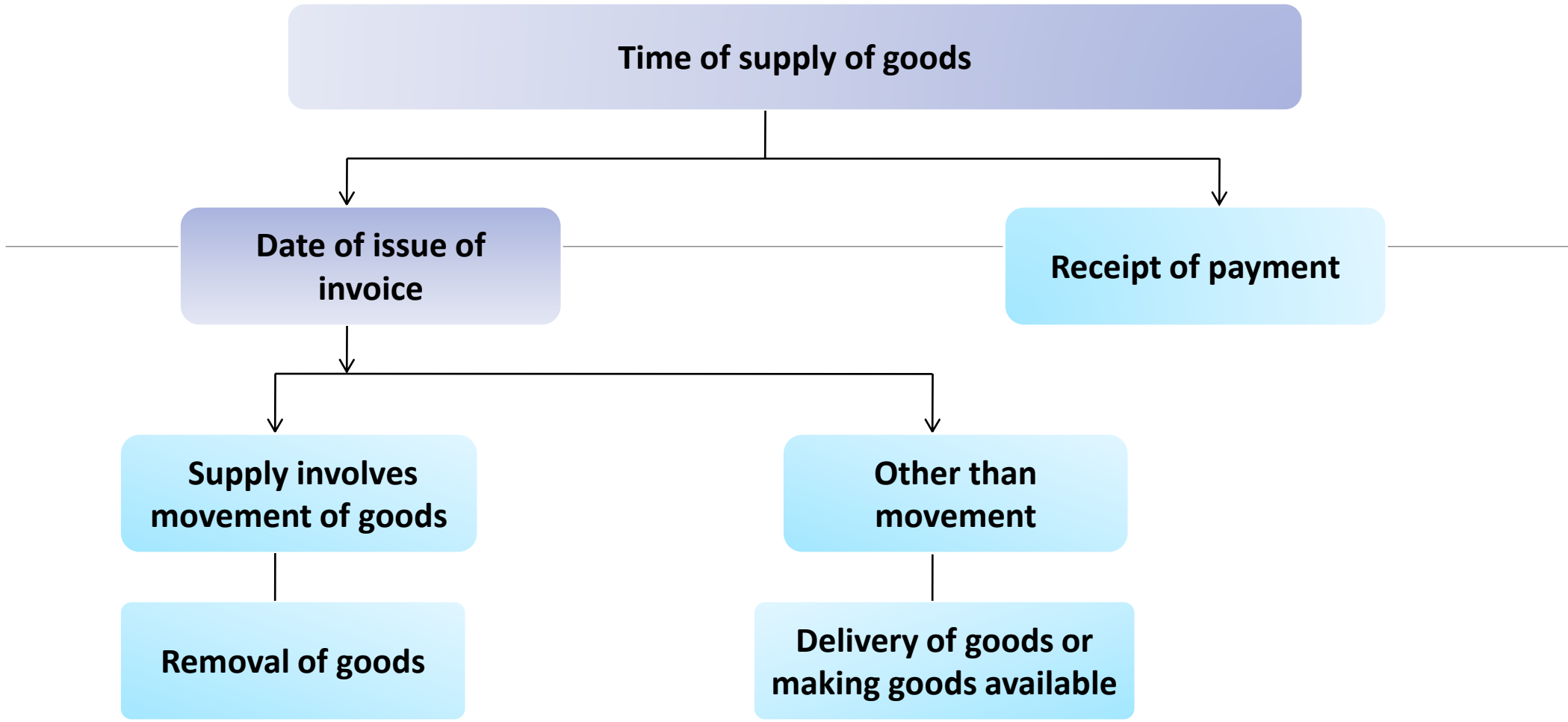
- Earlier of following
  - a. date of issue of invoice/last date on which the invoice to be issued under sec 31
  - b. date of receipt of payment
    - (i.e. date on which the payment is entered in books (or) payment credited to his bank a/c whichever is earlier)

**Note:** If supplier receives up to 1,000 in excess of the amount indicated in tax invoice, time of supply, optional by the supplier, the date of issue of invoice in respect of such excess amount.



**Notification No 66/2017:**

Taxpayers under forward charge are not required to pay GST at the time of receipt of advance in relation to supply of goods.



**Exceptions :**

1. Receipt of amount up to Rs. 1,000 in excess
2. Supply deemed to have been made to the extent of invoice or value of payment



# Continuous Supply - Definition

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

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



# Time Limit for issuance of Invoice

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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.

31(7):- Where the goods being sent or taken on **approval for sale or return** are removed before the supply takes place, the invoice shall be issued

- a. before or at the time of supply (or)
  - b. 6 months from the date of removal
- whichever is earlier



# Time of Supply of Goods under Reverse Charge

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12(3): Time of supply is earliest of the following dates:

- a. Date of receipt of the goods
- b. The date immediately following 30 days from the date of issue of invoice/any other document
- c. Date of payment is entered in the books of accounts of recipient or date on which payment is debited from his bank a/c whichever is earlier

**Note: 1.** If not possible to determine options (a, b, c) then time of supply is *“Date of entry in the books of accounts of recipient”*

*2. Under RCM, the date of Invoice is not the Time of Supply*



# Time of Supply of vouchers exchangeable for Goods

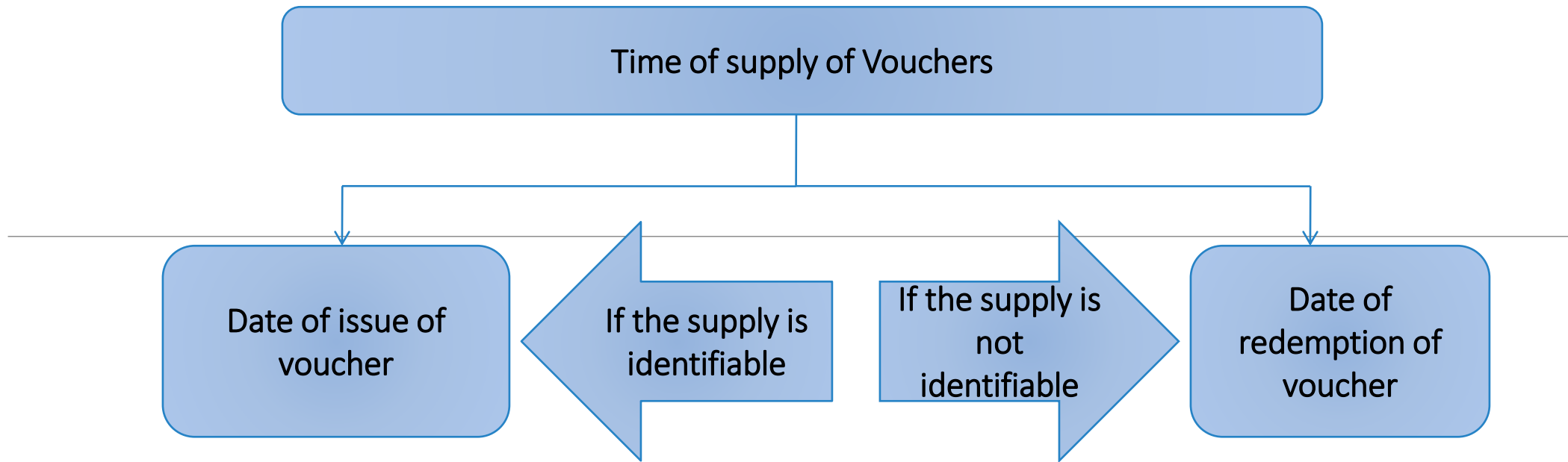
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12(4): Supply of Vouchers by supplier, time of supply is

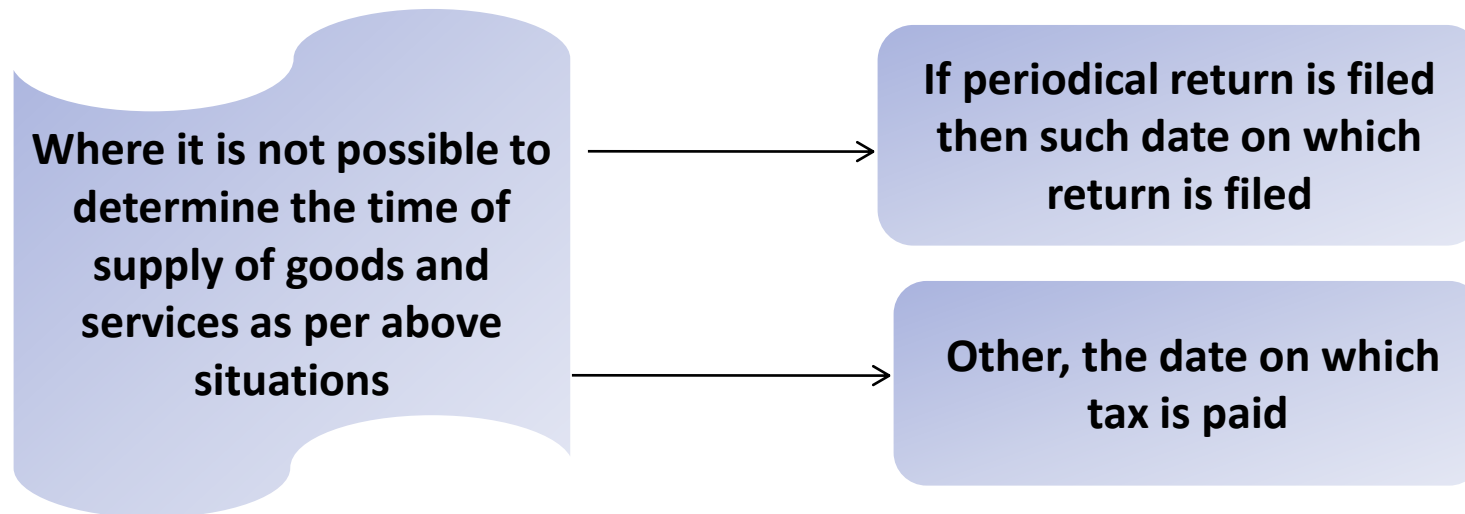
- a. if supply is identifiable – date of issue of voucher (or)
- b. Other cases – date of redemption of Voucher

12(5): If not possible to determine time of supply under sub sections 2, 3, 4 then time of supply will be

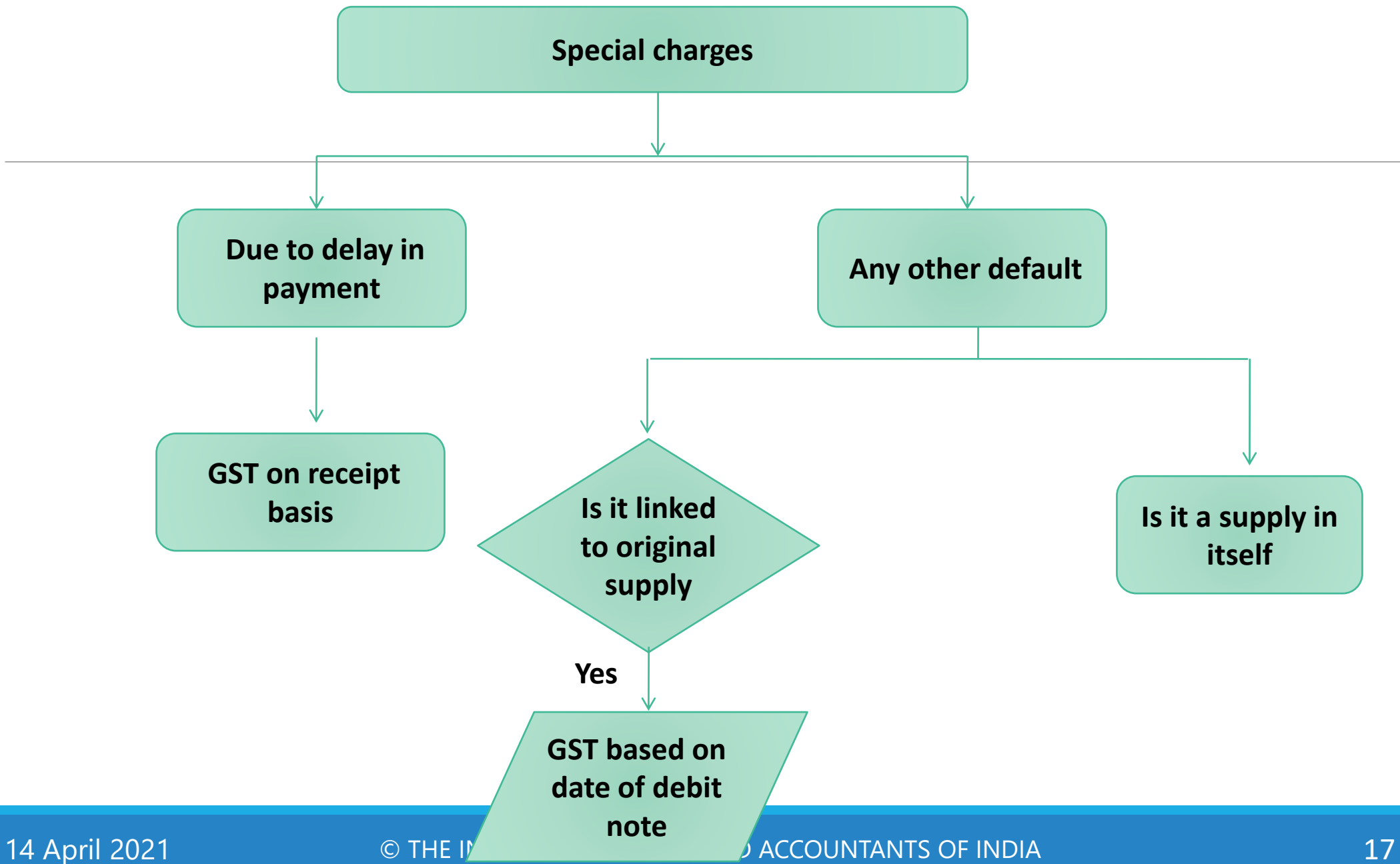
- a. If periodical return has to be filed – Date of return filed
- b. Other cases – Date on which tax is paid



Residuary









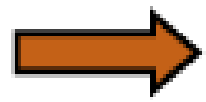
# TIME OF SUPPLY OF GOODS IN RESIDUAL CASES

Where a periodical return is to be filed

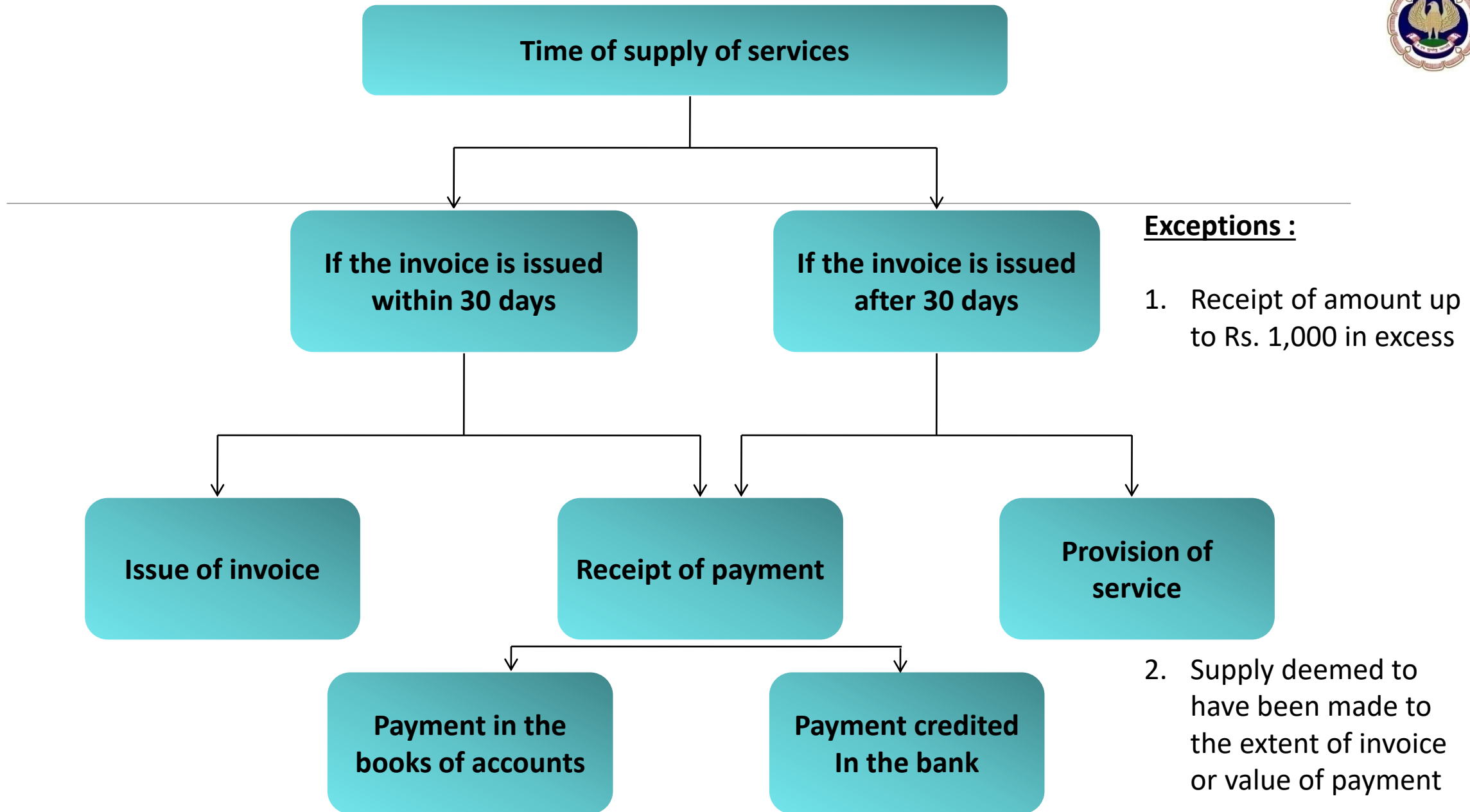


DATE ON WHICH RETURN IS REQUIRED TO BE FILED

**OTHER CASES**



DATE ON WHICH GST IS PAID





# Time Limit for Issuance of Invoice

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31(5): In case of continuous supply of services-

- a. where the due date is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;
- b. where the due date is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;
- 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.

31(6): Where the supply of **services ceases** under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.



# Time of Supply of Services under Reverse Charge

13(3): Reverse charge basis – time of supply is earliest of the following dates

a. date of payment as entered in the books of account of the recipient (or) date on which the payment is debited in his bank a/c; or

b. The date immediately following 60 days from the date of issue of invoice/any other document

**Notes:**

1. If not possible to determine options (a, b) then time of supply is *“Date of entry in the books of accounts of recipient”*.

2. In case of supply by **associated enterprises**, where the supplier of service is located outside India, the time of supply shall be

a. date of entry in the books of account of the recipient of supply (or)

b. the date of payment

whichever is earlier



# Time of supply of goods and services on Reverse charge basis

## RCM of Goods

Earliest of:

- Receipt of goods
- Date of payment
- 30 days from issue of invoice

**If not, Date of recording the supply**

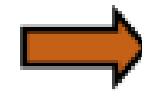
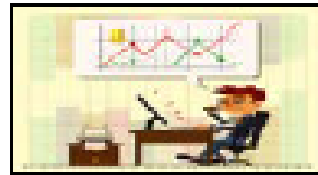
## RCM of services

Earliest of:

- -
- Date of payment
- 60 days from issue of invoice

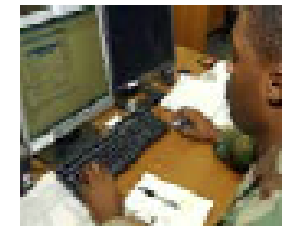
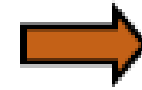
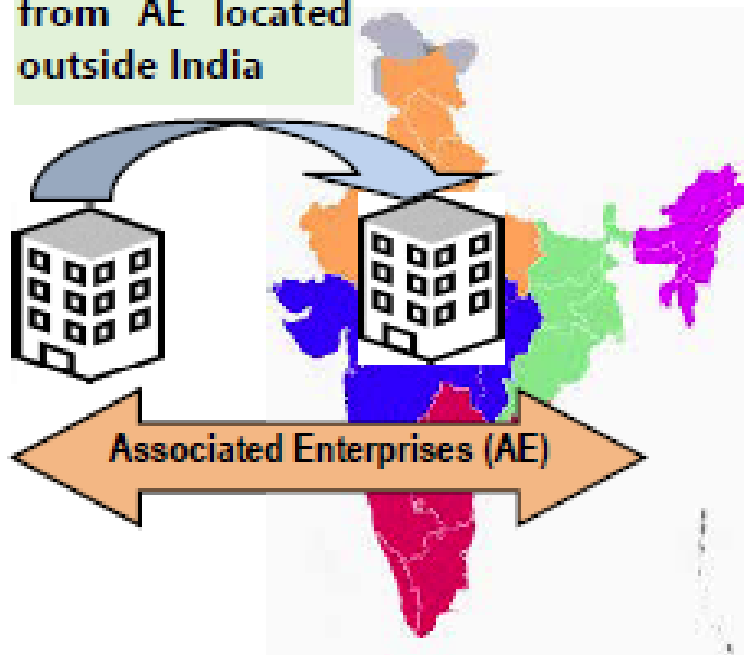
**If not, Date of recording the supply**

**In case of AE, supplier located outside India, the date of recording supply in recipient's book or date of Payment**



Date of entry of service in the books of account of the recipient of supply

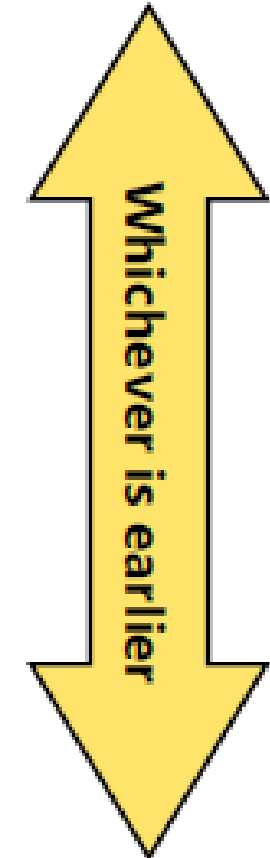
Supply of services from AE located outside India



Date of payment for the service

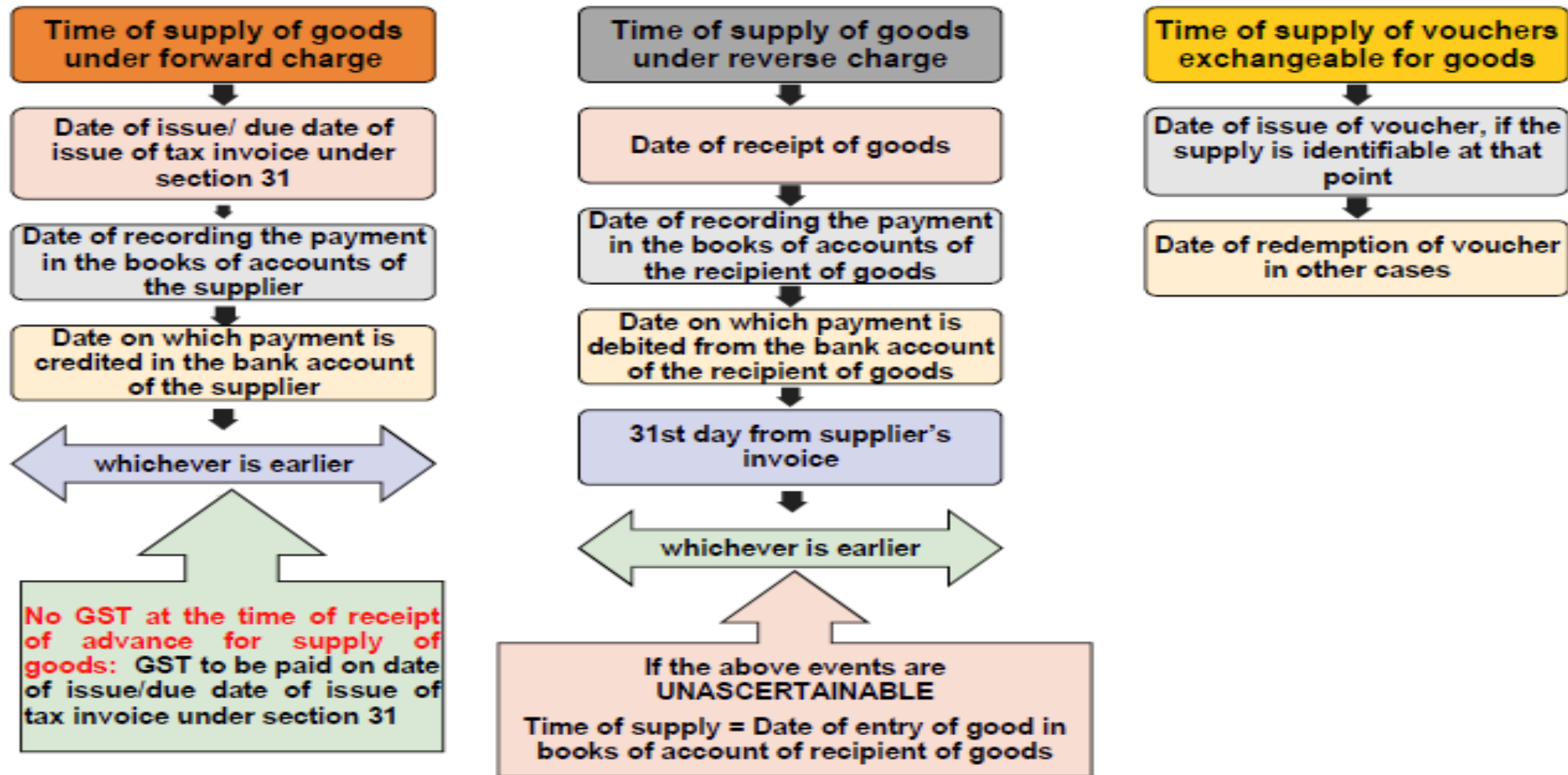


Date of entry of the service in the books of account of the recipient

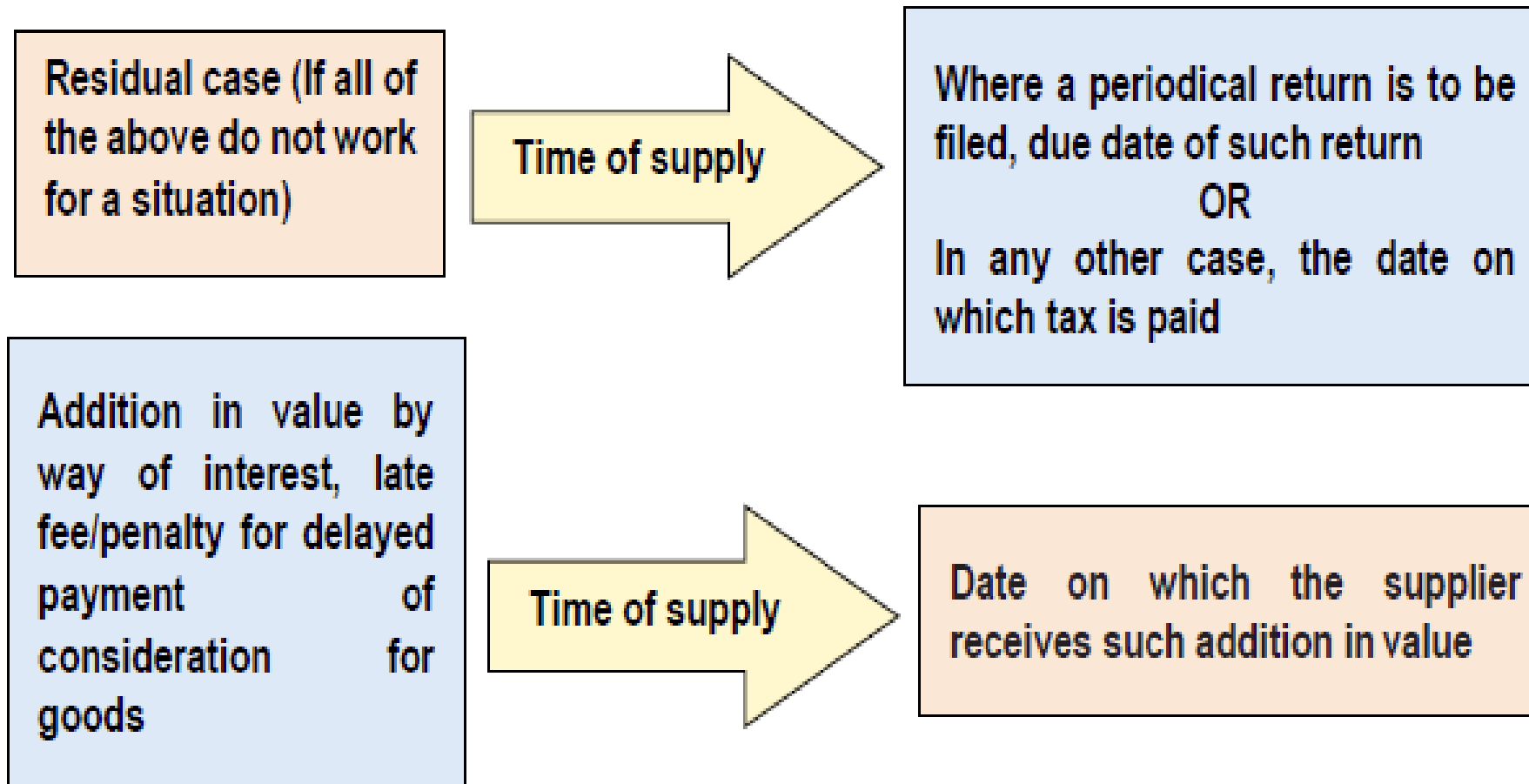




**The provisions relating to time of supply of goods as contained in section 12 are summarised in the diagram given below**

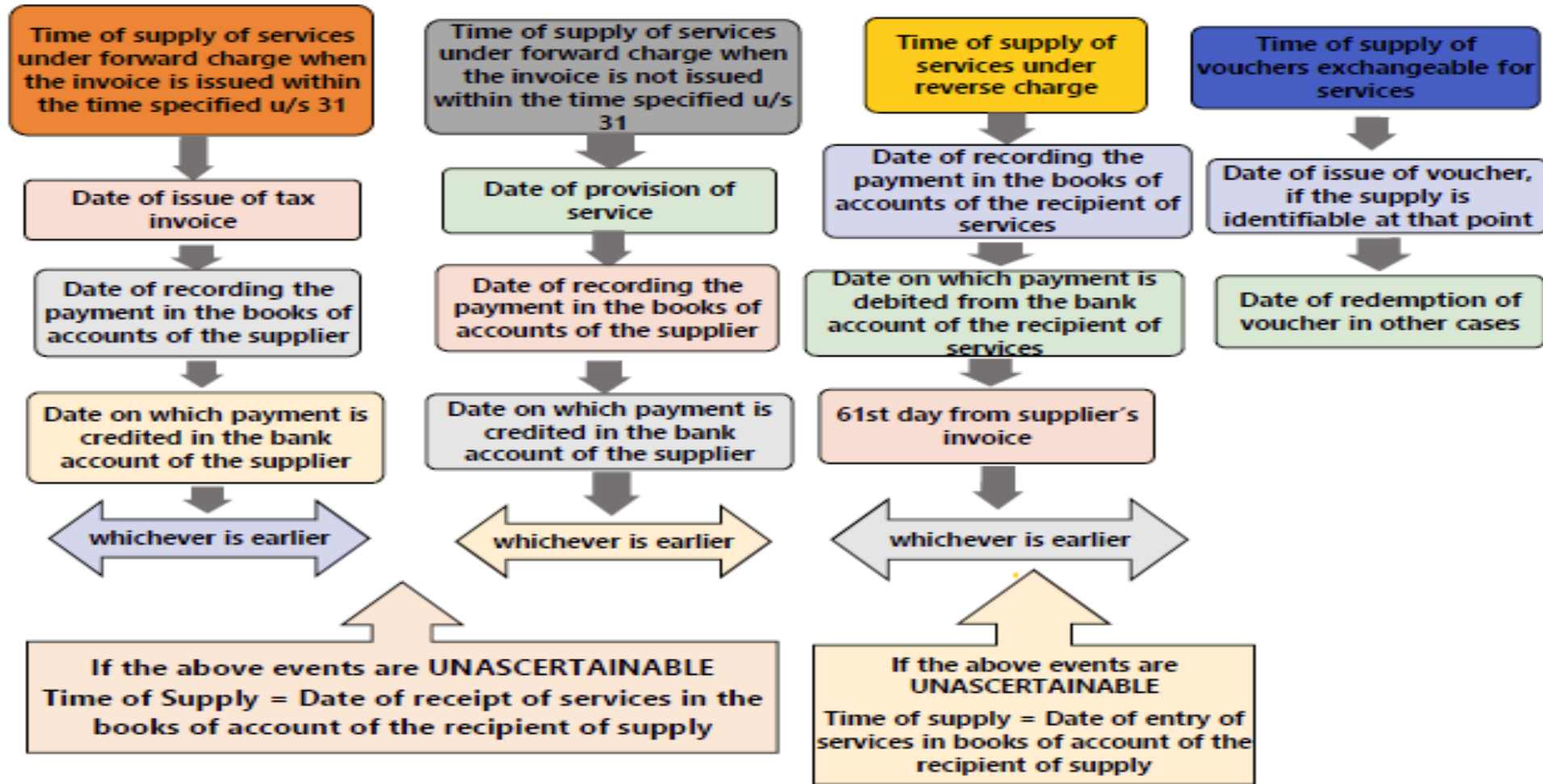


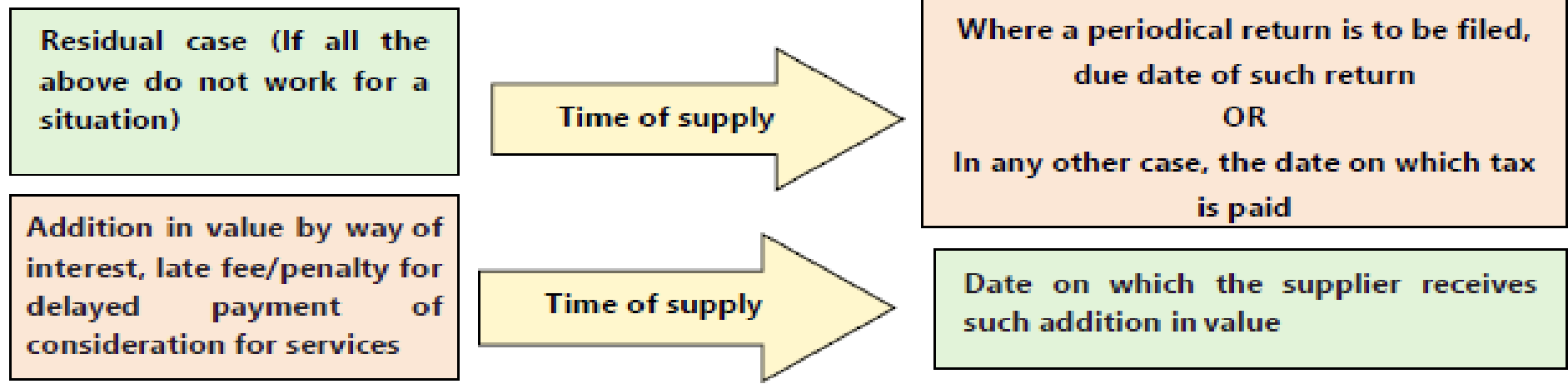






**The provisions relating to time of supply of services as contained in section 13 are summarised in the diagram given below**







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**THANK YOU**