

Time of Supply, Invoice & E-way bill, Value of Taxable Supply & Valuation Rules, Related transitional provisions

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Refresher Course on GST

WIRC of ICAI

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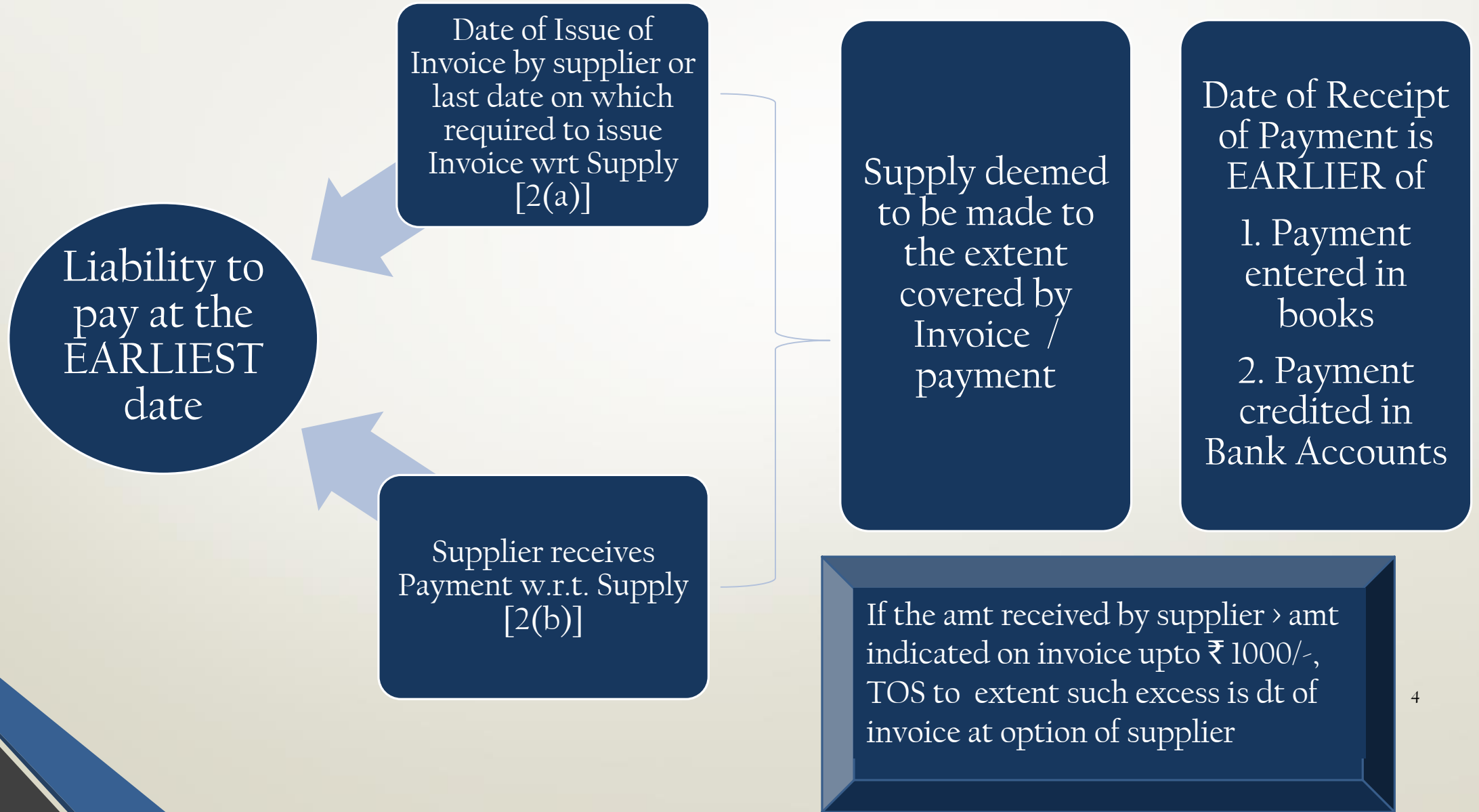
Agenda

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- Time of Supply of Goods & Services
 - Invoices & Rules
 - Related Transitional Provisions
 - e-Way Bills
 - Value of Taxable Supply
 - GST Valuation Rules

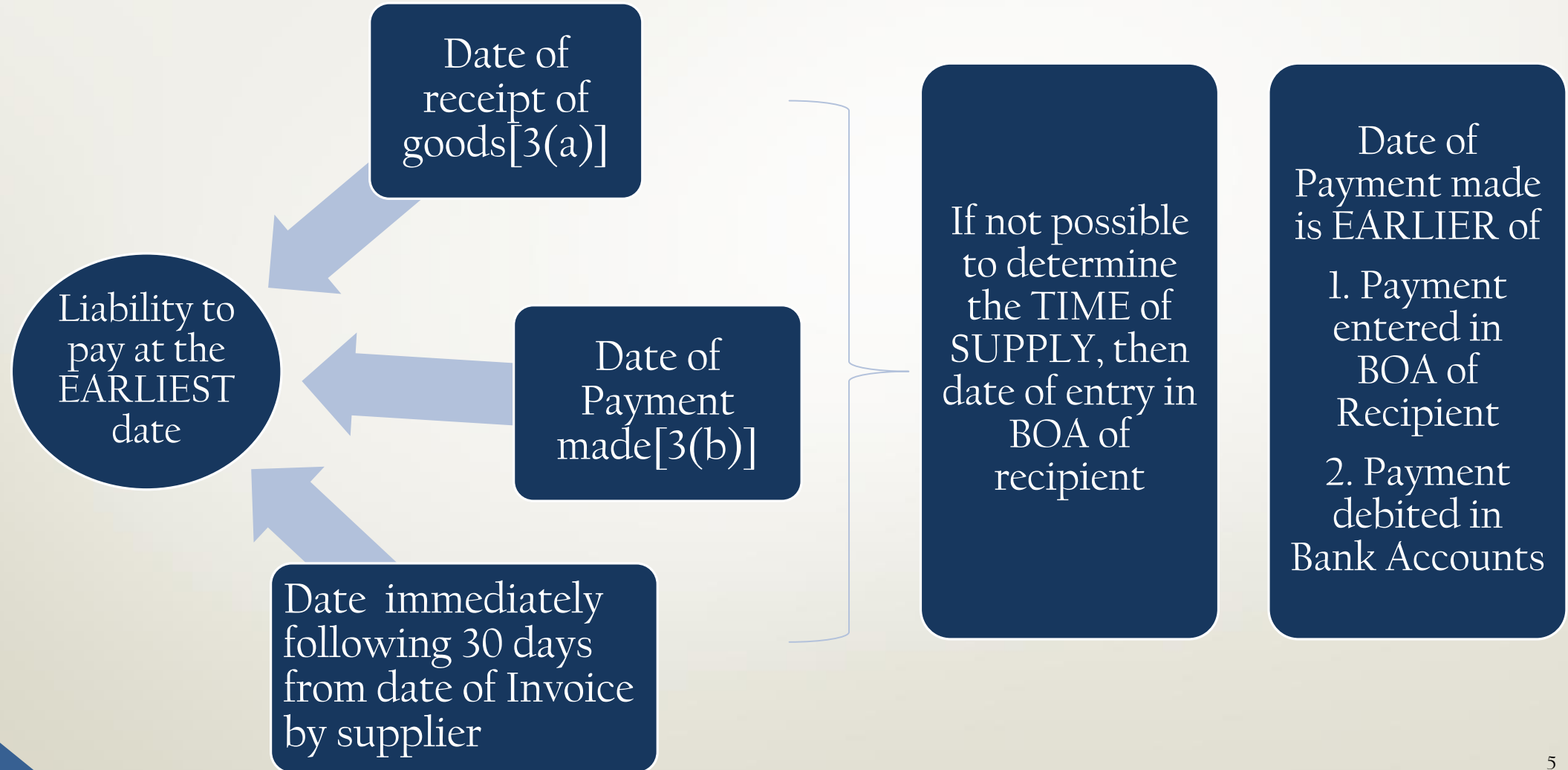


Time of Supply of
Goods & Services

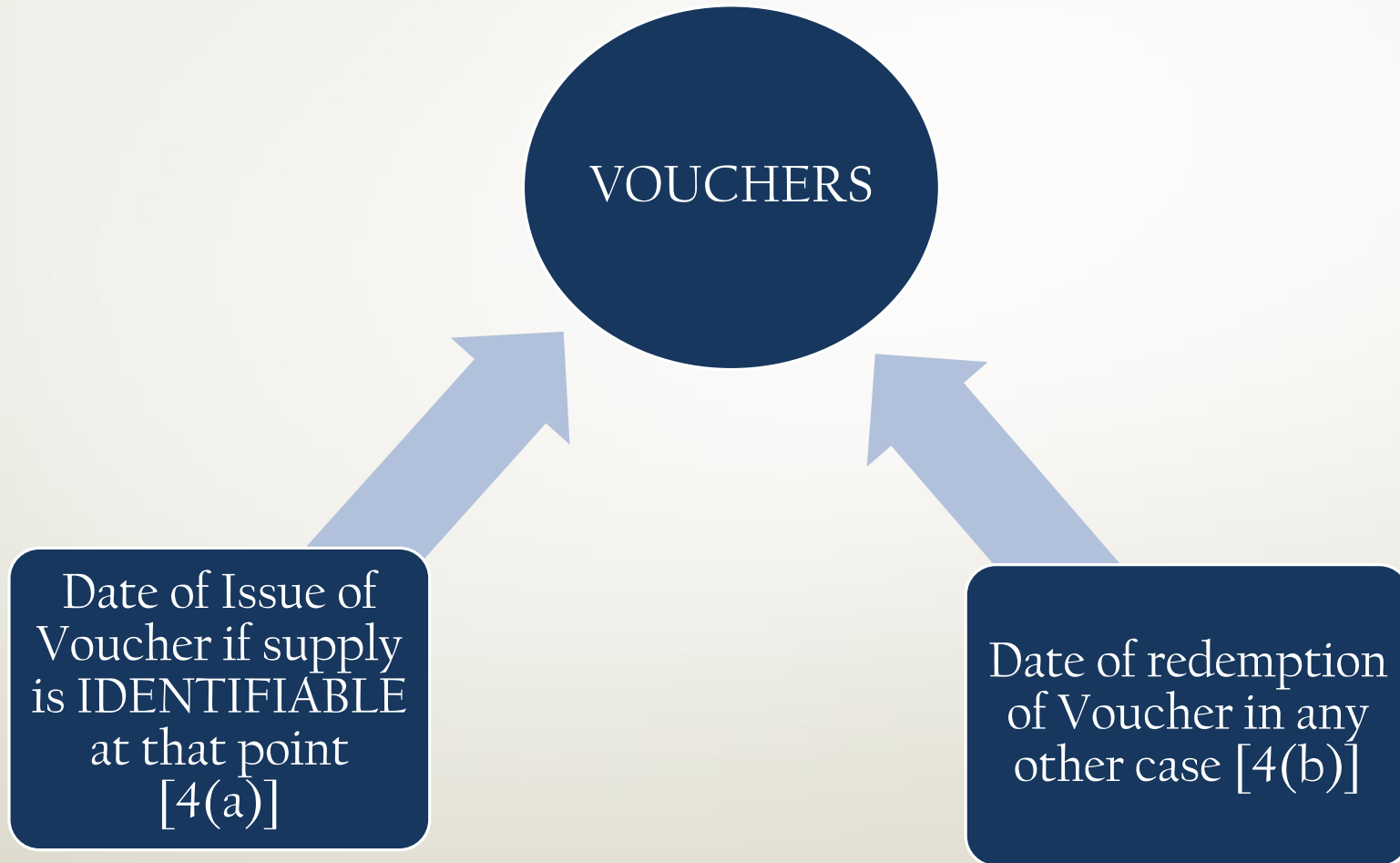
Time of Supply of Goods – sec 12(2)



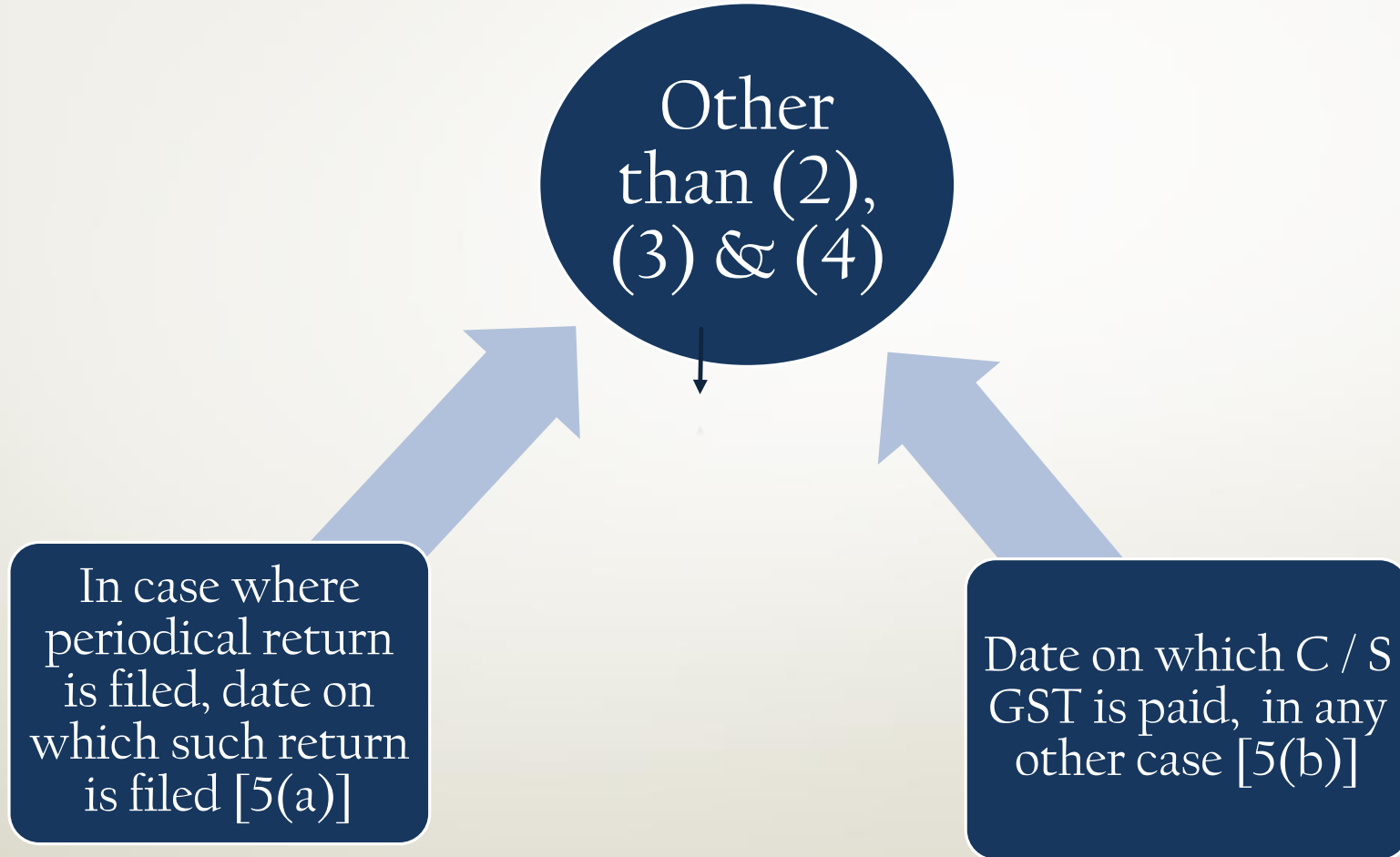
Time of Supply of Goods under RCM – sec 12(3)



Time of Supply of Goods (Vouchers) – sec 12(4)



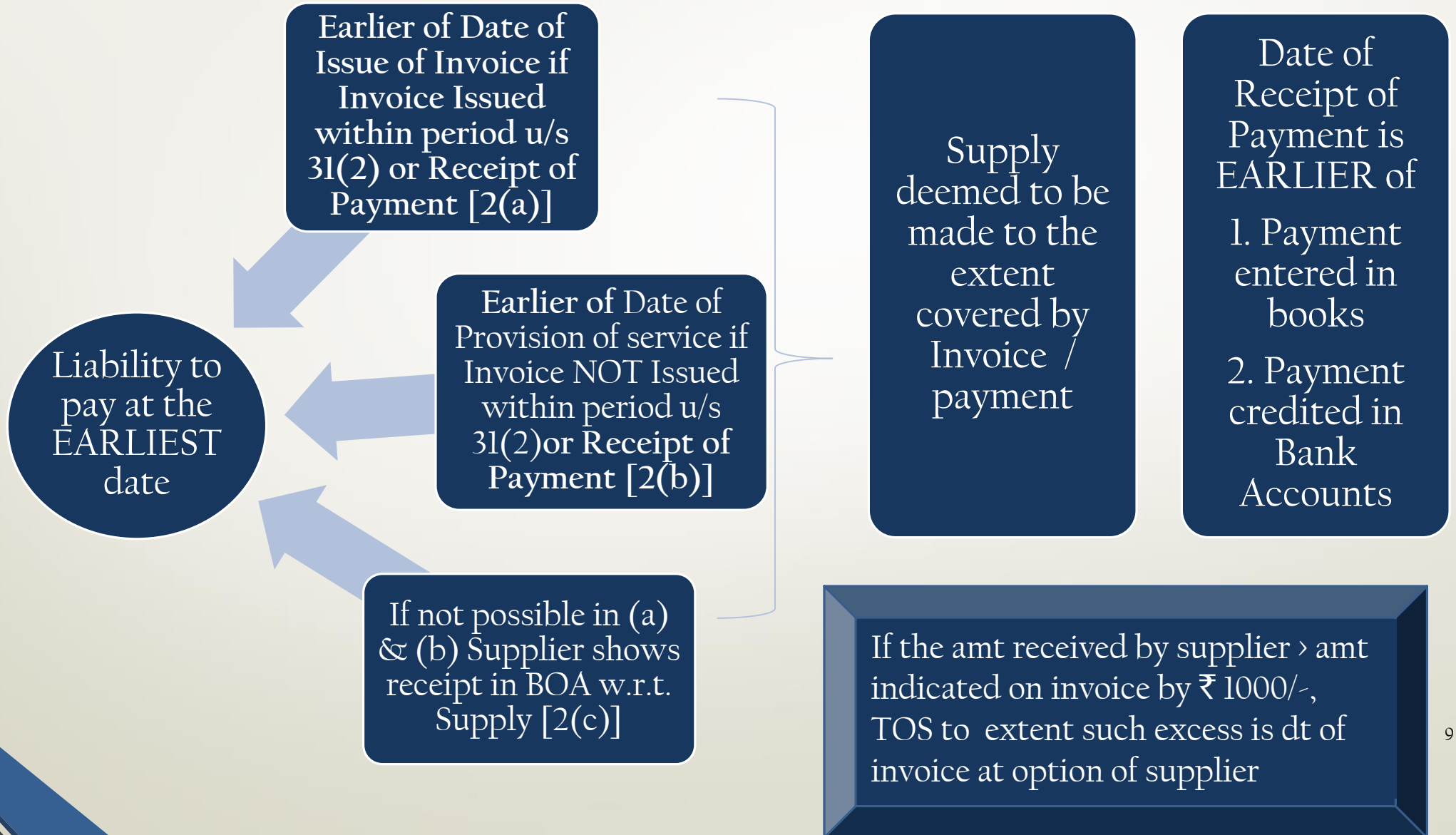
Time of Supply of Goods – sec 12(5)



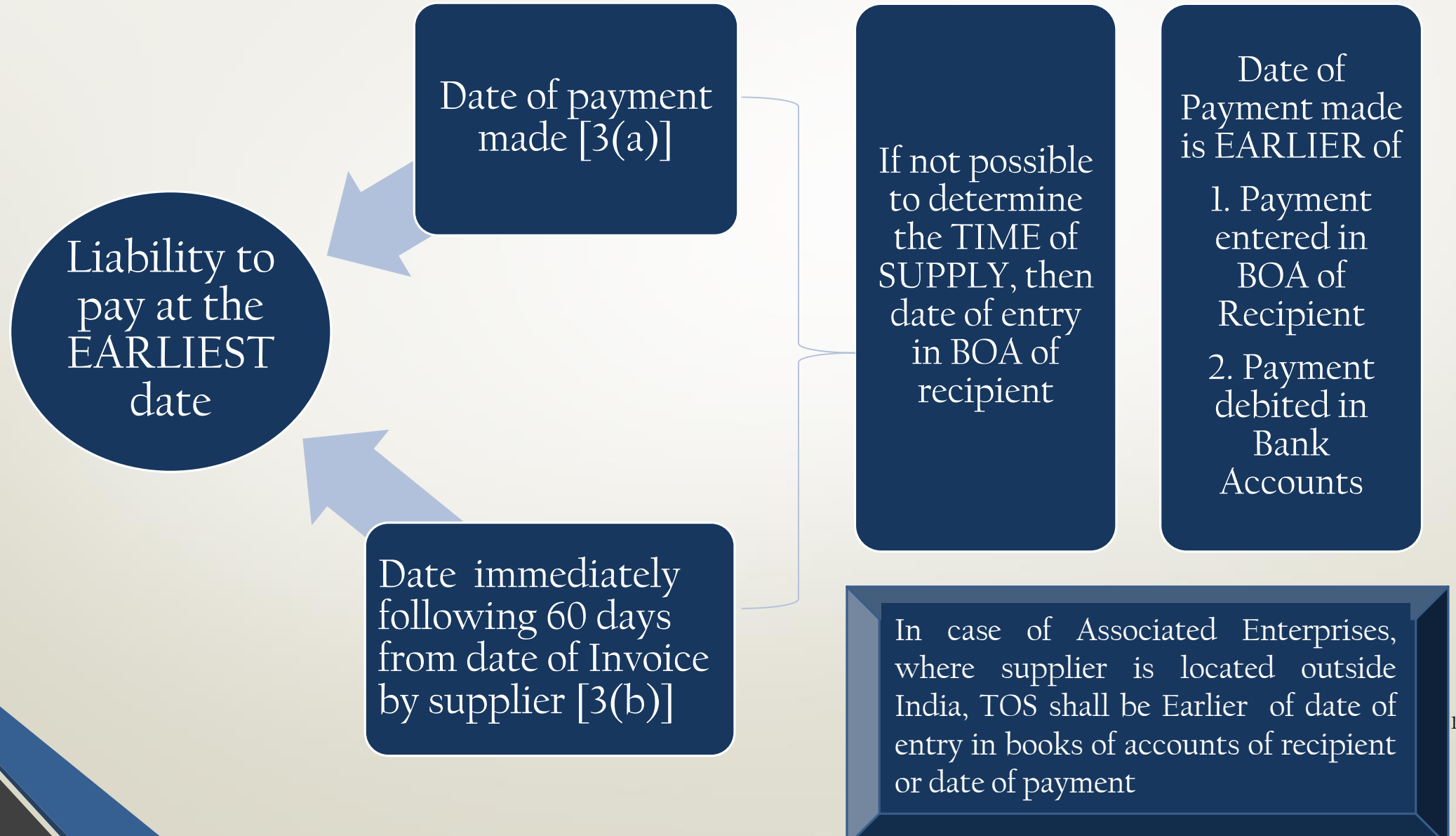
Time of Supply of Goods – sec 12(6)

- The time of supply to the extent it relates to an addition in the value of supply by way of
 - Interest
 - late fee
 - penalty for delayed payment of any consideration
- shall be the date on which the supplier receives such addition in value

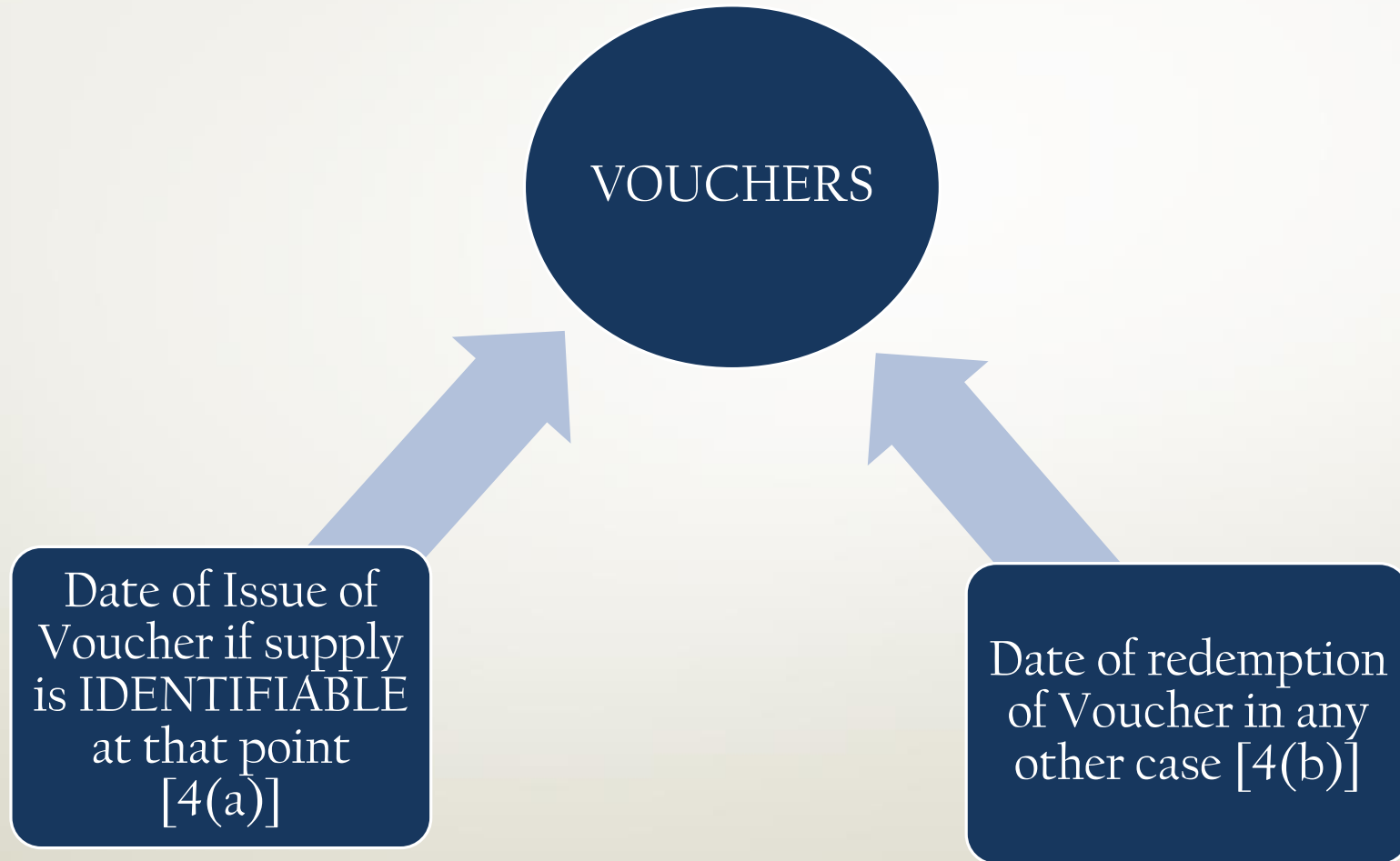
Time of Supply of Services – sec 13(2)



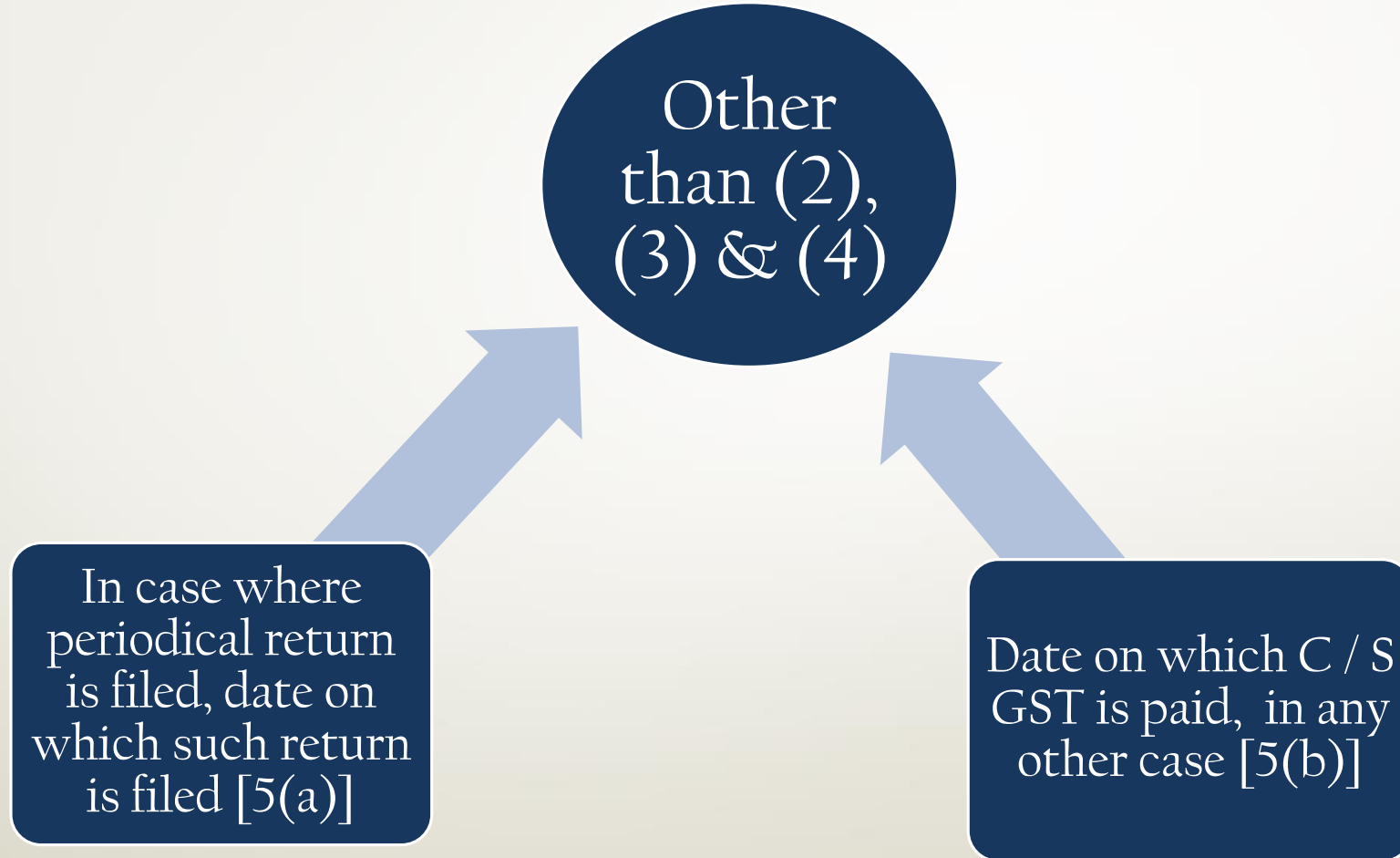
Time of Supply of Services on RCM – sec 13(3)



Time of Supply of Services (Vouchers) – sec 13(4)



Time of Supply of Services – sec 13(5)



Time of Supply of Services – sec 13 (6)

- The time of supply to the extent it relates to an addition in the value of supply by way of
 - Interest
 - late fee
 - penalty for delayed payment of any consideration
- shall be the date on which the supplier receives such addition in value

Time of Supply of Goods / Services – Rate Changes

- Supplies made BEFORE Change in rate

Issue of Invoice	Receipt of Payment	Point of Taxation
After	After	Earliest Date
Before	After	Date of Issue of Invoice
After	Before	Date of Receipt of Payment

Time of Supply of Goods / Services – Rate Changes

- Supplies made AFTER Change in rate

Issue of Invoice	Receipt of Payment	Point of Taxation
Before	After	Date of Receipt of Payment
Before	Before	Earliest Date
After	Before	Date of Issue of Invoice

Time of Supply of Goods / Services – Rate Changes

- Date of receipt of payment shall be EARLIER of date on which
 - the payment is entered in the BOA or
 - payment is credited to Bank account
- Date of Receipt of payment shall be date credited to bank account if credited after 4 working days from date of change of rate of tax



Invoices & Rules

Tax Invoice / Bill of Supply

- Every TxP SHALL issue a TAX invoice for supply of
 - taxable goods
 - taxable services
- Revised Tax Invoice for taxable supply against original invoice for period starting effective date of reg to issuance of reg certificate
- Registered TxP supplying NON Taxable Supply / Paying tax under composition shall issue “BILL OF SUPPLY” instead of a tax invoice for supply
› Rs. 200

Tax Invoice / Bill of Supply

- Document issued by ISD u/s 21 shall be deemed to be tax invoice
- Supplementary Tax Invoice for any changes effected
- Receipt Voucher or any other prescribed document to be issued in case of advance receipt against supply of goods /services
 - where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment
- a registered person who is liable to pay tax under RCM, shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both
 - shall issue a payment voucher at the time of making payment to the supplier.

Contents of Tax Invoice

- name, address and GSTIN of the supplier
- a CONSECUTIVE SERIAL NUMBER in one or multiple series, containing only alphabets and/or numerals or specified special characters, unique for a financial year
- date of its issue
- name, address and GSTIN/ Unique ID Number, if registered, of the recipient
- name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered and where the taxable value of supply is fifty thousand rupees or more

Contents of Tax Invoice

- HSN code of goods or Accounting Code of Services(SAC)
- description of goods or services
- quantity in case of goods and unit or Unique Quantity Code thereof
- total value of goods or services
- taxable value of goods or services taking into account discount or abatement, if any
- rate of tax (CGST, SGST or IGST)
- amount of tax charged in respect of taxable goods or services (CGST, SGST or IGST) should be prominently disclosed

Contents of Tax Invoice

- place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce
- place of delivery where the same is different from the place of supply
- whether the tax is payable on reverse charge
- the word “Revised Invoice” or “Supplementary Invoice”, as the case may be, indicated prominently, where applicable along with the date and invoice number of the original invoice
- signature or digital signature of the supplier or his authorized representative
- Draft Format of Invoice..[..\Draft Laws\Business Process\02A. InvoiceRules Formats.pdf](#)

Manner of Issuing Tax Invoice

- For supply of taxable goods in TRIPLICATE
 - ORIGINAL for Recipient
 - DUPLICATE for Transporter
 - TRIPLICATE for Supplier
- DUPLICATE for transporter not required if supplier has obtained Invoice Reference No (which is valid for 30 days from date of uploading) by uploading supply details in Form GST INV – 1
- For supply of taxable services in DUPLICATE
 - ORIGINAL for Recipient
 - DUPLICATE for Supplier
- Serial No of all Invoices issued shall be furnished electronically on GSTN portal in FORM GSTR-1

Time limit of Issuing Tax Invoice

- Tax Invoice / Bill of Supply can be issued prior to or within 30 days from date of supply of service
- Insurer, Banking Co, FI or NBFC can issue invoice or other document in lieu of the same within 45 days of supply of service.
- Banking Co, FI or NBFC or Telecom Operator or other specified person making taxable supply to their own unit with different GSTIN, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made
- Revised Invoice to issued within 1 month of registration
- 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

Time limit of Issuing Tax Invoice

- Subject to advance receipt provisions, 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;
 - (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;
 - (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.
- (6) In a case 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.
- (7) Notwithstanding anything contained in sub-section (1), 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 before or at the time of supply or six months from the date of removal, whichever is earlier.

Credit Notes

Also for goods returned
or deficient services
provided TxP to
Recipient

Tax
Invoice
Already
Issue

Taxable Value /
Tax Charged in
Tax Invoice

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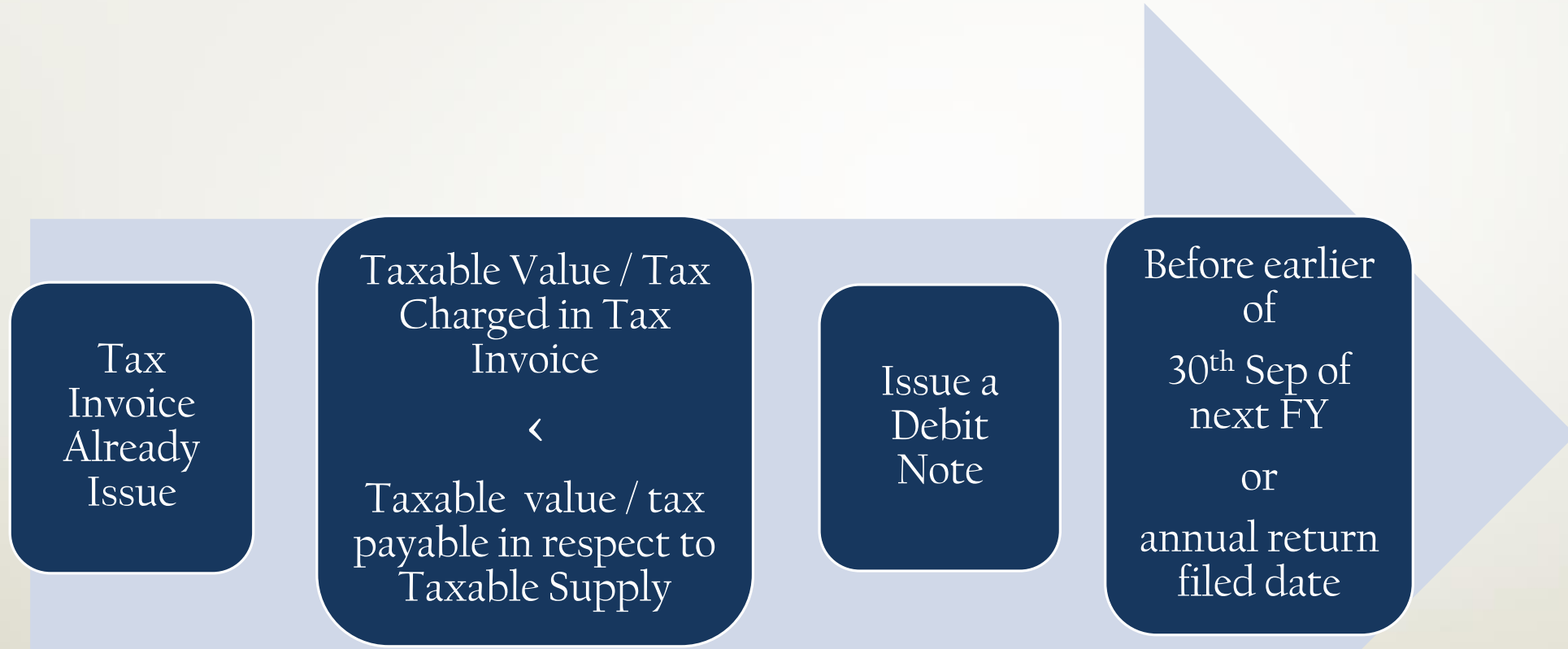
Taxable value /
tax payable in
respect of
Taxable Supply

Issue a
Credit
Note


Before earlier of
30th Sep of next
FY
or
annual return
filed date

No reduction in output
tax liability if Incidence
of tax is passes on to
other person


Debit Notes



Credit / Debit Notes



Taxable person receives / issues Credit / Debit Note



Disclose in the return of period in which it is Received / Issued



Allowed to disclose in subsequent month also



But not later than 30th Sep of Next FY or Filing of Annual Return,
whichever earlier

Credit / Debit Notes

Reference of specific Invoice No is MUST



Cannot be without reference MERELY for
Tax Adjustment



Mandatory to disclose in periodic returns

Tax Invoice, Credit & Debit Note Rules

Rule No	Particulars
1	Tax invoice
2	Time limit for issuing tax invoice
3	Manner of issuing invoice
4	Bill of supply
5	Receipt voucher
6	Refund voucher
7	Payment voucher
8	Revised tax invoice and credit or debit notes
9	Tax invoice in special cases
10	Transportation of goods without issue of invoice



Related
Transitional
Provisions

Transitional Provisions - Sec 142(1)

- **Duty / Tax Paid goods returned to the place of business on or after the appointed day**
 - Where any goods on which Duty / Tax had been paid under the earlier law
 - At the time of removal / Sale thereof
 - not being earlier than 6 months prior to the appointed day
 - are returned to any place of business on or after the appointed day
 - the registered taxable person shall be eligible for refund of the duty paid under the earlier law where such goods are returned by a person, other than a Reg TxP
 - if such goods are returned to the said place of business within a period of 6 months from the appointed day and such goods are identifiable to the satisfaction of the PO
- *PROVIDED that if the said goods are returned by a Reg TxP, the return of the goods shall be deemed to be a supply under GST*

Transitional Provision – sec 142(2)

Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of contract

Downward
Revision

- Issue Supplementary Invoice / Credit Note
- Within 30 days
- Deemed in respect of outward supply in GST Act
- TxP allowed to reduce tax liability provided recipient reduces his corresponding Input Tax Credit

- Issue Supplementary Invoice / Debit Note
- Within 30 days
- Deemed in respect of outward supply under GST Act

Upward
Revision

Provided that the registered person shall be allowed to reduce his tax liability on account of issue of the credit note only if the recipient of the credit note has reduced his input tax credit corresponding to such reduction of tax liability

Contract entered PRIOR TO APPOINTED date & change in effect of price after the appointed date IN PURSUANCE of such contract

Transitional Provisions

- **Sec 142(10)** Save as otherwise provided in this Chapter, the goods or services or both supplied on or after the appointed day in pursuance of a contract entered into prior to the appointed day shall be liable to tax under the provisions of this Act.
- (11) (a) notwithstanding anything contained in section 12, no tax shall be payable on goods under this Act to the extent the tax was leviable on the said goods under the Value Added Tax Act of the State;
- (b) notwithstanding anything contained in section 13, no tax shall be payable on services under this Act to the extent the tax was leviable on the said services under Chapter V of the Finance Act, 1994;
- (c) where tax was paid on any supply both under the Value Added Tax Act and under Chapter V of the Finance Act, 1994, tax shall be leviable under this Act and the taxable person shall be entitled to take credit of value added tax or service tax paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed.

Transitional Provisions

- Sec 142(12) Where any goods sent on approval basis, not earlier than six months before the appointed day, are rejected or not approved by the buyer and returned to the seller on or after the appointed day, no tax shall be payable thereon if such goods are returned within six months from the appointed day:
- Provided that the said period of six months may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding two months:
- Provided further that the tax shall be payable by the person returning the goods if such goods are liable to tax under this Act, and are returned after a period specified in this subsection:
- Provided also that tax shall be payable by the person who has sent the goods on approval basis if such goods are liable to tax under this Act, and are not returned within a period specified in this sub-section.

Quiz Time

- Identify the Time of Supply in the following cases:
 - LMN supplies goods worth Rs. 250,000/- to STU. Invoice for the same was issued on 16.05.2017. STU pays the said amount on 20.05.2017?
 - ABC makes an part advance payment for the services to be supplied by JKL on 15.05.2017 of Rs. 10 lacs. JKL supplies the services to ABC on 09.06.2017 and issues Invoice for supply of the said service worth Rs. 17.5 lacs on 29.06.2017?
 - Saral supplies services to Viruddh which are liable for RCM. The supplies are made on 05.07.2017 and the Invoice for the same is issued on 16.07.2017. Viruddh makes the payment for the same on 14.09.2017 and records the issue of the same in his BOA on 13.09.2017?
 - Mr. Early supplies goods worth Rs. 5 lacs @ 18% GST to Mr. Lazy on 12.08.2017 along with Invoice of the same date. Mr. Lazy makes the payment on 17.09.2017. Meanwhile the rate of GST was hiked to 28% GST on 01.09.2017?
 - Mr. Smart has booked a tour package with Relax Tours on 18.07.2017 and made an advance payment for the full amount of Rs. 70,000/- plus GST @ 5%, the actual tour is scheduled on 25.12.2017. Relax Tour Issues Invoice on 05.01.2018. Meanwhile the rate of GST was hiked to 12% GST w.e.f. 01.01.2018 and notification in this regards was issued on 05.01.2018? What if the Invoice was issued on 25.12.2017 itself?



e-Way Bills

e-Way Bills Rules

Rule No	Particulars
1	Information to be furnished prior to commencement of movement of goods and generation of e-way bill
2	Documents and devices to be carried by a person-in-charge of a conveyance
3	Verification of documents and conveyances
4	Inspection and verification of goods
5	Facility for uploading information regarding detention of vehicle

e-Way Bills

- Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees before commencement of movement, furnish information relating to the said goods in **Part A of FORM GST INS-01**, electronically, on the common portal
 - (i) in relation to a supply; or
 - (ii) for reasons other than supply; or
 - due to inward supply from an unregistered person,
- where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one, the said person or the recipient may generate the e-way bill in **FORM GST INS-1** electronically on the common portal after furnishing information in **Part B of FORM GST INS-01**;

e-Way Bills

- where the e-way bill is not generated under clause (a) and the goods are handed over to a transporter, the registered person shall furnish the information relating to the transporter in **Part B of FORM GST INS-01** on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A of FORM GST INS-01**
- If Value below Rs. 50,000/-, e-Way bill can be generated voluntarily
- In case of unregistered supplier, e-Way bill is to be generated by transporter
- Unique e-Way bill no is made available on generating e-way bill on common portal
- Any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods, generate a new e-way bill on the common portal in **FORM GST INS-01** specifying therein the mode of transport

e-Way Bills

- Where multiple consignments are intended to be transported in one conveyance, the transporter shall indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in **FORM GST INS-02** shall be generated by him on the common portal prior to the movement of goods
- Where an e-way bill has been generated under this rule, but goods are either not being transported or are not being transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill

e-Way Bills

- e-way bill generated under sub-rule (1) shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.
- Where the recipient does not communicate his acceptance or rejection within 72 hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.
- The facility of generation and cancellation of e-way bill may also be made available through SMS
- The e-way bill generated under rule 1 of the CGST rules or GST rules of any other State shall be valid in the State.

Validity of e-Way Bills

Sr. no.	Distance	Validity period (days)
1	Less than 100 km	1
2	100 km or more but less than 300km	3
3	300 km or more but less than 500km	5
4	500 km or more but less than 1000km	10
5	1000 km or more	15

- the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein
- For the purposes of this rule, the “relevant date” shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated

e-Way Bills Documentation

- The person in charge of a conveyance shall carry —
 - the invoice or bill of supply or delivery challan, as the case may be; and
 - a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance in such manner as may be notified by the Commissioner.
 - Certain class of transporters RFID & mapping shall be mandatory
- A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1**, and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading

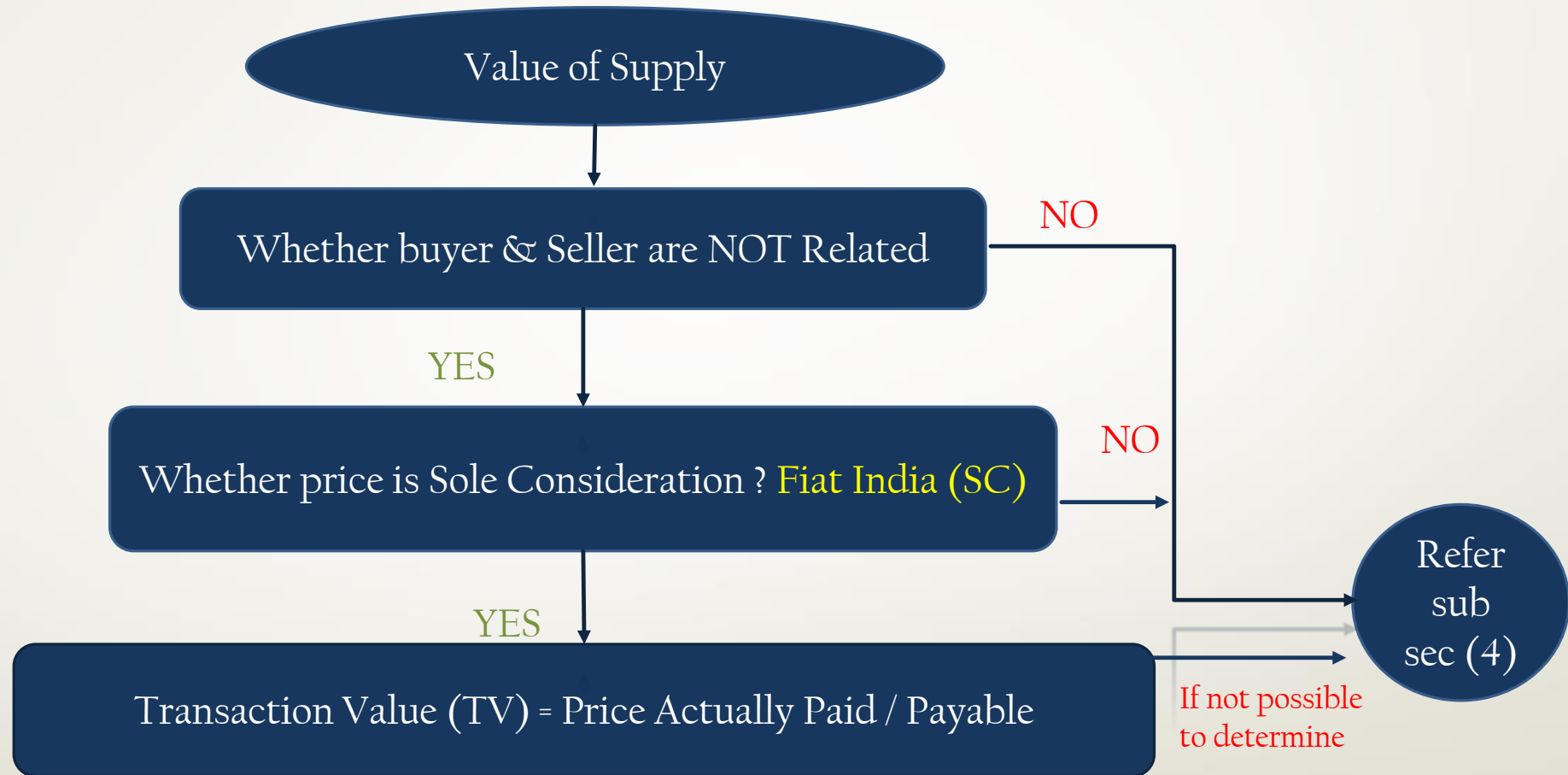
e-Way Bills

- The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intra-State movement of goods.
- The Commissioner shall get RFID readers installed at places where verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such RFID readers where the e-way bill has been mapped with RFID.



Value of Taxable
Supply

Value of Supply –sec 15(1)



Value of Supply –sec 15(2)

Transaction Value (TV) Shall INCLUDE

- All taxes under any OTHER statute, except under S / UT / C / IGST, GST (Compensation to States) Act if charged separately
- Amt incurred by Recipient → supplier liable to pay → not included in price paid or payable
- Incidental Expenses, e.g. Commission / Packing / Anything incurred by supplier in connection with Supply → At time of / before delivery + Charged to recipient
- Interest / Late Fee / Penalty for delayed payment of any consideration for supply
- Subsidies directly linked to price, excluding CG / SG subsidies included in Value of Supply of supplier who receives it

Different Supply Concepts for Incidental Expenses

Composite Supply

- @ 2 or more individual supplies
- @ Combination thereof
- @ Naturally bundled
- @ Supplied in Conjunction with each other
- @ In ordinary course of business
- @ One of which is principal Supply

Principal Supply

- @ Supply which constitutes predominant element of Composite Supply
- @ Any other supply as part of composite supply is ANCILLARY to such supply
- @ Does not Constitute an aim BUT a means for better enjoyment of principal supply for the recipient

Mixed Supply

- @ 2 or more Individual Supplies
- @ Made in Conjunction
- @ Single Price
- @ Not a composite

Value of Supply – sec 15(3)

Transaction Value (TV) Shall NOT INCLUDE Discount

- Discount allowed BEFORE / AT the time of SUPPLY, Provided such discount is Duly recorded in Invoice for Supply
- AFTER supply is effected, such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices + ITC has been reversed as is attributable to the discount on basis of document issued by Supplier

Value of Supply – sec 15(4) & (5)

- As per PRESCRIBED Valuation Rules if cannot be determined under sub sec (1)
- Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.
- *Explanation.*—For the purposes of this Act,—
 - (a) persons shall be deemed to be “related persons” if—
 - (i) such persons are officers or directors of one another’s businesses;
 - (ii) such persons are legally recognised partners in business;
 - (iii) such persons are employer and employee;
 - (iv) any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - (v) one of them directly or indirectly controls the other;
 - (vi) both of them are directly or indirectly controlled by a third person;
 - (vii) together they directly or indirectly control a third person; or they are members of the same family;
 - (b) the term “person” also includes legal persons;
 - (c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

Value of Supply – sec 15(4) & (5)

- As per Valuation Rules by proceeding sequentially → If not determined as per sub sec (1), i.e if any of the following condition is hit
 - Consideration paid is wholly or partly NOT in money
 - Price is NOT the SOLE Consideration
 - Supplier & Recipient are related parties
 - Business transaction undertaken by pure agent / money changer / insurer / air travel agent / distributor or selling agent of lottery
 - Such other supplies as may be notified by CG / SG on RECOMMENDATION of Council



GST Valuation Rules

GST (Determination of Value of Supply) Rules

Rule No	Particulars
1	Value of supply of goods or services where the consideration is not wholly in money
2	Value of supply of goods or services or both between distinct or related persons, other than through an agent
3	Value of supply of goods made or received through an agent
4	Value of supply of goods or services or both based on cost
5	Residual method for determination of value of supply of goods or services or both
6	Determination of value in respect of certain supplies
7	Value of supply of services in case of pure agent
8	Rate of exchange of currency, other than Indian rupees, for determination of value
9	Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax

GST (Determination of Value of Supply) Rules

- Rule 1. Value of supply of goods or services where the consideration is not wholly in money
- Where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall,
 - (a) be the open market value of such supply;
 - (b) if open market value is not available, be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply;
 - (c) if the value of supply is not determinable under clause (a) or clause (b), be the value of supply of goods or services or both of like kind and quality;
 - (d) if value is not determinable under clause (a) or clause (b) or clause (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 4 or rule 5 in that order.

GST (Determination of Value of Supply) Rules

Illustration:

(1) Where a new phone is supplied for Rs.20000 along with the exchange of an old phone and if the price of the new phone without exchange is Rs.24000, the open market value of the new phone is Rs. 24000.

(2) Where a laptop is supplied for Rs.40000 along with a barter of printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs.4000 but the open market value of the laptop is not known, the value of the supply of laptop is Rs.44000.

GST (Determination of Value of Supply) Rules

- Rule 2. Value of supply of goods or services or both between distinct or related persons, other than through an agent
- The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall,-
- (a) be the open market value of such supply;
- (b) if open market value is not available, be the value of supply of goods or services of like kind and quality;
- (c) if value is not determinable under clause (a) or (b), be the value as determined by application of rule 4 or rule 5, in that order:
- Provided that where goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person
- *Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services*

GST (Determination of Value of Supply) Rules

- Rule 3. Value of supply of goods made or received through an agent
- The value of supply of goods between the principal and his agent shall,
 - (a) be the open market value of the goods being supplied, or at the option of the supplier, be ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient;

Illustration: Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs.5000 per quintal on the day of supply.

Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs.4550 per quintal. The value of the supply made by the principal shall be Rs.4550 per quintal or where he exercises the option the value shall be 90% of the Rs.5000 i.e. is Rs.4500 per quintal.

- (b) where the value of a supply is not determinable under clause (a), the same shall be determined by application of rule 4 or rule 5 in that order

GST (Determination of Value of Supply) Rules

- **Rule 4. Value of supply of goods or services or both based on cost**
 - Where the value of a supply of goods or services or both is not determinable by any of the preceding rules, the value shall be one hundred and ten percent of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.
- **Rule 5. Residual method for determination of value of supply of goods or services or both**
 - Where the value of supply of goods or services or both cannot be determined under rules 1 to 4, the same shall be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules:
 - Provided that in case of supply of services, the supplier may opt for this rule, disregarding rule 4.

GST (Determination of Value of Supply) Rules

- Rule 6. Determination of value in respect of certain supplies
- (1) Notwithstanding anything contained in these rules, the value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided hereinafter.
- (2) The value of supply of services in relation to purchase or sale of foreign currency, including money changing, shall be determined by the supplier of service in the following manner:-
 - (a) For a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI) reference rate for that currency at that time, multiplied by the total units of currency:
 - *Provided* that in case where the RBI reference rate for a currency is not available, the value shall be 1% of the gross amount of Indian Rupees provided or received by the person changing the money:
 - *Provided* further that in case where neither of the currencies exchanged is Indian Rupee, the value shall be equal to 1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at the reference rate provided by RBI.
 - *Provided* also that a person supplying the services may exercise option to ascertain value in terms of clause (b) for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

GST (Determination of Value of Supply) Rules

- Rule 6. Determination of value in respect of certain supplies
- (2) The value of supply of services in relation to purchase or sale of foreign currency, including money changing, shall be determined by the supplier of service in the following manner:-
 - (b) At the option of supplier of services, the value in relation to supply of foreign currency, including money changing, shall be deemed to be
 - (i) one per cent. of the gross amount of currency exchanged for an amount up to one lakh rupees, subject to a minimum amount of two hundred and fifty rupees;
 - (ii) one thousand rupees and half of a per cent. of the gross amount of currency exchanged for an amount exceeding one lakh rupees and up to ten lakh rupees; and
 - (iii) five thousand and five hundred rupees and one tenth of a per cent. of the gross amount of currency exchanged for an amount exceeding ten lakh rupees, subject to maximum amount of sixty thousand rupees.
- (3) The value of supply of services in relation to booking of tickets for travel by air provided by an air travel agent, shall be deemed to be an amount calculated at the rate of five percent. of the basic fare in the case of domestic bookings, and at the rate of ten per cent. of the basic fare in the case of international bookings of passage for travel by air.
- *Explanation* - For the purposes of this sub-rule, the expression “basic fare” means that part of the air fare on which commission is normally paid to the air travel agent by the airline.

GST (Determination of Value of Supply) Rules

- Rule 6. Determination of value in respect of certain supplies
- (4) The value of supply of services in relation to life insurance business shall be:
 - (a) the gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of the policy holder, if such amount is intimated to the policy holder at the time of supply of service;
 - (b) in case of single premium annuity policies other than (a), ten per cent. of single premium charged from the policy holder; or
 - (c) in all other cases, twenty five per cent. of the premium charged from the policy holder in the first year and twelve and a half per cent. of the premium charged from policy holder in subsequent years:
 - *Provided* that nothing contained in this sub-rule shall apply where the entire premium paid by the policy holder is only towards the risk cover in life insurance.

GST (Determination of Value of Supply) Rules

- Rule 6. Determination of value in respect of certain supplies
- (5) Where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e. used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on purchase of such goods the value of supply shall be the difference between the selling price and purchase price and where the value of such supply is negative it shall be ignored:
 - Provided that the purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.
- (6) The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.
- (7) The value of taxable services provided by such class of service providers as may be notified by the Government on the recommendations of the Council as referred to in paragraph 2 of Schedule I between distinct persons as referred to in section 25, where input tax credit is available, shall be deemed to be NIL.

GST (Determination of Value of Supply) Rules

- Rule 7 – Value of supply of services in case of pure agent
- Pure Agent
 - Enters into contractual agreement with Recipient of Service to act as his PURE AGENT to incur Expenses or Costs in course of providing services
 - Neither holds nor intends to hold title to goods and / or services so procured as Pure Agent of recipient of supply
 - Does not use such goods / services so procured
 - Receives only actual amount incurred to procure such goods / services

GST (Determination of Value of Supply) Rules

- Rule 7 – Value of supply of services in case of pure agent
- Expenditure / Costs incurred as Pure Agent shall be excluded from TV of Services if ALL conditions satisfied
 - Supplier acts as pure agent when he makes payment to third parties on authorization by such recipient
 - Payment made on behalf of recipient has been separately indicated by pure agent in his invoice
 - Goods / services procured are in addition to services which pure agent provides on his own account
- *Illustration.* Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to Registrar of the Companies. The fees charged by the Registrar of the companies registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B

GST (Determination of Value of Supply) Rules

- Rule 8. Rate of exchange of currency, other than Indian rupees, for determination of value
- The rate of exchange for determination of value of taxable goods or services or both shall be
 - the applicable reference rate for that currency as determined by the Reserve Bank of India on the date of time of supply in respect of such supply in terms of section 12 or, as the case may be, section 13 of the Act.

GST (Determination of Value of Supply) Rules

- Rule 9. Value of supply inclusive of integrated tax, central tax, State tax, Union territory tax
- Where the value of supply is inclusive of integrated tax or, as the case may be, central tax, State tax, Union territory tax, the tax amount shall be determined in the following manner,
- Tax amount= (Value inclusive of taxes X tax rate in % of IGST or as the case may be CGST, SGST or UTGST) / (100+ sum of tax rates, as applicable, in %)
- **Explanation.**- For the purposes of this Chapter,-
 - (a) “open market value” of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.
 - (b) “supply of goods or services or both of like kind and quality” means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both



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