

BASICS OF GST & TRANSITION PROVISION

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SUPPLY

DEFINITION OF SUPPLY

(1) FOR THE PURPOSES OF THIS ACT, THE EXPRESSION “SUPPLY” **INCLUDES**—

(A) ALL FORMS OF SUPPLY OF GOODS OR SERVICES OR BOTH SUCH AS

- ❖ SALE
- ❖ TRANSFER
- ❖ BARTER
- ❖ EXCHANGE
- ❖ LICENCE
- ❖ RENTAL
- ❖ LEASE OR
- ❖ DISPOSAL

MADE OR AGREED TO BE MADE FOR A **CONSIDERATION** BY A PERSON IN THE COURSE OR FURTHERANCE OF BUSINESS;

(B) **IMPORT OF SERVICES** FOR A CONSIDERATION WHETHER OR NOT IN THE COURSE OR FURTHERANCE OF BUSINESS;

(C) THE ACTIVITIES SPECIFIED IN **SCHEDULE I**, EVEN WITHOUT A CONSIDERATION; AND

(D) THE ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SERVICES AS REFERRED TO IN **SCHEDULE II**.

FURTHER, ACTIVITIES OR TRANSACTIONS SPECIFIED IN **SCHEDULE III** OR NOTIFIED ACTIVITIES OR ACTIVITIES UNDERTAKEN BY THE CENTRAL GOVERNMENT, A STATE GOVERNMENT OR ANY LOCAL AUTHORITY SHALL BE TREATED **NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES**.

❖ LIABILITY TO PAY GST SHALL ARISE AT THE TIME OF SUPPLY OF GOODS.

❖ **WHY** IS IT IMPORTANT?

1. TRIGGER FOR PAYMENT OF TAX

2. USEFUL WHEN THERE IS A CHANGE IN RATE OF TAX

3. NEW LEVY COMES INTO EXISTENCE

4. TO DECIDE EXCHANGE RATES

5. INVOICE IS COMMONLY UNDERSTOOD AS 'PROOF OF SALE' BUT THIS COMMON UNDERSTANDING IS FAR FROM THE TRUTH.

❖  **UNDER EXISTING LAWS**

EXCISE / VAT

❖  **UNDER GST**

TAXABLE EVENT IS "SUPPLY"

POINT OF TAXATION IS "TIME OF SUPPLY" (SEC 12(1))

NOTE: THE WORDS USED IN THE ACT ARE "**SHALL BE**" - WHICH MEANS THAT TIME OF SUPPLY SHALL BE DECIDED ONLY AND ONLY BY WHAT IS STATED IN THE LAW AND NOTHING ELSE.

TIME OF SUPPLY

IN RESPECT OF THE FOLLOWING:

1. SUPPLY OF GOODS
2. CONTINUOUS SUPPLY OF GOODS
3. REVERSE CHARGE ON GOODS
4. SUPPLY ON SERVICES
5. CONTINUOUS SUPPLY OF SERVICES
6. REVERSE CHARGE ON SERVICES
7. IMPORT OF SERVICES (TRANSACTION BETWEEN ASSOCIATED ENTERPRISE)

8. MISC PROVISION
9. CHANGE IS RATE



1. SUPPLY OF GOODS:

➤ TIME OF SUPPLY IN THIS CASE SHALL BE

EARLIEST OF:

- i. DATE OF **REMOVAL/ MAKING AVAILABLE** GOODS BY THE SUPPLIER;
(INVOLVING MOVEMENT OR NOT / DELIVERY TERMS OF RECIPIENT)
- ii. DATE OF ISSUE OF INVOICE OR END OF PERIOD BY WHICH THE INVOICE SHOULD HAVE BEEN ISSUED; WHICHEVER IS EARLIER
- iii. DATE OF RECEIPT OF PAYMENT BY THE SUPPLIER; OR

NOTE 1: SUPPLY SHALL BE DEEMED TO HAVE BEEN COMPLETE TO THE EXTENT OF INVOICE OR PAYMENT

~~**NOTE 2:** RECEIPT OF PAYMENT: BANK CREDIT OR ENTRY IN THE BOOKS OF ACCOUNTS – WHICHEVER IS EARLIER~~

2. CONTINUOUS SUPPLY OF GOODS [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 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;

THE FOLLOWING ASPECTS NEED TO BE NOTED:

IT SHOULD BE A CONTRACT FOR SUPPLY ON A **RECURRENT BASIS** AND CANNOT BE A ONE-TIME SUPPLY CONTRACT;

THE BILLING AND RECEIPTS THERETO SHOULD BE ON A PERIODIC BASIS (E.G.: EVERY FORTNIGHT; EVERY MONDAY ETC.) AND NOT ONE-TIME. FURTHER, THE CONTRACT SHOULD SPECIFY THIS PERIODICITY/ FREQUENCY OF BILLING/ PAYMENT;

EXAMPLES OF CONTINUOUS SUPPLY OF GOODS ARE:

1. OPEN PURCHASE ORDERS WITH AN UNDERSTANDING OF FORTNIGHTLY BILLING;
 2. VMI (VENDOR MANAGED INVENTORY) WHERE THE AGREED PERIODICITY FOR BILLING IS, SAY, MONTHLY/ FORTNIGHTLY ETC.
 3. SUPPLY OF GASES THROUGH PIPELINE WITH A WEEKLY BILLING SCHEDULE;
 4. SUPPLY OF SAY, 5 LITER WATER CANS ON AN AS AND WHEN REQUIRED BASIS WITH A FREQUENCY OF MONTHLY BILLING UNDER A CONTRACT.
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3. REVERSE CHARGE ON GOODS

IN THE CASE OF SUPPLIES OF GOODS,

WHEN TAX IS PAYABLE UNDER REVERSE CHARGE MECHANISM,

THE TIME OF SUPPLY SHOULD BE **EARLIEST OF THE FOLLOWING** DATES:

1. DATE OF THE **RECEIPT OF GOODS**, OR
2. DATE ON WHICH THE **PAYMENT** IS RECORDED IN BOOKS OF ACCOUNTS OR DEBITED IN BANK ACCOUNT – (**WHICHEVER IS EARLIER**) - (BY **RECIPIENT** OF SERVICE) OR
3. DATE IMMEDIATELY AFTER **30 DAYS FROM THE DATE OF ISSUE** OF THE INVOICE BY THE SUPPLIER (30 DAYS FOR GOODS), OR.
4. ~~DATE **OF ENTRY IN THE BOOKS** OF ACCOUNTS (BY **RECIPIENT** OF SERVICE)~~

4. SUPPLY OF SERVICES:

➤ TIME OF SUPPLY OF SERVICES IS THE EARLIEST OF:

i. **INVOICE IS ISSUED WITHIN PRESCRIBED PERIOD**

➤  DATE OF ISSUE OF INVOICE **OR**

➤  DATE OF RECEIPT OF PAYMENT, IF,

i. **INVOICE NOT ISSUED WITHIN THE PRESCRIBED PERIOD,**

➤  DATE OF COMPLETION OF SERVICE **OR**

➤  DATE OF RECEIPT OF PAYMENT, IF

i. **WHERE (I) OR (II) ABOVE DOES NOT APPLY.**

➤  DATE ON WHICH RECIPIENT SHOWS THE RECEIPT OF SERVICES IN HIS BOOKS OF ACCOUNTS,

5. CONTINUOUS SUPPLY OF SERVICES [SEC 2 (39)]

“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;

THE DETERMINATION OF STAGE OF COMPLETION OF SERVICES IS AN ABSTRACT ONE, UNLESS SPECIFICALLY DEFINED BY CONTRACT, UNLIKE IN THE CASE OF GOODS WHERE THE VOLUME OF GOODS SUPPLIED CAN BE EASILY TRACKED/ IDENTIFIED. HENCE, A CONTRACT FOR SUPPLY OF SERVICE SPANNING OVER A DEFINITE PERIOD HAS BEEN TREATED AS A CONTINUOUS SUPPLY, SO THAT THE TAX DUES ARE COLLECTED PERIODICALLY.

THE FOLLOWING ASPECTS NEED TO BE NOTED:

- IT SHOULD BE A CONTRACT FOR SUPPLY ON A RECURRENT BASIS AND CANNOT BE A ONE-TIME SUPPLY CONTRACT;
 - THE PERIOD OF CONTRACT OF SUPPLY SHOULD BE MORE THAN 3 MONTHS - VIZ., SERVICES SHOULD BE SUPPLIED ON A RECURRING BASIS FOR AT LEAST 3 MONTHS;
 - THE CONTRACT SHOULD BE A CASE OF PERIODIC BILLING AND PERIODIC PAYMENTS - VIZ., THE BILLING AND RECEIPTS THERETO SHOULD BE ON A PERIODIC BASIS (SAY FOR E.G.: EVERY FORTNIGHT; EVERY MONDAY ETC.) AND NOT ONE-TIME. FURTHER, THE CONTRACT SHOULD SPECIFY THIS PERIODICITY/ FREQUENCY OF BILLING/ PAYMENT;
 - THE GOVERNMENT IS EMPOWERED TO NOTIFY CERTAIN SUPPLIES AS CONTINUOUS SUPPLY OF GOODS.
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EXAMPLES OF CONTINUOUS SUPPLY OF SERVICES:

- (A) ANNUAL MAINTENANCE CONTRACTS;
- (B) LICENSING OF SOFTWARE OR BRAND NAMES;
- (C) RENTING OF IMMOVABLE PROPERTY

TIME OF SUPPLY UNDER THIS IS

- (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;
 - (c) 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;
 - (e) 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.
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6. REVERSE CHARGE ON SERVICES:

IN THE CASE OF SUPPLIES OF SERVICES WHEN TAX IS PAYABLE UNDER **REVERSE CHARGE MECHANISM**, THE TIME OF SUPPLY SHOULD BE OF **EARLIEST** OF THE FOLLOWING DATES:

1. DATE ON WHICH THE **PAYMENT** IS RECORDED IN BOOKS OF ACCOUNTS OR DEBITED IN BANK ACCOUNT – (**WHICHEVER IS EARLIER**) - (BY RECIPIENT OF SERVICE), OR
 2. DATE IMMEDIATELY AFTER 60 DAYS FROM THE DATE OF ISSUE OF THE INVOICE BY THE SUPPLIER (60 DAYS FOR SERVICES), OR
 3. DATE OF ENTRY IN THE BOOKS OF ACCOUNTS. (BY RECIPIENT OF SERVICE)
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7. IMPORT OF SERVICE BETWEEN ASSOCIATE OF ENTERPRISE

(SUPPLIER LOCATED OUTSIDE INDIA)

EARLIEST OF THE FOLLOWING:

DATE OF ENTRY IN THE BOOKS OF ACCOUNT OF THE RECIPIENT OF SUPPLY

OR

DATE OF PAYMENT

8. MISCELLANEOUS PROVISIONS

A. VOUCHER

ACTIONABLE CLAIMS ARE INCLUDED SPECIFICALLY IN THE DEFINITION OF GOODS, BUT THIS INCLUSION IS BY CREATING AN EXCEPTION FROM AN EXCLUSION

IN CASE OF SUPPLY OF VOUCHERS BY A SUPPLIER, THE TIME OF SUPPLY SHALL BE—

(A) THE **DATE OF ISSUE** OF VOUCHER, IF THE SUPPLY IS IDENTIFIABLE AT THAT POINT; OR

(B) THE **DATE OF REDEMPTION** OF VOUCHER, IN ALL OTHER CASES.

B. CANNOT BE DETERMINED AS ABOVE

WHERE IT IS NOT POSSIBLE TO DETERMINE THE TIME OF SUPPLY UNDER THE PROVISIONS OF SUBSECTION (2) OR SUB-SECTION (3) OR SUB-SECTION (4), THE TIME OF SUPPLY SHALL—

IN A CASE WHERE A PERIODICAL RETURN HAS TO BE FILED, BE THE DATE ON WHICH SUCH RETURN IS TO BE FILED;

OR

IN ANY OTHER CASE, BE THE DATE ON WHICH THE TAX IS PAID

C. INTEREST/ LATE PAYMENT

THE TIME OF SUPPLY TO THE EXTENT IT RELATES TO AN ADDITION IN THE VALUE OF SUPPLY BY WAY OF INTEREST, LATE FEE OR PENALTY FOR DELAYED PAYMENT OF ANY CONSIDERATION SHALL BE THE DATE ON WHICH THE SUPPLIER RECEIVES SUCH ADDITION IN VALUE.

NOTE:

WHEN AMOUNT IN EXCESS OF RS. 1000 IS RECEIVED, THE TIME OF SUPPLY IN RESPECT OF SUCH EXCESS AT THE OPTION OF THE SUPPLIER SHALL BE THE DATE OF SUCH INVOICE.

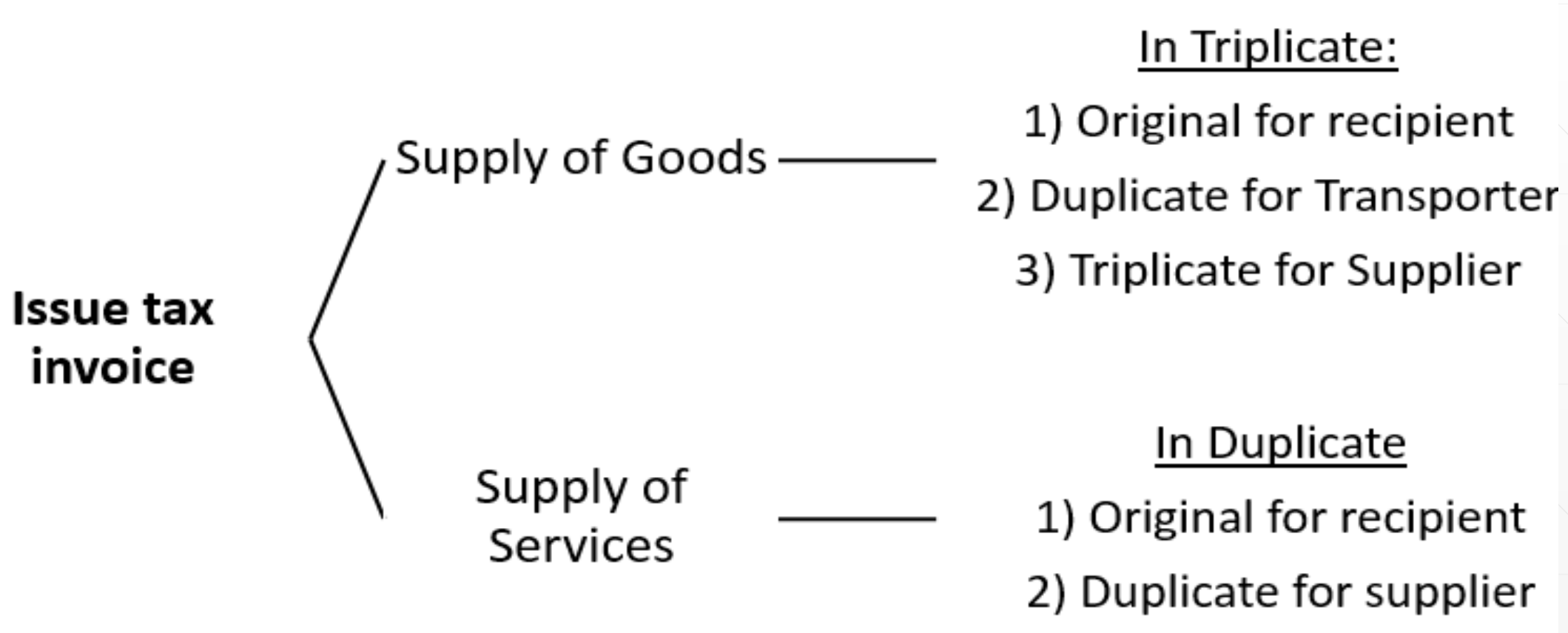
Sec 14 – Time of Supply – Change in rate of tax in respect of supply of goods or services

SUPPLIED	ISSUE OF INVOICE	RECEIPT OF PAYMENT	TIME OF SUPPLY
BEFORE THE CHANGE IN RATE	AFTER	AFTER	DATE OF INVOICE OR RECEIPT OF PAYMENT, WHICH EVER IS EARLIER
BEFORE THE CHANGE IN RATE	BEFORE	AFTER	DATE OF ISSUE OF INVOICE
BEFORE THE CHANGE IN RATE	AFTER	BEFORE	DUAL RATES IS RECEIPT OF PAYMENT
AFTER THE CHANGE IN RATE	BEFORE	BEFORE	DATE OF INVOICE OR RECEIPT OF PAYMENT, WHICH EVER IS EARLIER
AFTER THE CHANGE IN RATE	BEFORE	AFTER	DATE OF RECEIPT OF PAYMENT
AFTER THE CHANGE IN RATE	AFTER	BEFORE	DATE OF ISSUE OF INVOICE

TYPES OF INVOICES UNDER GST

- SALES INVOICES
 - PURCHASE INVOICES
 - BILL OF SUPPLY
 - CREDIT NOTES
 - DEBIT NOTES
 - ADVANCE RECEIPTS
 - REFUND VOUCHERS
 - DELIVERY CHALLANS (FOR SUPPLY ON APPROVAL, SUPPLY OF LIQUID GAS, JOB WORK AND OTHER).
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Manner of issuing invoices



DIFFERENCE BETWEEN TAX INVOICE AND BILL OF SUPPLY

TAX INVOICE	BILL OF SUPPLY
USED FOR ALL TYPES OF TAXABLE SALES (LOCAL, CENTRAL)	IT IS USED FOR ALL TYPES OF EXEMPT SALES OR SALES BY COMPOSITION DEALER
CGST, SGST, IGST , UTGST TO BE SHOWN SEPARATELY	NO TAXES TO BE SHOWN ON BILL
IN CASE OF UNREGISTERED BUYER, NAME, ADDRESS, STATE, PLACE OF DELIVERY IS COMPULSORILY REQUIRED IF INVOICE VALUE BEFORE TAXES IS MORE THAN 50000.	NO SUCH PROVISION

TAX INVOICE

A REGISTERED TAXABLE PERSON SUPPLYING TAXABLE GOODS AND/OR SERVICES SHALL ISSUE, AT THE TIME OF THE SUPPLY, A TAX INVOICE SHOWING THE AMOUNT OF TAX WHICH WILL FORM PART OF THE PRICE AT WHICH SUCH GOODS AND/OR SERVICES ARE SUPPLIED AND SUCH OTHER PARTICULARS AS MAY BE PRESCRIBED:

PROVIDED THAT A REGISTERED TAXABLE PERSON SUPPLYING NON-TAXABLE GOODS AND/OR SERVICES OR PAYING TAX UNDER THE PROVISIONS OF SECTION 10 OF THIS ACT SHALL ISSUE, INSTEAD OF A TAX INVOICE, A BILL OF SUPPLY CONTAINING SUCH PARTICULARS AS MAY BE PRESCRIBED.

How to raise aggregate invoices?

WHERE THE VALUE OF INVOICE IS LESS THAN RS. 200 AND THE RECIPIENT IS AN UNREGISTERED, REGISTERED TAXPAYER, HE OR SHE CAN ISSUE AN AGGREGATE INVOICE FOR SUCH MULTIPLE INVOICES ON A DAILY BASIS.

FOR EXAMPLE, YOU MAY HAVE ISSUED 3 INVOICES IN A DAY OF RS.80, RS90 AND RS120. IN SUCH A CASE YOU CAN ISSUE A SINGLE INVOICE, TOTALING TO RS290, TO BE CALLED AN AGGREGATE INVOICE.

CONTENTS OF TAX INVOICE

1	NAME, ADDRESS AND GSTIN OF SUPPLIER
2	INVOICE SERIAL NUMBER (MAXI. 16 DIGIT)*
3	DATE OF ISSUE
4	NAME AND ADDRESS OF RECIPIENT/COUNTRY OF EXPORT
5	GSTIN**/UIN OF RECIPIENT
6	DESCRIPTION OF GOODS/SERVICES
7	DELIVERY ADDRESS
8	PLACE OF SUPPLY - STATE & STATE CODE
9	HSN CODE (GOODS)/ ACCOUNTING CODE (SERVICES) ***

10	QUANTITY & UNIT
11	TOTAL VALUE OF SUPPLY
12	DISCOUNT/ ABATEMENT
13	NET TAXABLE VALUE
14	RATE OF TAX
15	TAXES : IGST CGST SGST/UTGST
16	WHETHER SUPPLY UNDER RCM: YES OR NO
17	SIGNATURE

TAXPAYER GROUP	REQUIREMENT
TAXPAYERS WITH TURNOVERS IN PRECEDING YEAR ABOVE RS.5 CRORES	4 DIGIT CODE MANDATORY
TAXPAYERS WITH TURNOVER BETWEEN RS.1.5 CRORES AND RS.5 CRORES	2 DIGIT CODE OPTIONAL IN FIRST YEAR AND MANDATORY LATER
ANY TAXPAYER	6 TO 8 DIGITS IF HE DESIRES
COMPOUNDING DEALERS AND TAXPAYERS BELOW TURNOVER OF RS.1.5 CRORES	NO HSN CODE MANDATORY TO START WITH
TAXPAYER WITH SERVICES FOR WHICH PLACE OF SUPPLY RULES ARE DEPENDENT ON NATURE OF SERVICES TO APPLY THE DESTINATION PRINCIPLE – IRRESPECTIVE OF TURNOVER	PRESCRIBED ACCOUNTING CODE MANDATORY
EXPORTERS AND IMPORTERS	8 DIGIT HSN CODE AND ACCOUNTING CODE MANDATORY

Bill of Supply

A REGISTERED TAXABLE PERSON SUPPLYING NON-TAXABLE GOODS AND/OR SERVICES OR PAYING TAX UNDER THE PROVISIONS OF SECTION 10 IN RELATION TO COMPOSITION LEVY SHALL ISSUE, INSTEAD OF A TAX INVOICE, A BILL OF SUPPLY (IN LIEU OF TAX INVOICE) CONTAINING THE PRESCRIBED PARTICULARS.

ACCORDINGLY, FOR A BILL OF SUPPLY, FOLLOWING POINTS ARE RELEVANT:

1. BILL OF SUPPLY TO BE ISSUED BY REGISTERED TAXABLE PERSON SUPPLYING NON-TAXABLE GOODS AND/OR SERVICES.
2. BILL OF SUPPLY TO BE ISSUED BY REGISTERED TAXABLE PERSON PAYING AMOUNT UNDER THE COMPOSITION LEVY.
3. BILL OF SUPPLY CONTAINING PRESCRIBED PARTICULARS IS ISSUED IN LIEU OF TAX INVOICE.
4. BILL OF SUPPLY WILL ALSO BE ISSUED BY UNREGISTERED PERSONS WHO ARE NOT REQUIRED TO PAY GST.
5. BILL OF SUPPLY WILL GENERALLY CONTAIN THE SIMILAR PARTICULARS AS IN CASE OF TAX INVOICE EXCEPT THAT OF TAX CHARGED.

WHEN BILL OF SUPPLY IS NOT REQUIRED?

A REGISTERED TAXABLE PERSON MAY NOT BE REQUIRED TO ISSUE BILL OF SUPPLY IF THE VALUE OF THE GOODS OR SERVICES SUPPLIED IS LESS THAN TWO HUNDRED RUPEES. HOWEVER, HE MAY BE REQUIRED TO ISSUE BILL OF SUPPLY WHERE THE RECIPIENT OF THE GOODS OR SERVICES REQUIRES SUCH BILL.

CONSOLIDATED BILL OF SUPPLY

CONSOLIDATED BILL OF SUPPLY SHALL BE PREPARED BY THE REGISTERED TAXABLE PERSON-

1. AT THE END OF EACH DAY,
 2. IN RESPECT OF ALL SUPPLIES FOR VALUE OF LESS THAN RUPEES TWO HUNDRED (RS. 200),
 3. CONSOLIDATED BILL OF SUPPLY WILL ONLY COVER SUPPLIES WHERE BILL OF SUPPLY HAS NOT BEEN ISSUED.
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Particulars in a 'Bill of Supply'

A BILL OF SUPPLY REFERRED TO IN CLAUSE (C) OF SUB-SECTION (3) OF SECTION 31 SHALL BE ISSUED BY THE SUPPLIER CONTAINING THE FOLLOWING DETAILS:-

- a) NAME, ADDRESS AND GSTIN OF THE SUPPLIER;
- b) A CONSECUTIVE SERIAL NUMBER, IN ONE OR MULTIPLE SERIES, CONTAINING ALPHABETS OR NUMERALS OR SPECIAL CHARACTERS -HYPHEN OR DASH AND SLASH SYMBOLIZED AS “-” AND “/”RESPECTIVELY, AND ANY COMBINATION THEREOF, UNIQUE FOR A FINANCIAL YEAR;
- c) DATE OF ITS ISSUE;
- d) NAME, ADDRESS AND GSTIN OR UIN, IF REGISTERED, OF THE RECIPIENT;
- e) HSN CODE OF GOODS OR ACCOUNTING CODE FOR SERVICES;
- f) DESCRIPTION OF GOODS OR SERVICES OR BOTH;
- g) VALUE OF SUPPLY OF GOODS OR SERVICES OR BOTH TAKING INTO ACCOUNT DISCOUNT OR ABATEMENT, IF ANY; AND
- h) SIGNATURE OR DIGITAL SIGNATURE OF THE SUPPLIER OR HIS AUTHORIZED REPRESENTATIVE

PROVIDED THAT THE PROVISOS TO RULE 1 SHALL., MUTATIS MUTANDIS, APPLY TO THE BILL OF SUPPLY ISSUED UNDER THIS RULE.

3.CREDIT NOTE UNDER GST

- **CASES WHERE CREDIT NOTE HAS TO BE ISSUED BY THE SUPPLIER**
 - ORIGINAL TAX INVOICE HAS BEEN ISSUED AND TAXABLE VALUE IN THE INVOICE EXCEEDS ACTUAL TAXABLE VALUE
 - ORIGINAL TAX INVOICE HAS BEEN ISSUED AND TAX CHARGED IN THE INVOICE EXCEEDS ACTUAL TAX TO BE PAID.
 - RECIPIENT REFUNDS THE GOODS TO THE SUPPLIER
 - SERVICES ARE FOUND TO BE DEFICIENT
-

- **CASES WHERE DEBIT NOTE HAS TO BE ISSUED BY THE SUPPLIER**

- ORIGINAL TAX INVOICE HAS BEEN ISSUED AND TAXABLE VALUE IN THE INVOICE EXCEEDS ACTUAL TAXABLE VALUE.
- ORIGINAL TAX INVOICE HAS BEEN ISSUED AND TAX CHARGED IN THE INVOICE EXCEEDS ACTUAL TAX TO BE PAID

Debit Note under GST

INVOICE UNDER REVERSE CHARGE

HERE, YOU DO NOT ISSUE AN INVOICE DIFFERENT FROM USUAL SALES OR PURCHASE INVOICES. THE ONLY ADDITIONAL REQUIREMENT IS THAT YOU NEED TO MENTION ON THE INVOICE THAT TAX IS PAID ON REVERSE CHARGE.

IS IT MANDATORY TO MAINTAIN INVOICE SERIAL NUMBER?

YES, INVOICE SERIAL NUMBER MUST BE MAINTAINED STRICTLY.

FOR EXAMPLE, IF INVOICE IS BEING ISSUED WITH SERIAL NUMBER AS INV001, THE SAME FORMAT MUST BE MAINTAINED. YOU MAY CHANGE THE FORMAT BY PROVIDING A WRITTEN INTIMATING THE GST DEPARTMENT OFFICER ALONG WITH REASONS FOR THE SAME.

TIME LIMIT TO FOR INVOICING UNDER GST

THE GST MODEL LAW HAS DEFINED THE TIME LIMIT FOR ISSUE OF GST TAX INVOICES, REVISED BILLS, DEBIT NOTES AND CREDIT NOTE.

FOLLOWING ARE THE DUE DATES FOR ISSUING AN INVOICE TO CUSTOMERS:

- SUPPLY OF GOODS (NORMAL CASE)- ON OR BEFORE DATE OF REMOVAL/ DELIVERY
 - SUPPLY OF GOODS (CONTINUOUS SUPPLY)- ON OR BEFORE DATE OF ISSUE OF ACCOUNT STATEMENT/ PAYMENT
 - SUPPLY OF SERVICES (GENERAL CASE)- WITHIN 30 DAYS OF SUPPLY OF SERVICES
 - SUPPLY OF SERVICES (BANKS & NBFCS)- WITHIN 45 DAYS OF SUPPLY OF SERVICES
-

REVISE ALREADY ISSUED INVOICES UNDER PRE-GST REGIME

REVISED TAX INVOICES CAN BE ISSUED BY A REGISTERED TAXABLE PERSON WITHIN ONE MONTH FROM ISSUANCE OF CERTIFICATE OF REGISTRATION I.E. GST REGISTRATION. IT WILL BE ISSUED AGAINST THE INVOICE ALREADY ISSUED DURING THE PERIOD STARTING FROM THE EFFECTIVE DATE OF REGISTRATION TILL THE DATE OF ISSUANCE OF CERTIFICATE OF REGISTRATION TO HIM.

1. **GOODS RETURNED**

BY UNREGISTERED PERSON –

REFUND OF DUTY PAID AT THE TIME OF REMOVAL WILL BE ALLOWED

CONDITIONS

- SOLD WITHIN 6 MONTHS OF APPOINTED DATE
- RETURN WITHIN 6 MONTHS OF APPOINTED DATE
- IDENTIFIABLE TO THE SATISFACTION OF PROPER OFFICER

BY REGISTERED PERSON –

DEEMED TO BE SUPPLY

2. PRICE REVISION

UPWARD/DOWNWARD REVISION

- ❖ DEEMED TO HAVE BEEN ISSUED IN RESPECT OF SUPPLY MADE UNDER THIS ACT
- ❖ SUPPLEMENTARY INVOICE OR DEBIT NOTE WITHIN 30 DAYS OF PRICE REVISION WITH PRESCRIBED DETAILS

**** IN CASE OF DOWNWARD REVISION REDUCTION IN TAX LIABILITY WILL BE ALLOWED ONLY IF RECIPIENT OF CREDIT NOTE REDUCE ITC**

3. CONTRACT ENTERED PRIOR TO APPOINTED DATE – SUPPLY MADE AFTER APPOINTED DATE

TAX ACCORDING TO NEW LAW

PREVIOUS REGIME

TAXES WERE CALCULATED ON THE VALUE OF GOODS/SERVICES-

TAX	VALUE OF GOODS/SERVICES
EXCISE	TRANSACTION VALUE OF GOODS OR MRP
VAT	SALE VALUE
SERVICE TAX	TAXABLE VALUE OF SERVICE RENDERED

GST WILL BE CHARGED ON THE 'TRANSACTION VALUE'.

TRANSACTION VALUE IS THE PRICE ACTUALLY PAID (OR PAYABLE) FOR THE SUPPLY OF GOODS/SERVICES BETWEEN UN-RELATED PARTIES (I.E., PRICE IS THE SOLE CONSIDERATION)

THE VALUE OF SUPPLY UNDER GST SHALL INCLUDE:

1. ANY TAXES, DUTIES, CESS, FEES AND CHARGES LEVIED UNDER ANY ACT, EXCEPT GST. GST COMPENSATION CESS WILL BE EXCLUDED IF CHARGED SEPARATELY BY THE SUPPLIER.
 2. ANY AMOUNT THAT THE SUPPLIER IS LIABLE TO PAY WHICH HAS BEEN INCURRED BY THE RECIPIENT AND IS NOT INCLUDED IN THE PRICE.
 3. THE VALUE WILL INCLUDE ALL **INCIDENTAL EXPENSES** IN RELATION TO SALE SUCH AS PACKING, COMMISSION ETC.
 4. SUBSIDIES LINKED TO SUPPLY, EXCEPT GOVERNMENT SUBSIDIES WILL BE INCLUDED.
 5. INTEREST/LATE FEE/PENALTY FOR DELAYED PAYMENT OF CONSIDERATION WILL BE INCLUDED.
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Example

LET US CONSIDER AN EXAMPLE OF ABC, A MANUFACTURER, SELLING TOOLS AND HARDWARES LIKE DRILLS, POLISHERS, SPADES ETC. IT SELLS A POWER DRILL TO XYZ A WHOLESALER. THE MRP IS RS. 5,500 BUT ABC SELLS IT FOR RS. 3,000.

PREVIOUSLY, THE INVOICE WOULD LOOK LIKE-



Power Drill	3,000
Add: Excise @ 12.5%	375
Subtotal	3,375
Add: VAT @14.5% (on subtotal)	490
Total	3,865

VALUE OF SUPPLY UNDER GST

THE VALUE OF GOODS &/OR SERVICES SUPPLIED IS THE TRANSACTION VALUE, i.e. THE PRICE PAID/PAYABLE, WHICH IS RS 3,000 IN THE EXAMPLE. ASSUMING CGST=9% AND SGST=9%

Power Drill	3,000
Add: CGST @9%	270
Add: SGST @9%	270
Total	3,540

DISCOUNTS

DISCOUNTS WILL BE TREATED DIFFERENTLY UNDER GST.

DISCOUNTS GIVEN BEFORE OR AT THE TIME OF SUPPLY WILL BE ALLOWED AS DEDUCTION FROM TRANSACTION VALUE. DISCOUNTS GIVEN AFTER SUPPLY WILL BE ALLOWED ONLY IF CERTAIN CONDITIONS ARE SATISFIED.

TRANSACTION VALUE EXCLUDES DISCOUNT:

▫ **BEFORE/ AT THE TIME OF SUPPLY**

- **SINGLE CONDITION:** SUCH DISCOUNT IS DULY RECORDED IN THE INVOICE

▫ **AFTER THE SUPPLY: CUMULATIVE CONDITIONS:**

- AGREEMENT ESTABLISHING DISCOUNT ENTERED INTO BEFORE/ AT THE TIME OF SUPPLY
 - DISCOUNT SPECIFICALLY LINKED TO RELEVANT INVOICES
 - ITC REVERSED BY THE RECIPIENT TO THE EXTENT OF DISCOUNT
-

NOTE:

1. **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 TWENTY-FIVE PERCENT. 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
 - viii. THEY ARE MEMBERS OF THE SAME FAMILY;
-

2. THE TERM “PERSON” ALSO INCLUDES LEGAL PERSONS;

3. 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.

- (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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VALUATION RULES

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.
-

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.

IN CASE THE VALUE CANNOT BE DETERMINED ON THE BASIS OF LIKE KIND AND QUALITY THEN THE VALUE WOULD BE DETERMINED AS PER [RULE 4 AND 5](#) IN SEQUENTIAL MANNER.

2. VALUE OF SUPPLY OF GOODS OR SERVICES OR BOTH BETWEEN DISTINCT OR RELATED PERSONS, **OTHER THAN THROUGH AN AGENT**

- 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 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.

TYPICALLY, THESE RULES WILL APPLY FOR:

- A. STOCK / BRANCH TRANSFERS
 - B. SUPPLY OF GOODS/ SERVICES BETWEEN TWO DISTINCT PERSONS (SAY BETWEEN HEAD OFFICE IN MAHARASHTRA AND BRANCH IN DELHI)
 - C. SUPPLY OF GOODS/ SERVICES BETWEEN RELATED PERSONS
-

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 **90%** 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;

(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.

4. VALUE OF SUPPLY OF GOODS OR SERVICES OR BOTH BASED ON COST

WHERE THE VALUE IS NOT DETERMINABLE BY ANY OF THE PRECEDING RULES, THE VALUE SHALL BE **110%** OF THE **COST OF PRODUCTION OR MANUFACTURE OR COST OF ACQUISITION** OF SUCH GOODS OR COST OF PROVISION OF SUCH SERVICES.

5. RESIDUAL METHOD

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.**

6. DETERMINATION OF VALUE IN RESPECT OF CERTAIN SUPPLIES

VALUE OF TOKEN/ VOUCHER/ COUPON/ STAMP (OTHER THAN POSTAGE STAMP)

- MONEY VALUE OF GOODS /SERVICE OR BOTH REDEEMABLE (EXCHANGED) AGAINST SUCH VOUCHER/ COUPON
-

A) VALUE OF SUPPLY OF SERVICES IN RELATION TO PURCHASE/SALE OF FOREIGN CURRENCY, INCLUDING MONEY CHANGING

1. EXCHANGE IN INR

☐ [BUY/SELL RATE] “MINUS” RBI REFERENCE RATE

X

☐ TOTAL UNITS OF CURRENCY

WHERE RBI REFERENCE RATE IS NOT AVAILABLE:

1% OF GROSS INR PAID/RECD BY THE PERSON CHANGING THE MONEY.

B) VALUE OF SUPPLY OF SERVICES IN RELATION TO PURCHASE/SALE OF FOREIGN CURRENCY, INCLUDING MONEY CHANGING

1. EXCHANGE OTHER THAN INR [SAY "\$" AND "£"]

1% OF LOWER OF THE BELOW {converted at the RBI Reference Rate}

☐☞ "£" INR VALUE

☐☞ "\$" INR VALUE

OR

☐☞ REFER TABLE

C) VALUE OF SUPPLY OF SERVICES IN RELATION TO PURCHASE/SALE OF FOREIGN CURRENCY, INCLUDING MONEY CHANGING

AMOUNT IN INR

UPTO RS 1 LAKH

1 LAKH TO 10 LAKHS

ABOVE 10 LAKHS

VALUE [% OF INR CONVERTED FOREIGN CURRENCY]

1% **OR** 250 [whichever is higher]

1000 + 0.5%

5000 + 1/10% **OR** 60000
[whichever is lower]

D) VALUE OF SUPPLY OF SERVICES IN RELATION TO BOOKING OF TICKETS FOR TRAVEL BY AIR

TYPE	VALUE
DOMESTIC	5% OF BASIC FARE
INTERNATIONAL	10% OF BASIC FARE

“BASIC FARE” MEANS THAT PART OF THE AIR FARE ON WHICH COMMISSION IS NORMALLY PAID TO THE AIR TRAVEL AGENT BY THE AIRLINE.

E) VALUE OF SUPPLY OF SERVICES IN RELATION TO “LIC”

TYPE	VALUE
GENERAL	GROSS AMOUNT CHARGED FROM CUSTOMER “MINUS” AMOUNT ACTUALLY INVESTED
SINGLE PREMIUM PLANS	10% OF PREMIUM CHARGED
OTHERS	1ST YEAR 25% OF PREMIUM CHARGED 2ND YEAR ONWRADS - 12.5%

- **THIS RULE IS NOT APPLICABLE WHERE THE ENTIRE PREMIUM PAID BY THE POLICY HOLDER IS ONLY TOWARDS THE RISK COVER IN LIFE INSURANCE**
-

F) SALE/PURCHASE OF SECOND HAND GOODS

SELL PRICE MINUS PURCHASE PRICE

- USED GOODS AS SUCH OR AFTER SUCH MINOR PROCESSING WHICH DOES NOT CHANGE THE NATURE OF THE GOODS
 - WHERE NO INPUT TAX CREDIT HAS BEEN AVAILED ON PURCHASE OF SUCH GOODS
 - WHERE THE VALUE OF SUCH SUPPLY IS NEGATIVE IT SHALL BE IGNORED
 - UNREGISTERED DEFAULTING BORROWER - DEEMED TO BE THE PURCHASE PRICE OF SUCH GOODS BY THE DEFAULTING BORROWER REDUCED BY **5%** POINTS FOR EVERY QUARTER OR PART THEREOF
-

7. VALUE OF SUPPLY OF SERVICES IN CASE OF PURE AGENT

NOTWITHSTANDING ANYTHING CONTAINED IN THESE RULES, THE EXPENDITURE OR COSTS INCURRED BY A SUPPLIER AS A PURE AGENT OF THE RECIPIENT OF SUPPLY SHALL BE EXCLUDED FROM THE VALUE OF SUPPLY, IF ALL THE FOLLOWING CONDITIONS ARE SATISFIED, NAMELY:-

- (I) THE SUPPLIER ACTS AS A PURE AGENT OF THE RECIPIENT OF THE SUPPLY, WHEN HE MAKES PAYMENT TO THE THIRD PARTY ON AUTHORIZATION BY SUCH RECIPIENT;
 - (II) THE PAYMENT MADE BY THE PURE AGENT ON BEHALF OF THE RECIPIENT OF SUPPLY HAS BEEN SEPARATELY INDICATED IN THE INVOICE ISSUED BY THE PURE AGENT TO THE RECIPIENT OF SERVICE; AND
 - (III) THE SUPPLIES PROCURED BY THE PURE AGENT FROM THE THIRD PARTY AS A PURE AGENT OF THE RECIPIENT OF SUPPLY ARE IN ADDITION TO THE SERVICES HE SUPPLIES ON HIS OWN ACCOUNT.
-

8. RATE OF EXCHANGE OF CURRENCY FOR SUPPLY

APPLICABLE REFERENCE RATE FOR THAT CURRENCY AS DETERMINED BY THE RESERVE BANK OF INDIA ON THE DATE OF TIME OF SUPPLY

9. IF SUPPLY IS INCLUSIVE OF IGST, CGST, SGST, UTGST

Tax amount = $\frac{\text{Value inclusive of taxes} \times \text{Tax rate in \% of IGST or CGST, SGST or UTGST}}{100 + \text{sum of tax rates, as applicable, in \%}}$

(100+ sum of tax rates, as applicable, in %)

*Thank
you*



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