

TIME OF SUPPLY



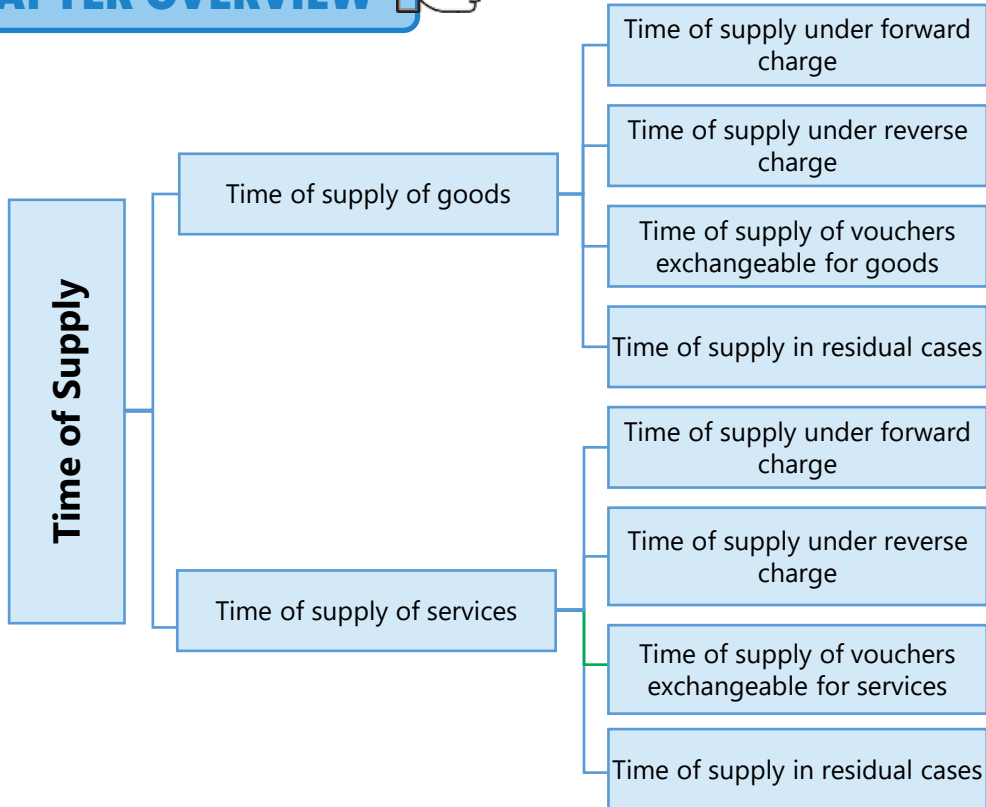
The section numbers referred to in the Chapter pertain to the CGST Act, 2017, unless otherwise specified. Examples/illustrations/Questions and Answers given in the Chapter are based on the position of GST law existing as on 31.10.2024.

LEARNING OUTCOMES

After studying this Chapter, you will be able to identify the point in time when the liability to pay GST arises -

- ☐ on supply of goods or services where GST is payable under forward charge
- ☐ on supply of goods or services where GST is payable under reverse charge
- ☐ on supply of vouchers exchangeable for goods and services
- ☐ on supply of goods and services in residual cases
- ☐ in case of enhancement of value of supply on account of interest, late fee/penalty paid for delay in payment of consideration
- ☐ apply the concepts relating to time of supply of goods and/or services in problem solving

CHAPTER OVERVIEW



1. INTRODUCTION

GST is payable on supply of goods or services. A supply consists of elements that can be separated in time, like purchase order / agreement, dispatch (of goods), delivery (of goods) or provision or performance of service, entry in the records, payment, and entry of the payment in the records or deposit in the bank.

**Point in time
when the
liability
to pay tax arises**

So, the question that arises is - at what point of time in the aforesaid transaction, the GST becomes payable? Does it become payable when an agreement to supply goods or services is made, or when the goods are shipped or the services are provided, or when the invoice is issued or when payment is made? What if the goods are shipped over a period of time? What

if the service is provided over a period of time? Provisions relating to 'time of supply' provide answers to all such and other questions that arise with respect to the time when the liability to pay CGST and SGST/UTGST (intra-State supply) or IGST (inter-State supply) arises. In other words, time of supply indicates the point in time when the liability to pay tax arises. It is important to note here that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due dates prescribed with reference to the said 'time of supply'. For instance, if time of supply of a given supply is 25th May, the tax leviable thereon would be payable latest by 20th June, which is the due date prescribed in the CGST Act for suppliers filing GST return on monthly basis.¹

The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13 respectively. Section 14 provides for the method of determining the time of supply in case there is a change in the rate of tax on supply of goods or services.² Sections 12 and 13 employ the provisions of section 31 relating to issue of tax invoice as a reference point. Therefore, it will be useful to read this Chapter in conjunction with the provisions relating to tax invoice discussed in detail in *Chapter 10: Tax Invoice, Credit and Debit Notes in Module 2 of this Study Material*.

Events like issue of invoices, receipt of payment, provision of service, receipt of services as recorded in books of account need to be analysed to determine the time of supply when the tax on supply is payable under forward charge. When the tax on supply is payable under reverse charge, events like date of receipt of goods or services, date of making payment, date of issue of invoice etc. need to be analysed to determine the time of supply. The provisions relating to time of supply essentially fix the tax collection event to the earliest possible time.

In the subsequent pages of this Chapter, sections 12 and 13 are extracted, followed by their analysis, to understand how to determine the time of supply of goods and services respectively. When studying the statutory provisions, the definitions (extracted first) must also be referred to simultaneously, so as to understand the precise meaning of the terms used.

¹Provisions relating to due date for payment of tax have been discussed in Chapter 13: Payment of Tax in Module 2 of this Study Material.

²Provisions of section 14 relating to determination of time of supply in case of change in rate of tax in respect of supply of goods or services will be discussed at the Final level.

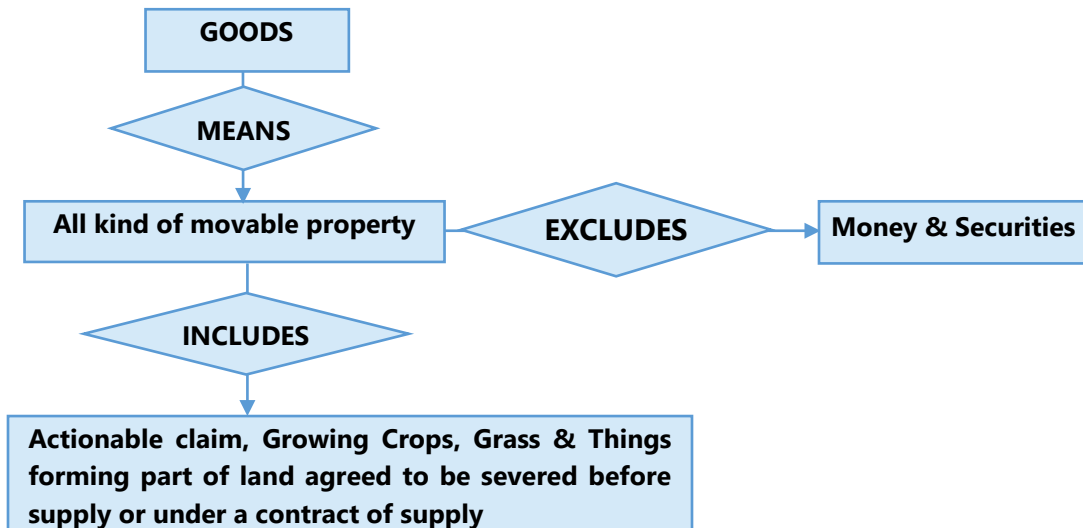
Provisions of time of supply under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

2. RELEVANT DEFINITIONS

- ❑ **Associated enterprises** shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961 [Section 2(12)].

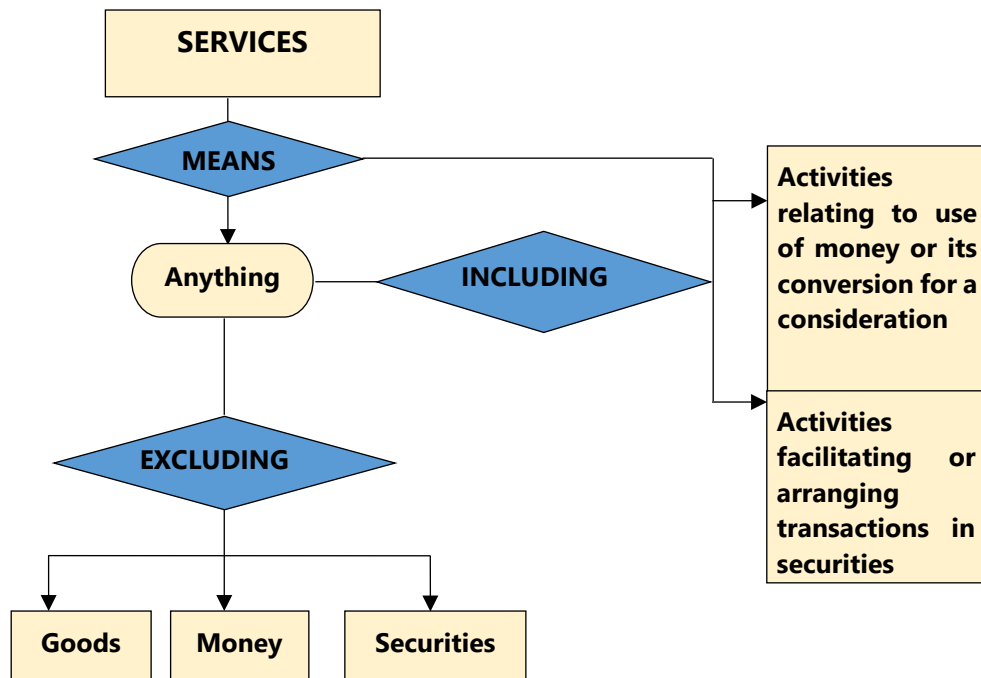
Broadly, an associated enterprise in relation to another enterprise, means an enterprise which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

- ❑ **Document** includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000 [Section 2(41)].
- ❑ **Invoice** or **tax invoice** means the tax invoice referred to in section 31 [Section 2(66)].
- ❑ **Goods** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply [Section 2(52)].



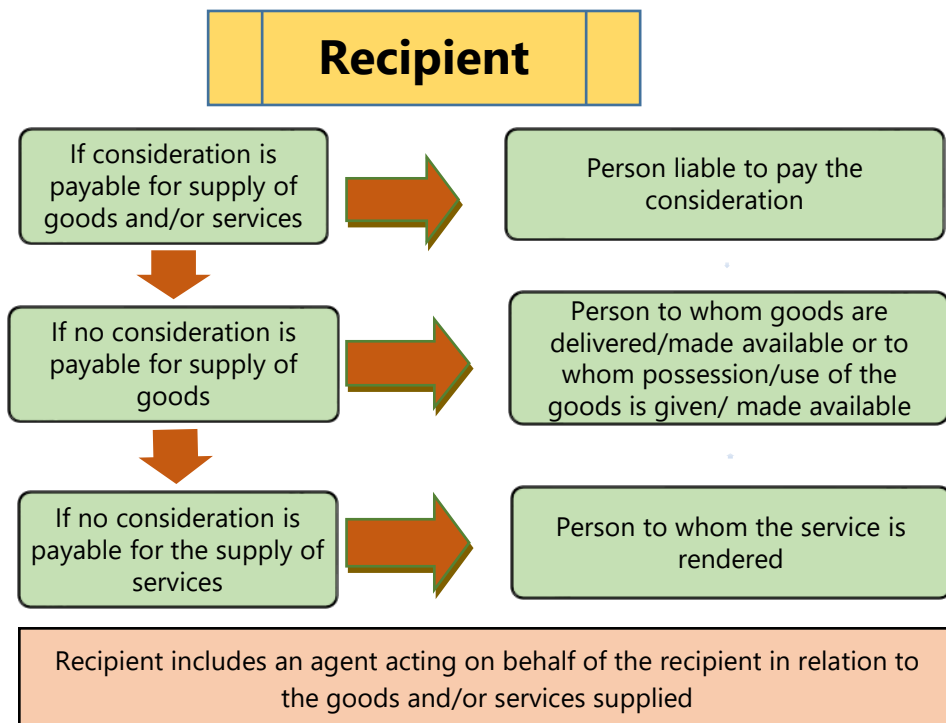
- ❑ **Prescribed** means prescribed by rules made under this Act on the recommendations of the Council [Section 2(87)].
- ❑ **Reverse charge** means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act [Section 2(98)].
- ❑ **Services** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Explanation.—For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities [Section 2(102)].



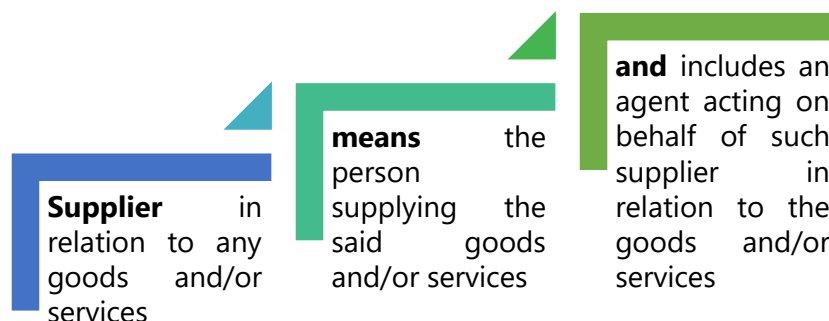
- ❑ **Recipient** of supply of goods or services or both, means—
- where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
 - where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93)].



- ❑ **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.

However, a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims. [Section 2(105)]



- ❑ **Voucher** means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument [Section 2(118)].

3. TIME OF SUPPLY OF GOODS [SECTION 12]

 STATUTORY PROVISIONS		
Section 12	Time of supply of goods	
Sub-section	Clause	Particulars
(1)	The liability to pay tax on goods shall arise at the time of supply	

	<i>as determined in terms of the provisions of this section.</i>						
(2)	<i>The time of supply of goods shall be the earlier of the following dates, namely:-</i> <table> <tr> <td><i>(a)</i></td><td><i>the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or</i></td></tr> <tr> <td><i>(b)</i></td><td><i>the date on which the supplier receives the payment with respect to the supply³:</i></td></tr> </table> <i>Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.</i> <i>Explanation 1. For the purposes of clauses (a) and (b), the "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.</i> <i>Explanation 2. For the purpose of clause (b), "the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.</i>	<i>(a)</i>	<i>the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or</i>	<i>(b)</i>	<i>the date on which the supplier receives the payment with respect to the supply³:</i>		
<i>(a)</i>	<i>the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or</i>						
<i>(b)</i>	<i>the date on which the supplier receives the payment with respect to the supply³:</i>						
(3)	<i>In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:</i> <table> <tr> <td><i>(a)</i></td><td><i>the date of the receipt of the goods, or</i></td></tr> <tr> <td><i>(b)</i></td><td><i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier, or</i></td></tr> <tr> <td><i>(c)</i></td><td><i>the date immediately following thirty days from the date of issue of invoice or any other document, by whatever</i></td></tr> </table>	<i>(a)</i>	<i>the date of the receipt of the goods, or</i>	<i>(b)</i>	<i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier, or</i>	<i>(c)</i>	<i>the date immediately following thirty days from the date of issue of invoice or any other document, by whatever</i>
<i>(a)</i>	<i>the date of the receipt of the goods, or</i>						
<i>(b)</i>	<i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier, or</i>						
<i>(c)</i>	<i>the date immediately following thirty days from the date of issue of invoice or any other document, by whatever</i>						

³  Practically, in case of goods, the date of receipt of payment by the supplier is no longer a criterion for determination of time of supply for payment of tax. Refer the 'Analysis' of section 12 given in the ensuing pages for detailed discussion in this regard.

	name called, in lieu thereof by the supplier:
	<i>Provided that where it is not possible to determine the time of supply under clause (a), (b), or (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.</i>
(4)	<i>In case of supply of vouchers by a supplier, the time of supply shall be</i>
(a)	<i>the date of issue of voucher, if the supply is identifiable at that point; or</i>
(b)	<i>the date of redemption of voucher, in all other cases.</i>
(5)	<i>Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—</i>
(a)	<i>in a case where a periodical return has to be filed, be the date on which such return is to be filed; or</i>
(b)	<i>in any other case, be the date on which the tax is paid.</i>
(6)	<i>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.</i>
Section 31 (Relevant Extract)	<i>Tax invoice (to the extent relevant to the time of supply of goods)</i>
(1)	<i>A registered person supplying taxable goods shall, before or at the time of,—</i>
(a)	<i>removal of goods for supply to the recipient, where the supply involves movement of goods; or</i>
(b)	<i>delivery of goods or making available thereof to the recipient, in any other case,</i>

	<i>issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:</i> <i>Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.</i>
(4)	<i>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.</i>
(7)	<i>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.</i>



★ **Section 12 must be read with section 31, which prescribes in detail the date on which tax invoice for a supply of goods must be issued in various situations.**



ANALYSIS

Section 12 provides for the determination of time of supply in the following situations:

- ➔ Supply of goods under forward charge;
- ➔ Supply of goods under reverse charge;
- ➔ Supply of vouchers that can be used to pay for goods;
- ➔ Residual cases;
- ➔ Addition to value of supply of goods by way of interest or late fee or penalty for delayed payment.

We consider below how the time of supply is determined in each of these situations.

(i) Time of supply of goods under forward charge [Section 12(2) read with section 31]

As per section 12(2), the time of supply of goods that are taxable under forward charge, is the earlier of the following two dates:

- Date of issue of invoice by the supplier or the last date on which the invoice ought to have been issued in terms of section 31, to the extent the invoice covers the supply of goods; or
- Date of receipt of payment by the supplier, to the extent the payment covers the supply of goods.

Tax not payable at the time of receipt of advance for supply of goods – Special procedure for payment of tax in case of supply of goods

Notification No. 66/2017 CT dated 15.11.2017⁴ specifies that a registered person (excluding composition supplier **and registered persons making supply of specified actionable claims**) should 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.

In simple words, all taxpayers under forward charge (except composition suppliers **and registered persons making supply of specified actionable claims**) are not required to pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued. **Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31.**

⁴ Notification No. 66/2017 CT dated 15.11.2017 has been issued by the Central Government, on the recommendation of the GST Council in exercise of the powers conferred by section 148. Section 148 provides that the Government may, on the recommendations of the Council, and subject to such conditions and safeguards as may be prescribed, notify certain classes of registered persons, and the special procedures to be followed by such persons including those with regard to registration, furnishing of return, payment of tax and administration of such persons. Provisions of section 148 will be discussed at the Final level.



(1) A Ltd. enters into an agreement with B Ltd. to supply 100 kg of raw material. However, A Ltd. supplies only 80 kg of raw material and issues the invoice for the same. Here, the supply would be deemed to have been made in respect of 80 kg of raw material, i.e. to the extent covered by the invoice. Therefore, the provisions relating to time of supply will only be applicable to supply of 80 kg of raw material and not for entire 100 kg of raw material.



★ *The relief of not paying GST at the time of receipt of advance is available only in case of supply of goods and not for supply of services.*

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 goods) that receives the payment, or the date on which the payment is credited to the entity’s bank account, whichever is earlier.

Significance of “to the extent the invoice or payment covers the supply of goods”

Suppose a part of the consideration is paid in advance or invoice is issued for part payment, in such cases the time of supply will not cover the full supply. The supply shall be deemed to have been made only to the extent it is covered by the invoice or the part advance payment.

However, it may be noted that in case of goods (except for composition supplier **and registered persons making supply of specified actionable claims**), tax is payable only on the basis of issuance of invoice/last date for the purpose of issuance of invoice even if any advance or part payment has been received before the issuance of invoice/last date for the purpose of issuance of invoice.

Time limit for issuance of invoice for supply of goods under section 31

Section 12(2) refers to the last date on which a supplier is required to issue the invoice under section 31. Following are the relevant provisions of section 31 in this regard.

- As per section 31(1), the invoice needs to be issued either **before** or **at the time** of removal of goods (where supply involves movement of goods) or delivery of goods/ making goods available to recipient (in any other case).
- 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 [Section 31(4)].

Continuous supply of goods is a supply of goods provided or agreed to be provided continuously or on recurring basis, under a contract, and for which the supplier issues an invoices to 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 [Section 2(32)]. *The said term has been discussed in Chapter 10: Tax Invoice; Credit and Debit Notes in Module 2 of this Study Material.*

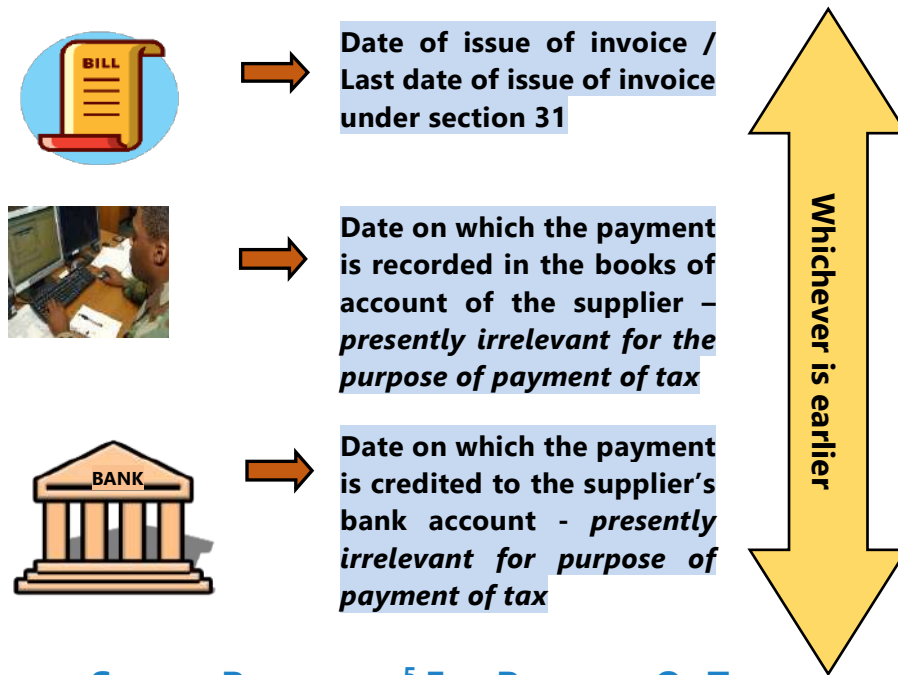
- In case of goods sent or taken on approval for sale or return, invoice should be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier [Section 31(7)].



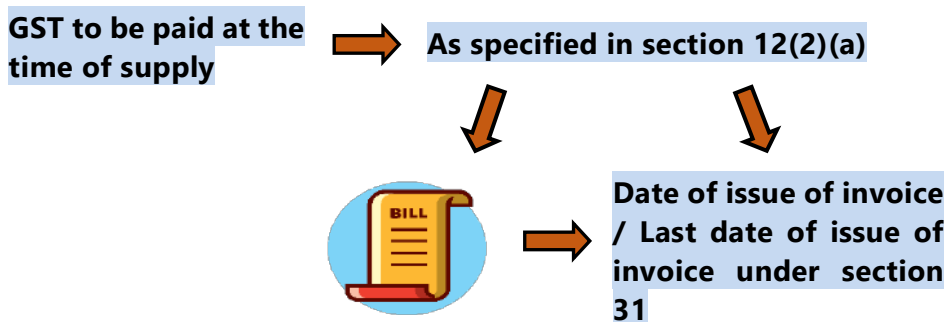
(2) Sphinx Pvt. Ltd. enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Joy Sales on 21st August. Chairs are removed from the warehouse of Sphinx Pvt. Ltd. on 5th September along with the invoice issued on same date. Joy Sales has paid 30% of the total contract value on 21st August; balance 70% is paid after delivery of chairs on 10th September. Since the invoice is issued on the date of removal of goods, it is issued within the prescribed time limit and hence, time of supply for payment of tax on entire contract value of ₹ 15,00,000 is the date of issue of invoice, i.e. 5th September. No GST will be payable at the time of receipt of advance of ₹ 4,50,000 received on 21st August.

The provisions relating to time of supply of goods as contained in section 12 in case of forward charge read with *Notification No. 66/2017 CT dated 15.11.2017*, have been depicted by way of a diagram given in the next page.

TIME OF SUPPLY OF GOODS UNDER FORWARD CHARGE AS PER SECTION 12



SPECIAL PROCEDURE⁵ FOR PAYMENT OF TAX IN CASE OF GOODS



Effectively, in case of goods, no GST is payable at the time of receipt of advance for supply of goods.

⁵ under section 148 of the CGST Act

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 th 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 th October	The machine is assembled, tested at site, and accepted by buyer
23 rd October	Invoice raised
4 th 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.

ANSWER

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier **and registered persons making supply of specified actionable claims**) 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 20th 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 to the recipient. The supply is to be made for a period of one year. Monthly payments are to be made by the recipient as per the contract. The details of the payment made are:

July 5, August 5, September 5	Payments of ₹ 2 lakh made in each month
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Determine the time of supply for the purpose of payment of tax.

ANSWER

As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier **and registered persons making supply of specified actionable claims**) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. As per section 31(4), in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received. Therefore, invoices should be issued for ₹ 2 lakh each on or before July 5, August 5 and September 5, when monthly payments of ₹ 2 lakh are received.

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

**Quiz Time!****1**

Bajrang Pvt. Ltd. agreed to supply goods to Bhagirathi Pvt. Ltd. for ₹ 1,50,000 on 23rd June. Next day, it removed the goods from its factory and issued the invoice on 25th June. Payment for the goods is made by Bhagirathi Pvt. Ltd. on 15th July.

The time of supply of goods is ____.

(a) 23rd June(b) 24th June(c) 25th June(d) 15th July**Quiz Time!****2**

Hanuman Pvt. Ltd. agreed to supply toys to Ganga Pvt. Ltd. for ₹ 1,50,000 on 23rd June and received an advance of ₹ 1,00,000 on the same day. Next day, it removed the toys from its factory and issued the invoice on 25th June. Balance payment of ₹ 50,000 was made by Ganga Pvt. Ltd. on 15th July.

The time of supply of the advance of ₹ 1,00,000 and balance payment of ₹ 50,000 shall be _____ and _____.

(a) 23rd June; 15th July(b) 24th June ; 24th June(c) 25th June; 25th June(d) 15th July; 15th July

Excess payment upto ₹ 1000: Option of taking invoice date as time of supply

In terms of the proviso to sub-section (2) of section 12, for a payment of up to ₹ 1,000 received in excess of the value of the goods invoiced, the supplier can choose to take the date of invoice issued with respect to such excess amount as the time of supply of goods for such excess value.

Since, GST on supply of goods is payable only on the basis of issuance of invoice⁶, this provision is practically irrelevant for supply of goods.



If neither the date of invoice nor the date of payment is available, the time of supply is determined in terms of the residual provisions under sub-section (5) of section 12 [discussed under point (iv)].

(ii) Time of supply of goods under reverse charge [Section 12(3)]

The time of supply of goods on which GST is payable on reverse charge basis under sub-sections (3) and (4) of section 9 of CGST Act is determined in terms of section 12(3)(a), (b) and (c), 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 recipient, or the date on which the same is debited in his bank account, whichever is earlier, or
- Date immediately following 30 days from the date of issue of invoice (or document by some other name in lieu of invoice) by the supplier.

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 account of the recipient of supply.



★ The relief of not paying GST at the time of receipt of advance in case of supply of goods, is available only when the tax is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment).

⁶ as per Notification No. 66/2017 CT dated 15.11.2017

The provisions relating to time of supply of goods in case of reverse charge are depicted by way of a diagram given at next page.

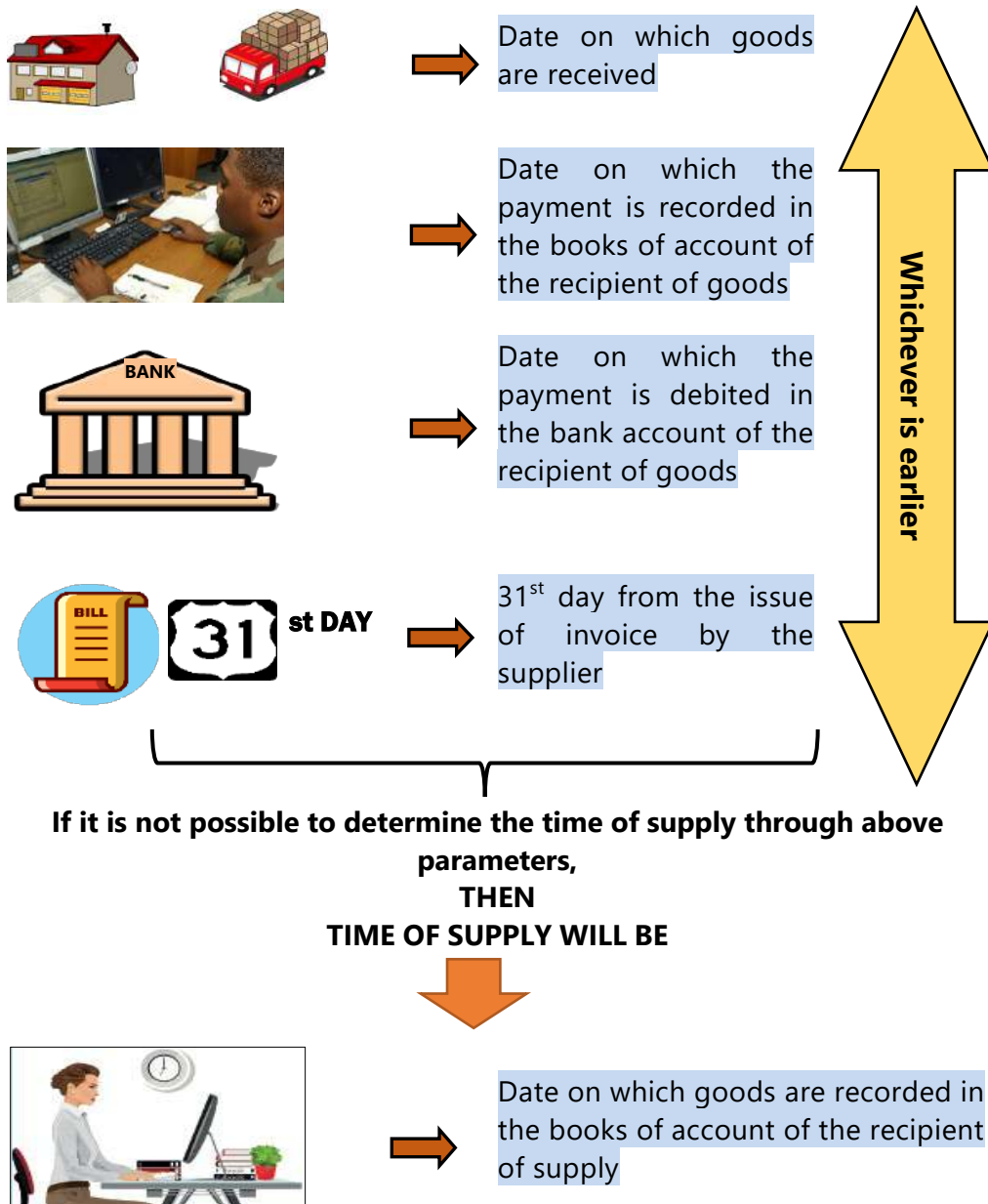


ILLUSTRATION 3

Determine the time of supply from the given information.

<i>May 4</i>	<i>Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)</i>
<i>May 12</i>	<i>Bridge & Co receives the goods</i>
<i>May 30</i>	<i>Bridge & Co makes the payment</i>

ANSWER

Here, May 12 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.

<i>May 4</i>	<i>Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice elapse on June 3)</i>
<i>June 12</i>	<i>Pillar & Co receives the goods, which were held up in transit</i>
<i>July 3</i>	<i>Payment made for the goods</i>

ANSWER

Here, June 4, 31st day from the date of supplier's invoice, 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)].

Quiz Time!

3

Determine the time of supply of goods with the help of the information provided below:

- May 11 Supplier – Dhriti Enterprises – issues invoice for the goods taxable on reverse charge basis to Parminder Constructions Ltd.
- May 12 Parminder Constructions Ltd. receives the goods
- May 30 Parminder Constructions Ltd. issues a cheque and records payment in its books of accounts
- May 31 Payment is debited from the bank account of Parminder Constructions Ltd.
- June 1 Payment is credited in bank account of Dhriti Enterprises
- June 2 Payment is recorded in the books of Dhriti Enterprises

(a) May 12

(b) May 30

(c) June 11

(d) June 1

(iii) Time of supply of vouchers exchangeable for goods [Section 12(4)]

As commonly understood, vouchers are instruments that can be exchanged as payment for goods or services of the designated value. As per the definition, vouchers are instruments, that certain persons (potential suppliers) are obliged to accept as consideration, part or full, against supply of goods and/or services. The instrument or its related documentation sets out the terms and conditions of use, the goods and/or services covered, and the identity of the potential suppliers of such goods and/or services.

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.

The provisions relating to time of supply of vouchers exchangeable for goods

are depicted by way of diagram given below.



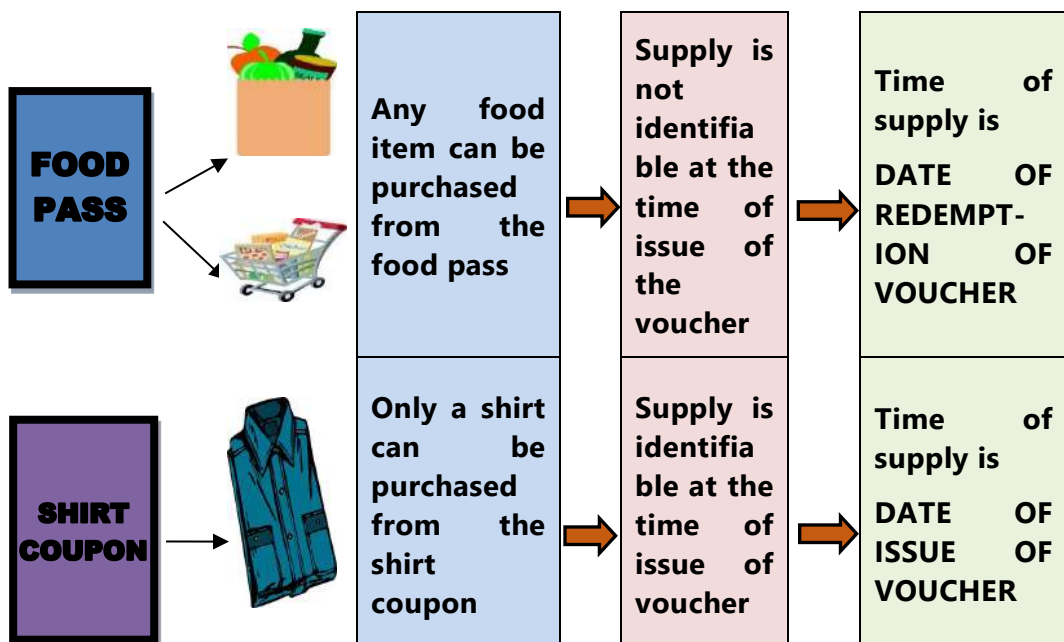
(3) Acme sales Limited sells food coupons to a company. The company gives these coupons to its employees as part of the agreed perquisites. The coupons can be redeemed for purchase of any item of food /provisions in the outlets that are part of the program.

As the supply against which the coupon will be redeemed is not known on the date of the sale of the 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.



(4) With each purchase of a large pizza during the Christmas week from Perfect Pizza, one can buy a voucher for ₹ 20 which will be redeemable till 5th Jan for a small pizza. As the supply against which the voucher will be redeemed is known on the date of issue of the vouchers, the time of supply is the date of issue of the voucher.

TIME OF SUPPLY OF VOUCHERS EXCHANGEABLE FOR GOODS

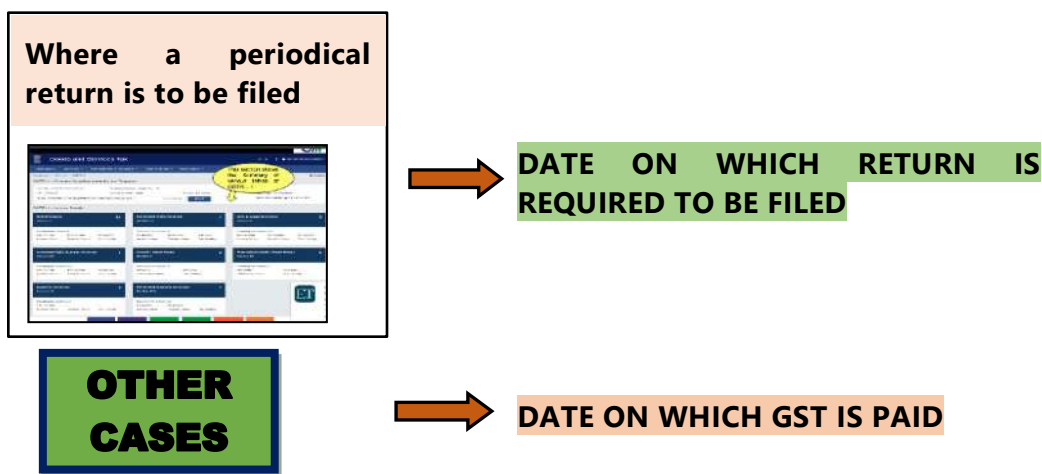


(iv) Time of supply of goods in residual cases [Section 12(5)]

If the situation is not covered by any of the provisions discussed above, the time of supply is fixed under sub-section (5) of section 12, in the following manner:

- Due date for filing of the periodical return, or
- In any other case, date on which GST is paid.

The provisions relating to time of supply of goods in residual cases are depicted by way of diagram given at next page.

TIME OF SUPPLY OF GOODS IN RESIDUAL CASES**(v) Time of supply in case of enhancement in 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 *[This concept has been discussed in detail in Chapter 7 - Value of Supply in this Module of the Study Material]*. So, the point to consider here is that when the liability to pay GST would arise in such cases of addition in value.

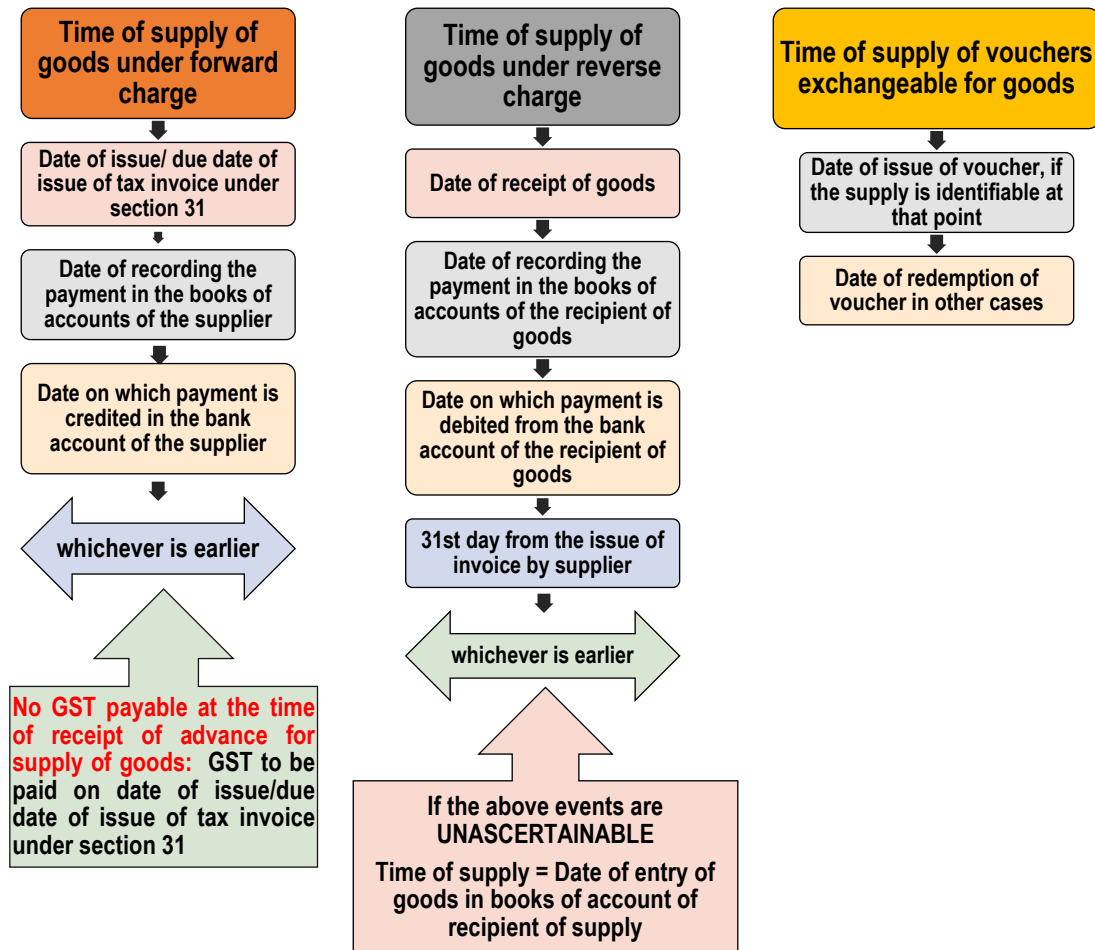
Section 12(6) prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value.

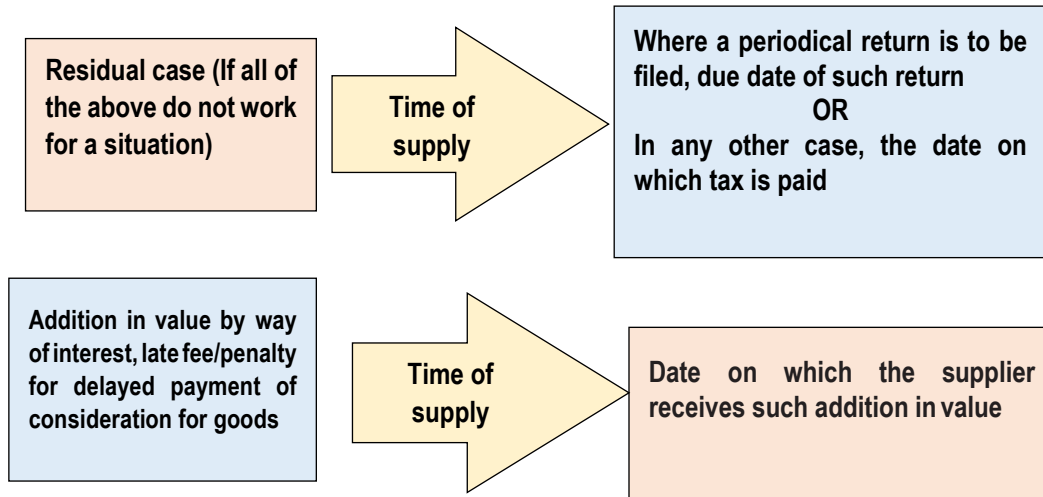


(5) Radha Traders sold goods to Shyam Sales on 6th June with a condition that interest @ 2% per month will be charged if Shyam Sales failed to make payment within 15 days of the delivery of the goods. Goods were delivered alongwith the invoice, on 6th June. Shyam Sales paid the consideration for the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

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





4. TIME OF SUPPLY OF SERVICES [SECTION 13]

 STATUTORY PROVISIONS		
Section 13	Time of supply of services	
Sub-section	Clause	Particulars
(1)	The liability to pay tax on services shall arise at the time of supply, as determined in terms of the provisions of this section.	
(2)	The time of supply of services shall be the earliest of the following dates, namely:-	
	(a)	the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
	(b)	the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
	(c)	the date on which the recipient shows the receipt of services

	<i>in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:</i> <i>Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.</i> <i>Explanation - For the purposes of clauses (a) and (b) -</i> <table> <tr> <td data-bbox="393 656 497 792">(i)</td><td data-bbox="497 656 1261 792"><i>the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.</i></td></tr> <tr> <td data-bbox="393 792 497 975">(ii)</td><td data-bbox="497 792 1261 975"><i>"the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.</i></td></tr> </table>	(i)	<i>the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.</i>	(ii)	<i>"the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.</i>
(i)	<i>the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.</i>				
(ii)	<i>"the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.</i>				
(3)	<i>In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely-</i> <table> <tr> <td data-bbox="393 1130 497 1265">(a)</td><td data-bbox="497 1130 1261 1265"><i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or</i></td></tr> <tr> <td data-bbox="393 1265 497 1400">(b)</td><td data-bbox="497 1265 1261 1400"><i>the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:</i></td></tr> </table> <i>Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:</i> <i>Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.</i>	(a)	<i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or</i>	(b)	<i>the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:</i>
(a)	<i>the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or</i>				
(b)	<i>the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:</i>				

(4)	<i>In case of supply of vouchers by a supplier, the time of supply shall be-</i> <table> <tr> <td data-bbox="393 357 497 444">(a)</td><td data-bbox="511 357 1264 444"><i>the date of issue of voucher, if the supply is identifiable at that point; or</i></td></tr> <tr> <td data-bbox="393 454 497 511">(b)</td><td data-bbox="511 454 1264 511"><i>the date of redemption of voucher, in all other cases;</i></td></tr> </table>	(a)	<i>the date of issue of voucher, if the supply is identifiable at that point; or</i>	(b)	<i>the date of redemption of voucher, in all other cases;</i>				
(a)	<i>the date of issue of voucher, if the supply is identifiable at that point; or</i>								
(b)	<i>the date of redemption of voucher, in all other cases;</i>								
(5)	<i>Where it is not possible to determine the time of supply of services under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall-</i> <table> <tr> <td data-bbox="393 656 497 753">(a)</td><td data-bbox="511 656 1264 753"><i>in a case where a periodical return has to be filed, be the date on which such return is to be filed; or</i></td></tr> <tr> <td data-bbox="393 763 497 821">(b)</td><td data-bbox="511 763 1264 821"><i>in any other case, be the date on which the tax is paid.</i></td></tr> </table>	(a)	<i>in a case where a periodical return has to be filed, be the date on which such return is to be filed; or</i>	(b)	<i>in any other case, be the date on which the tax is paid.</i>				
(a)	<i>in a case where a periodical return has to be filed, be the date on which such return is to be filed; or</i>								
(b)	<i>in any other case, be the date on which the tax is paid.</i>								
(6)	<i>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.</i>								
Section 31	<i>Tax invoice (to the extent relevant to time of supply of services)</i>								
(2)	<i>A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:</i> <i>Provided that the Government may, on the recommendations of the Council, by notification,—</i> <table> <tr> <td data-bbox="393 1362 497 1497">(a)</td><td data-bbox="511 1362 1264 1497"><i>specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;</i></td></tr> <tr> <td data-bbox="393 1506 497 1603">(b)</td><td data-bbox="511 1506 1264 1603"><i>subject to the condition mentioned therein, specify the categories of services in respect of which—</i></td></tr> <tr> <td data-bbox="393 1613 497 1709">(i)</td><td data-bbox="511 1613 1264 1709"><i>any other document issued in relation to the supply shall be deemed to be a tax invoice; or</i></td></tr> <tr> <td data-bbox="393 1719 497 1767">(ii)</td><td data-bbox="511 1719 1264 1767"><i>tax invoice may not be issued.</i></td></tr> </table>	(a)	<i>specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;</i>	(b)	<i>subject to the condition mentioned therein, specify the categories of services in respect of which—</i>	(i)	<i>any other document issued in relation to the supply shall be deemed to be a tax invoice; or</i>	(ii)	<i>tax invoice may not be issued.</i>
(a)	<i>specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;</i>								
(b)	<i>subject to the condition mentioned therein, specify the categories of services in respect of which—</i>								
(i)	<i>any other document issued in relation to the supply shall be deemed to be a tax invoice; or</i>								
(ii)	<i>tax invoice may not be issued.</i>								

(5)	Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,— <table border="1"> <tr> <td data-bbox="387 378 498 523">(a)</td><td data-bbox="506 378 1258 523">where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;</td></tr> <tr> <td data-bbox="387 533 498 678">(b)</td><td data-bbox="506 533 1258 678">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;</td></tr> <tr> <td data-bbox="387 687 498 832">(c)</td><td data-bbox="506 687 1258 832">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.</td></tr> </table>	(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.		
(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.								
Chapter VI: Tax Invoice, Credit and Debit Notes of CGST Rules									
Rule 47	<table border="1"> <tr> <td colspan="2" data-bbox="387 1103 1258 1161" style="text-align: center;">Time limit for issuing tax invoice</td></tr> <tr> <td colspan="2" data-bbox="387 1170 1258 1306">The invoice referred to in rule 46, in case of taxable supply of services, shall be issued within a period of <u>thirty days</u> from the date of supply of service:</td></tr> <tr> <td colspan="2" data-bbox="387 1315 1258 1547">Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be <u>forty five days</u> from the date of supply of service:</td></tr> <tr> <td colspan="2" data-bbox="387 1557 1258 1727">Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of</td></tr> </table>	Time limit for issuing tax invoice		The invoice referred to in rule 46, in case of taxable supply of services, shall be issued within a period of <u>thirty days</u> from the date of supply of service:		Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be <u>forty five days</u> from the date of supply of service:		Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of	
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Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of									

the Council, making taxable supplies of services between distinct persons as specified in section 25, 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.



Section 13 must be read with section 31 and rule 47 of CGST Rules, which prescribe in detail the date on which tax invoice for a supply of service must be issued in various situations.



ANALYSIS

Section 13 provides for the determination of the time of supply in the following situations:

- ➔ Supply of service taxable under forward charge,
- ➔ Supply of service taxable under reverse charge,
- ➔ Supply of vouchers that can be used to pay for services,
- ➔ Residual cases,
- ➔ Addition to value of supply of services by way of interest or late fee or penalty for delayed payment.

Below, we shall consider these in detail:

(i) Time of supply of service under forward charge [Section 13(2) read with section 31 and rule 47 of CGST Rules]

For supply of service on which the supplier is liable to pay tax, the time of supply will be the earlier of the dates arrived at by methods (A) and (B), as follows:

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

the payment covers the supply of services), whichever is earlier, if the invoice is not issued within the time prescribed under section 31,

If the above two methods [(A) and (B)] are not applicable, the time of supply will be the date on which the recipient of service shows receipt of the service in his books of account.

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 supplier that receives the payment, or the date on which the payment is credited to the supplier’s bank account, whichever is earlier.

Significance of “to the extent the invoice or payment covers the supply of 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 or the part payment and time of supply shall be determined accordingly.

The provisions relating to time of supply of services in case of forward charge can be depicted by way of a diagram given earlier in this chapter.

Time limit for issuance of invoice for supply of services under section 31

The criteria to determine the time of supply of services depend upon whether the invoice is issued within the time prescribed under section 31. Following are the relevant provisions in this regard:

- As per section 31(2) read with rule 47 of CGST Rules, the tax invoice needs to be issued either before the provision of service or 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 insurance companies/ banking companies/ financial institutions including NBFCs/ telecom companies/ notified supplier of services making taxable supplies between distinct persons as specified

in section 25⁷, 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 [Second proviso to rule 47].

- In case of continuous supply of services, the invoice should be issued either:
 - (i) on/ before the due date of payment - where the due date of payment is ascertainable from the contract or
 - (ii) before/ at the time when the supplier of service receives the payment - where the due date of payment is not known
 - (iii) on/ before the date of completion of the milestone event - where the payment is linked to completion of an event [Section 31(5)].

Continuous supply of services are provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding 3 months with periodic payment obligations and includes supply of such services as the Government may notify [Section 2(33)]. *The said term has been discussed in Chapter 10: Tax Invoice; Credit and Debit Notes in Module 2 of this Study Material.*

- In case of cessation of supply of services before completion of supply, the invoice should be issued at the time when the supply ceases to the extent of the supply made before such cessation. [Section 31(6)].

Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model⁸

Issue: Under the Hybrid Annuity Mode (HAM) model of National Highways Authority of India (NHAI), the concessionaire has to construct the new road and provide Operation & Maintenance of the same which is generally over a period of 15-17 years and the payment of the same is spread over the years. What is the time of supply for the purpose of payment of tax on the said service under the HAM model?

⁷ Concept of distinct persons has been discussed in Chapter 2: Supply under GST in this Module of the Study Material

⁸ **Circular No. 221/15/2024 GST dated 26.06.2024**

Clarification: Under the Hybrid Annuity Model (HAM) of concession agreements, the highway development projects are under Design, Build, Operate and Transfer model (DBOT), wherein the concessionaire is required to undertake new construction of Highway, as well as the Operation and Maintenance (O&M) of Highways. The payment terms for the construction portion as well as the O&M portion of the contract are provided in the agreement between National Highways Authority of India (NHAI) and the concessionaire.

A HAM contract is a single contract for construction as well as operation and maintenance of the highway. The payment terms are so staggered that the concessionaire is held accountable for the repair and maintenance of the highway as well. The contract needs to be looked at holistically based on the services to be performed by the concessionaire and cannot be artificially split into two separate contracts for construction and operation and maintenance, based on the payment terms. The concessionaire is bound contractually to complete not only the construction of the highway but also to operate and maintain the same.

In HAM contract, the payment is made spread over the contract period in installments and payment for each installment is to be made after specified periods, or on completion of an event, as specified in the contract. The same appears to be covered under the 'Continuous supply of services' as defined under section 2(33) of the CGST Act, 2017.

It is clarified that the tax liability on the concessionaire under the HAM contract, including on the construction portion, would arise at the time of issuance of invoice, or receipt of payments, whichever is earlier, if the invoice is issued on or before the specified date or the date of completion of the event specified in the contract, as applicable. If invoices are not issued on or before the specified date or the date of completion of the event specified in the contract, tax liability would arise on the date of provision of the said service (i.e., the due date of payment as per the contract), or the date of receipt of the payment, whichever is earlier.

It is also clarified that as the installments/annuity payable by NHAI to the concessionaire also includes some interest component, the amount of such interest shall also be includible in the taxable value for the purpose of payment of tax on the said annuity/installment in view of the provisions of section 15(2)(d) of the CGST Act, 2017.



(6) 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.



(7) 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 5

Determine the time of supply from the following particulars:

6 th May	Booking of convention hall, sum agreed ₹ 15000, advance of ₹ 3000 received
15 th September	Function held in convention hall
27 th October	Tax invoice issued for ₹ 15000, indicating balance of ₹ 12000 payable
3 rd November	Balance payment of ₹ 12000 received

ANSWER

As per section 31(2) read with rule 47 of CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per section 13(2)(b), in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.

Therefore, the time of supply of service to the extent of ₹ 3,000 is 6th May as the date of payment of ₹ 3000 is earlier than the date of provision of service. The time of supply of service to the extent of the balance ₹ 12,000 is 15th September which is the date of provision of service.

ILLUSTRATION 6

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.

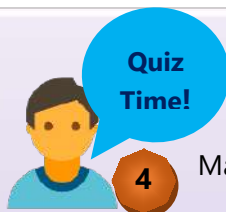
The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in its books of account.

ANSWER

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.



Determine time of supply of services and date of receipt of payment with the help of the information provided below:

- May 4 Supplier – Dhriti Enterprises – provides services taxable under forward charge to Parminder Constructions Ltd.
- May 12 Parminder Constructions Ltd. issues invoice for the service
- May 30 Parminder Constructions Ltd. issues a cheque and records payment in its books of accounts
- May 31 Payment is debited from bank account of Parminder Constructions Ltd.
- June 1 Payment is credited in the bank account of Dhriti Enterprises
- June 2 Payment is recorded in the books of Dhriti Enterprises

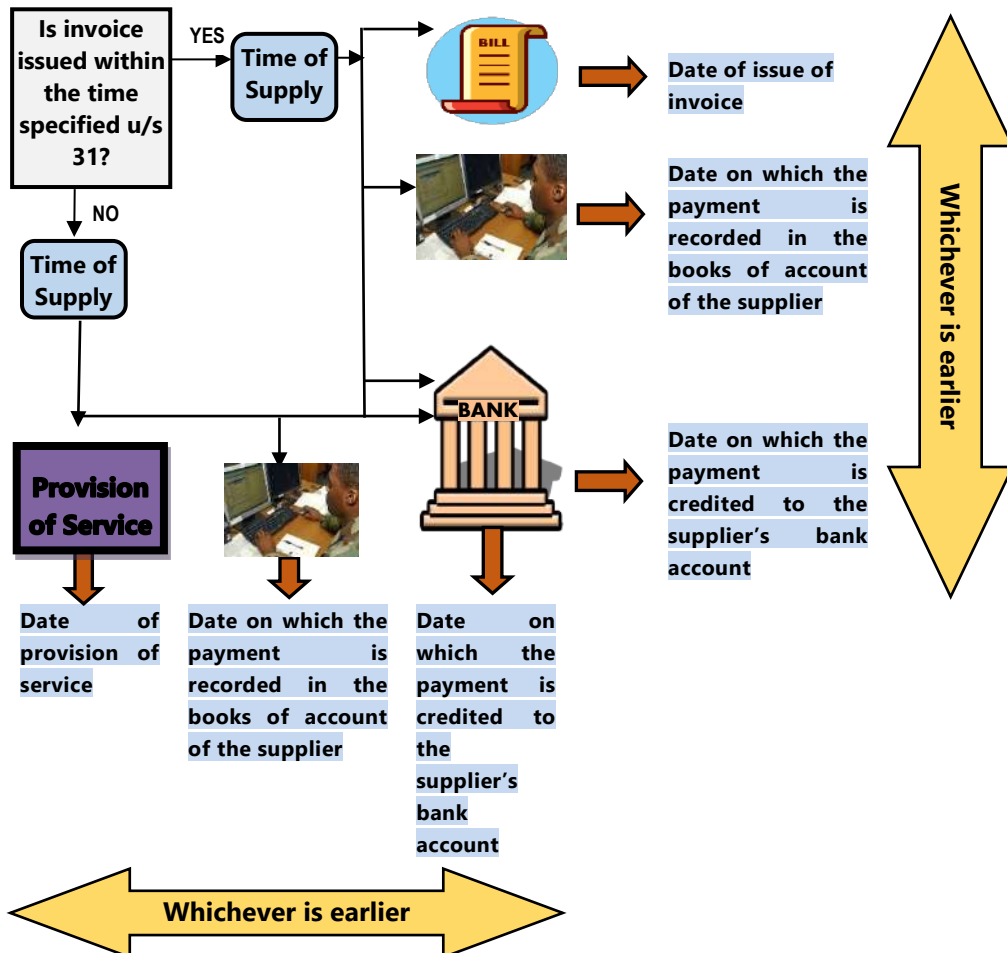
(a) May 12;
June 1

(b) May 30;
May 30

(c) May 4; June 2

(d) May 31;
June 2

TIME OF SUPPLY OF SERVICES UNDER FORWARD CHARGE



If time of supply cannot be determined by both the above methods, then



Date of receipt of services in the books of account of the recipient

Excess payment upto ₹ 1000: Option of taking invoice date as time of supply

In terms of the proviso to sub-section (2) of section 13, for a payment of up to ₹ 1,000 received in excess of the invoice value, the supplier can choose to take the date of invoice issued with respect to such excess amount as the time of supply of services in relation to this excess value.

This provision facilitates the supplier to defer payment of tax on small amounts typically received by him in excess of the invoice amount.



(8) A telephone company receives ₹ 5000 against an invoice of ₹ 4800. The excess amount of ₹ 200 can be adjusted against next invoice. The company has the option to take date of next invoice as the time of supply of service in relation to the amount of ₹ 200 received in excess against earlier invoice of ₹ 4800.

(ii) Time of supply of services 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) under sub-sections (3) and (4) of section 9 is determined in terms of section 13(3)(a) and (b) as follows:

The time of supply for such service will be the earlier of the following:

- Date of payment, or
- Date immediately following 60 days from date of issue of invoice (or any other document in lieu of invoice) by the supplier.

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.

Meaning of “Date of payment”

“Date of payment” in the above situation refers to the date on which the payment is recorded in the books of account of the recipient of service, or the date on which the payment is debited from the recipient’s bank account, whichever is earlier.

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.

The provisions relating to time of supply of services in case of reverse charge can be depicted by way of a diagram given on next page:

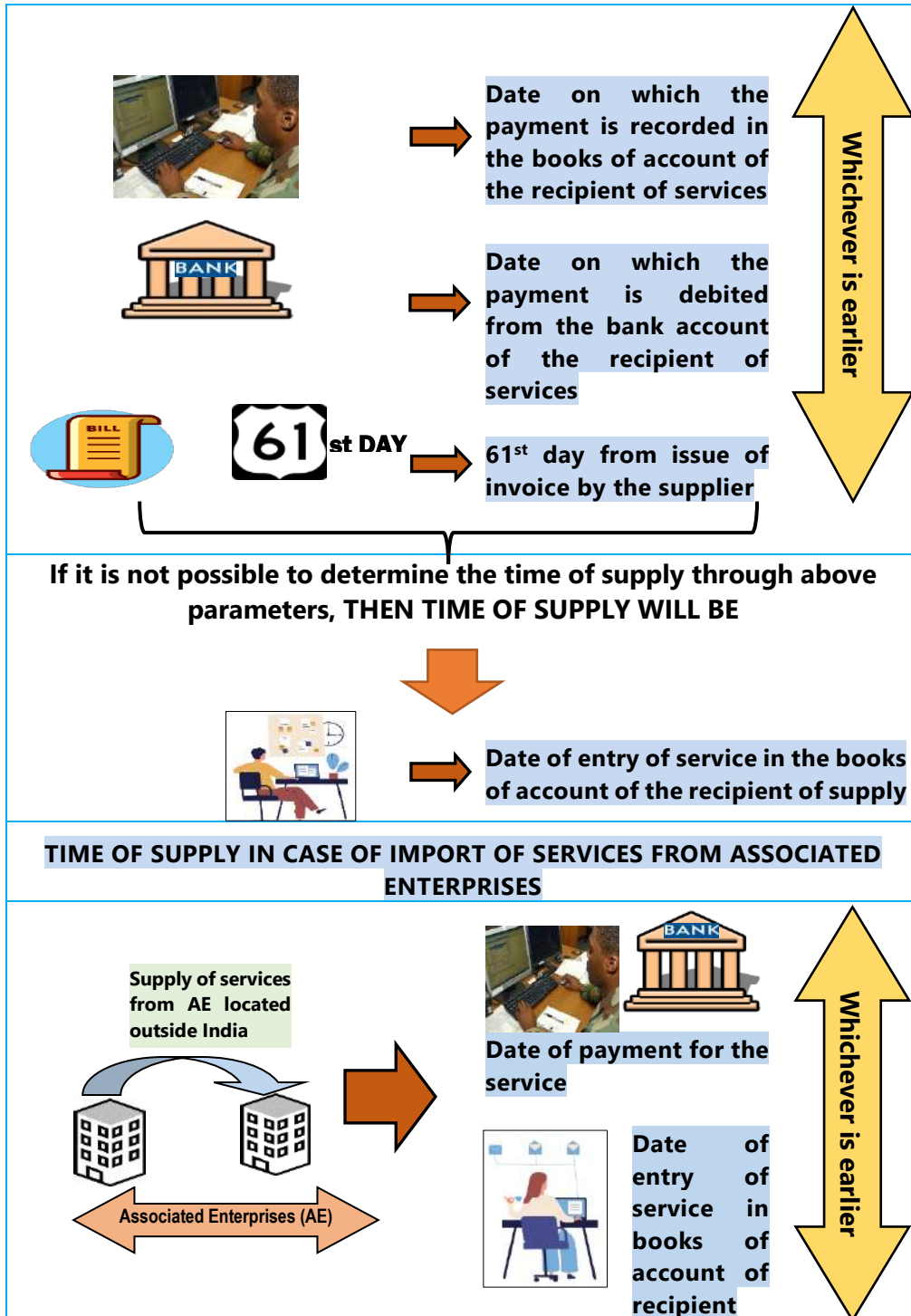
TIME OF SUPPLY OF SERVICES UNDER REVERSE CHARGE

ILLUSTRATION 7

Determine the time of supply from the given information. (Assume that service being supplied is taxable under reverse charge)

May 4	<i>The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.</i>
August 21	<i>Payment made to the supplier of service</i>

ANSWER

Here, July 4 will be the time of supply, being the earlier of the two stipulated dates namely, date of payment and the date immediately following 60 days from the date of issue of invoice.

ILLUSTRATION 8

Determine the time of supply from the given information.

May 4	<i>A German company issues email informing its associated enterprise, ABC Ltd. of the cost of technical services provided to it, which was recorded in ABC Ltd.'s books on May 1</i>
July 2	<i>ABC Ltd transfers the amount to the account of the German company</i>

ANSWER

Here, May 1 will be the time of supply, being the earlier of the two stipulated dates namely, date of entry in the books of account of the recipient of supply or the date of payment, in terms of second proviso to section 13(3).

(iii) Time of supply of vouchers exchangeable for services [Section 13(4)]

The term voucher has already been explained under the Heading "Time of Supply of Goods". 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.



(9) 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.



Style Saloon Ltd. provides vouchers worth ₹ 1,000 valid for a period of 6 months to the customers who availed the services exceeding ₹ 10,000 in any month. The customers can redeem such vouchers for the hair styling services taken from Style Saloon Ltd. Mr. Dwarka availed services worth ₹ 12,000 on 3rd June from the saloon and is issued a voucher of ₹ 1,000 on 5th June. He redeems the voucher on 4th September for hair styling services from Style Saloon Ltd. The time of supply of voucher issued to Mr. Dwarka is ____.

(a) 3rd June

(b) 5th June

(c) 4th September

(d) 5th December

(iv) Residual case [Section 13(5)]

If the situation is not covered by any of the provisions discussed above, the time of supply is fixed under sub-section (5) of section 13, in the following manner:

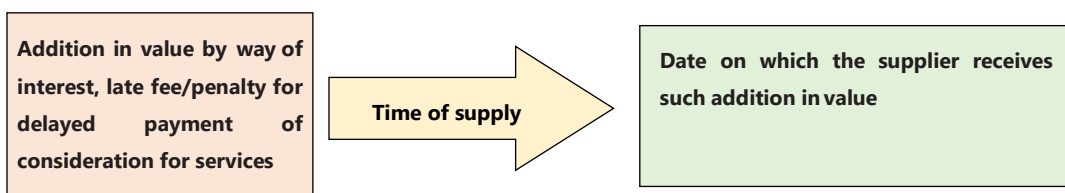
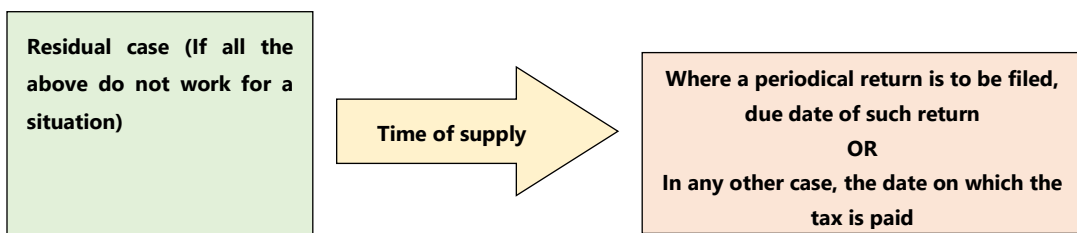
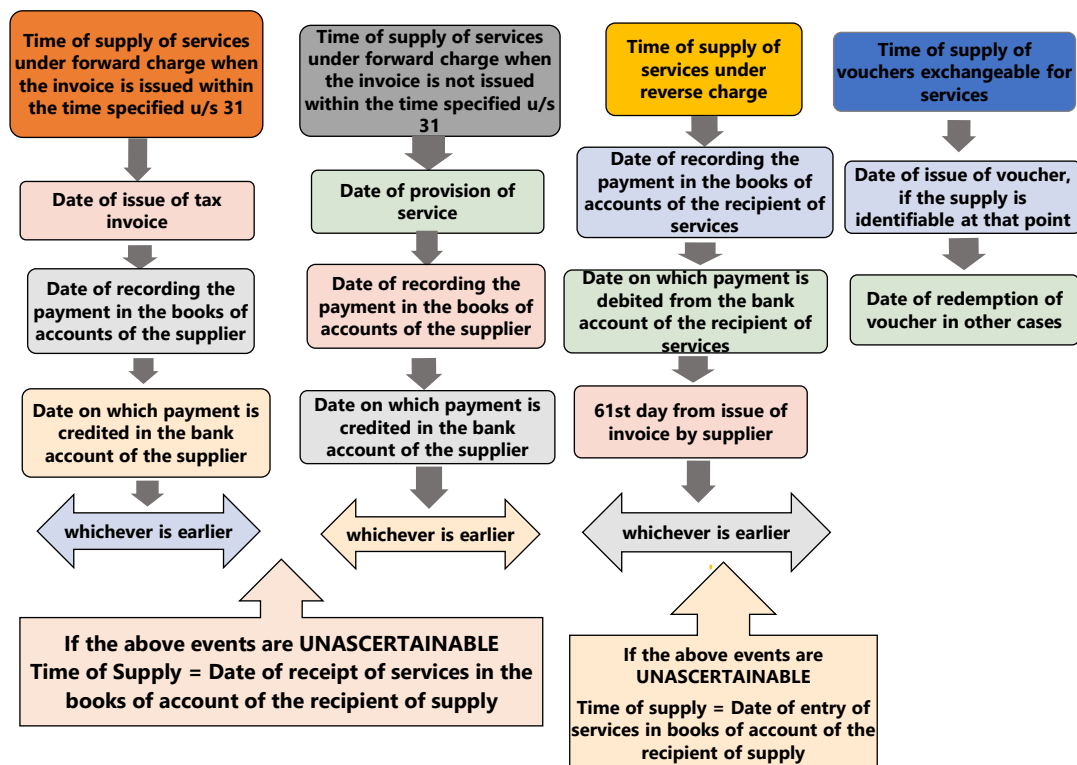
- Date on which periodical return for the period is required to be filed, or
- In any other case, date on which GST is paid.

(v) Enhancement of value on account of interest/late fee etc. for delayed payment of consideration [Section 13(6)]

The provisions for time of supply in case of addition in value by way of interest, late fee/penalty for delayed payment of consideration are the same for goods and services.

Section 13(6) prescribes that 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.

 The provisions relating to time of supply of services as contained in section 13 are summarised in the diagram given on the next page





LET US RECAPITULATE

The provisions relating to time of supply of goods and services can be better understood if the same are studied simultaneously appreciating the similarities and differences between the two. Therefore, such provisions have been summarised by way of a comparison table to help students remember and retain the provisions in a better and effective manner:

TIME OF SUPPLY WHERE TAX IS PAYABLE UNDER FORWARD CHARGE

Time of supply of goods [Section 12(2)]	Time of supply of services [Section 13(2)]
<u>Earliest of the following:</u> (a) Date of issue of invoice by the supplier or the last date on which he is required under section 31, to issue the invoice with respect to the supply (b) Date on which the supplier receives the payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier) with respect to the supply <u>No GST at the time of receipt of advance for supply of goods:</u> In case of supply of goods by a registered person under forward charge (excluding composition supplier and registered persons making supply of specified actionable claims), GST is to be paid on the outward supply of goods on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 [<i>Notification No. 66/2017</i>]	(a) Invoice issued within the time period prescribed under section 31 <u>Earliest of the following:</u> → Date of issue of invoice by the supplier → Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier) (b) Invoice not issued within the time period prescribed under section 31 <u>Earliest of the following:</u> → Date of provision of service → Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier)

CT dated 15.11.2017].	(c) When the above events are unascertainable → Date on which the recipient shows the receipt of services in his books of account
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TIME LIMIT FOR RAISING INVOICES

Supply of goods [Section 31(1)]	Supply of services [Section 31(2)]
Before or at the time of,- (a) removal of goods for supply to the recipient, where the supply involves <u>movement of goods</u>, or (b) delivery of goods or making available thereof to the recipient, in any other case.	Before or after the provision of service but within 30 days [45 days in case of insurance companies/banking and financial institutions including NBFCs] from the date of supply of services

TIME OF SUPPLY WHERE TAX IS PAYABLE UNDER REVERSE CHARGE

Time of supply of goods [Section 12(3)]	Time of supply of services [Section 13(3)]
<u>Earliest of the following:</u> (a) Date of receipt of goods, or (b) Date of payment as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or (c) 31st day from the date of issue of invoice by the supplier	<u>Earliest of the following:</u> (a) Date of payment as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or (b) 61st day from the date of issue of invoice by the supplier

Where the above events are not ascertainable, the time of supply shall be the date of entry in the books of account of the recipient of supply

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Import of service from associated enterprise Date of entry in the books of account of the recipient or the date of payment, whichever is earlier

TIME OF SUPPLY OF VOUCHERS EXCHANGEABLE FOR GOODS AND SERVICES

Supply of vouchers exchangeable for goods and services [Sections 12(4) and 13(4)]

- (a) Supply of goods or services is identifiable at the time of issue of voucher
→ Date of issue of the voucher
- (b) Other cases
→ Date of redemption of the voucher

TIME OF SUPPLY OF GOODS AND SERVICES IN RESIDUAL CASES

Supply of goods and services in residual cases [Sections 12(5) and 13(5)] i.e where it is not possible to determine the time of supply under the other provisions

- (a) Where a periodical return is required to be filed
→ Due date of filing such return
- (b) Other cases
→ Date of payment of tax

TIME OF SUPPLY FOR ADDITION IN VALUE BY WAY OF INTEREST/ LATE FEE/PENALTY FOR DELAYED PAYMENT OF CONSIDERATION

Addition in value by way of interest, late fee/penalty for delayed payment of consideration

Time of Supply → Date on which the supplier receives such addition in value



The provisions relating to time of supply of vouchers that are exchangeable for goods are same as that of the vouchers that are exchangeable for services. Similarly, the provisions relating to time of supply of goods falling in the residual category are same as that of the time of supply of services falling in the residual category. Also, the provisions relating to time of supply for addition in value by way of interest, late fee/penalty for delayed payment of consideration are same for goods and services.

Furthermore, concepts like option of taking invoice date as time of supply in case of receipt of excess payment upto ₹ 1000, meaning of "Date of receipt of payment", significance of words "to the extent the invoice or payment covers the supply" are also same for goods and services.

Students may make a note of the above points as it will help them in understanding and remembering the provisions in a better manner.



TEST YOUR KNOWLEDGE

1. Explain the significance of time of supply under GST law.
2. GST is payable on advance received for supply of goods and services taxable under forward charge.

Do you agree with the statement? Support your answer with legal provisions.

3. Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
(vi)	August 1	August 10	June 29

4. Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of payment by the recipient for supply of services	Date of issue of invoice by the supplier of services
(i)	August 10	June 29
(ii)	August 10	June 1
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1

(v)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
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5. Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e. 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.

What is the time of supply of the transporter's service?

6. Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice.

When is the time of supply of service?

7. Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction (dispatch of cartons) were not entered in the accounts. There was no evidence of receipt of payment.

What is the time of supply of 150 cartons for the purpose of payment of tax?

8. An order is placed on Ram & Co. on 18th August for supply of a consignment of customized shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the next day, 8th December.

What is the time of supply of the shoes for the purpose of payment of tax?

9. Meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months.

What is the date of supply of the coupons?

10. A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November.

Identify the time of supply of the legal services.

11. Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

12. XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September. Determine the time of supply in the following independent cases:

- (1) The provision of service was completed on 1st August and payment was received on 28th September.
- (2) The provision of service was completed on 14th August and payment was received on 28th September.
- (3) Mr. A made the payment on 3rd August. However, provision of service was remaining to be completed at that time.
- (4) Mr. A made the payment on 15th September. However, provision of service was remaining to be completed at that time.

13. M/s Pranav Associates, a partnership firm, provided recovery agent services to Newtron Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Newtron Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

- (i) Person liable to pay GST
- (ii) Time of supply of service

14. Mr. X supplied goods for ₹ 50,000 to its customer Miss Diyana on 1st January on the condition that payment for the same will be made within a week. However, Miss Diyana made payment for the said goods on 2nd February and thus, paid interest amounting to ₹ 2,000.

What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

15. Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:

- (i) Goods were supplied on 3rd October
- (ii) Invoice was issued on 5th October
- (iii) Payment received on 9th October

Determine the time of supply of goods for the purpose of payment of tax.



ANSWERS

1. GST is payable on supply of goods or services. Time of supply indicates the point in time when the liability to pay tax arises. However, it is important to note that though the liability to pay tax arises at the time of supply, the same has to be paid to the Government by the due date prescribed with reference to the said 'time of supply'. The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13.
2. The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13, the time of supply of services taxable under forward charge is –

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service;

OR

- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, *Notification No. 66/2017 CT dated 15.11.2017* provides that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) should 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, in case of goods, tax is not payable on receipt of advance payment.

3.

S. No.	Date of receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods	Date immediately following 30 days from the date of invoice	Time of supply of goods [Earlier of (1), (2) & (4)]
	(1)	(2)	(3)	(4)	(5)
(i)	July 1	August 10	June 29	July 30	July 1
(ii)	July 1	June 25	June 29	July 30	June 25
(iii)	July 1	Part payment made on June 30 and balance	June 29	July 30	June 30 for part payment made and July 1 for balance

		amount paid on July 20			amount
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	July 30	June 26 (i.e., when payment is debited in the recipient's bank account)
(vi)	August 1	August 10	June 29	July 30	July 30 (i.e., 31st day from issuance of invoice)

4.

S. No.	Date of payment by the recipient for supply of services	Date of issue of invoice by the supplier of services	Date immediately following 60 days from invoice	Time of supply of goods [Earlier of (1) & (3)]
	(1)	(2)	(3)	
(i)	August 10	June 29	August 29	August 10

(ii)	August 10	June 1	August 1	August 1
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 30 for part payment and August 29 for balance amount
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	August 1	June 28 (i.e. when payment is entered in the books of account of the recipient)
(v)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26 (i.e. when payment is debited in the recipient's bank account)

5. Time of supply of service taxable under reverse charge is the earlier of the following two dates in terms of section 13(3):

- Date of payment
- 61st day from the date of issue of invoice

In this case, the date of payment precedes 61st day from the date of issue of invoice by the supplier of service. Hence, the date of payment, i.e. 17th June, will be treated as the time of supply of service [Section 13(3)(a)].

6. Since the invoice has not been issued within the prescribed time period, time of supply of service will be the earlier of the following two dates in

terms of section 13(2)(b):

- Date of provision of service
- Date of receipt of payment

The payment was received on 5th January and the service was provided on 23rd April. Therefore, the date of payment, i.e. 5th January is the time of supply of the service in this case.

7. As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) 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.

In this case since the invoice has not been issued, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued.

The invoice for supply of goods in the present case must be issued on or before the dispatch of goods, i.e. on 2nd August. Therefore, the time of supply for the purpose of payment of tax for the goods will be 2nd August, the date when the invoice should have been issued.

8. As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) 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.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, the time of supply for the purpose of payment of tax is the date of issue of invoice, which is 2nd December.

9. As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of section 12(4).

- 10.** Tax on services supply by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3):

- Date of payment [3rd November]
- 61st day from the date of issue of invoice [19th April]

The date of payment comes subsequent to the 61st day from the issue of invoice by the supplier of service. Therefore, the 61st day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19th April as the time of supply.

- 11.** The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply.

- 12.** The time of supply of services is the date of issue of invoice if the same is issued within 30 days from the date of supply of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(a)].

In case the invoice is not issued within 30 days from the date of supply of service, time of supply is the date of provision of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(b)].

In accordance with the aforesaid provisions, the time of supply in the four independent cases will be:

- (1) 1st August since the invoice is not issued within 30 days of supply of service.
- (2) 7th September since the invoice is issued within 30 days of supply of service and the payment is received after the issuance of invoice.
- (3) 3rd August viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (3rd August)
- (4) 7th September viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (15th September)

- 13.** (i) Tax on services supplied by a recovery agent to, *inter alia*, a non-banking financial company (NBFC) is payable under reverse charge by

such non-banking financial company.

Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd.

- (ii) As per section 13(3), the time of supply of service on which GST is payable under reverse charge is earlier of the following:-
- Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier;
 - Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April.

Thus, time of supply of service is 9th April.

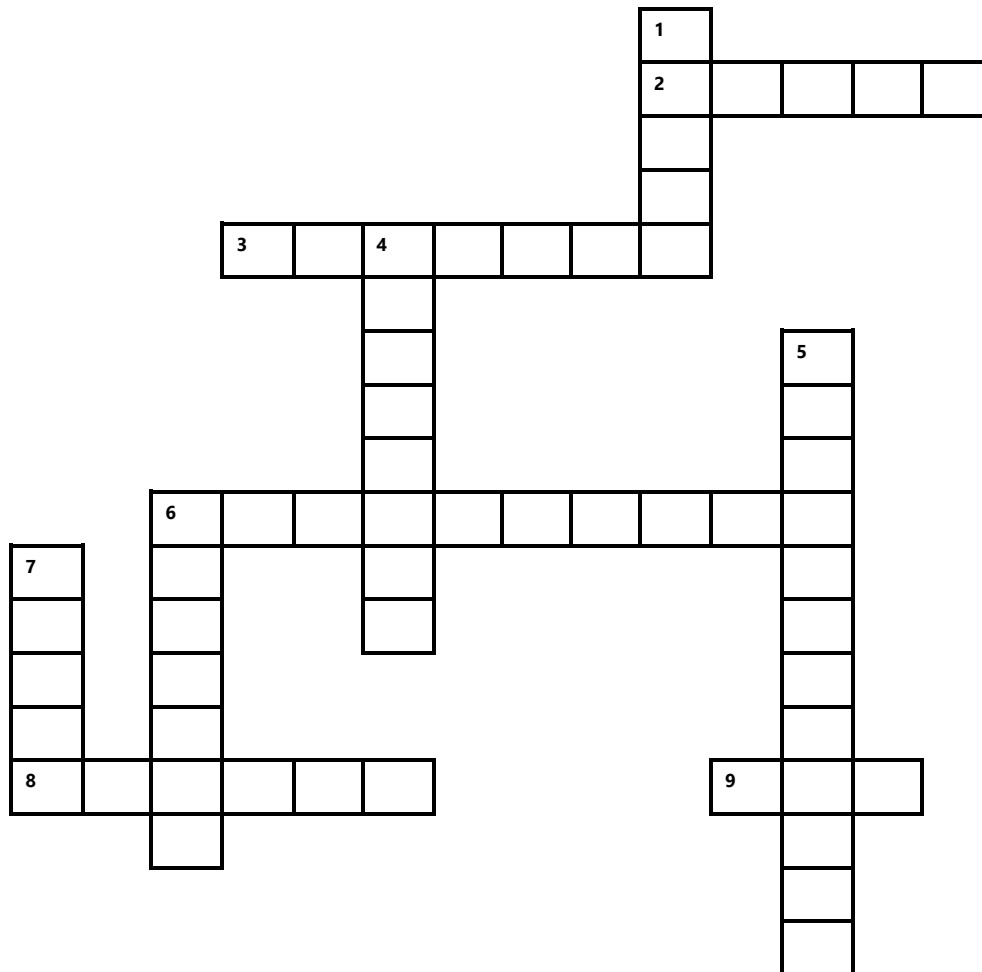
- 14.** As per section 12(6), the time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed payment of consideration is the date on which the supplier received such additional consideration.

Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e. 2nd February.

- 15.** As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) 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.

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3rd October.

However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., 3rd October.



ACROSS

2. The time of supply for service taxable under reverse charge is earlier of the date of payment, or date immediately following ____ days from date of issue of invoice by the supplier.
3. No GST is payable at the time of receipt of _____ for supply of goods.
6. Time of supply of vouchers exchangeable for any food item(s) from a grocery store is date of _____ of the voucher.

8. The time of supply of services is the date of issue of invoice if the same is issued within 30 days from the date of _____ of service or the date of receipt of payment, whichever is earlier.
9. Time of supply indicates the point in time when the liability to ____ tax arises.

DOWNWARDS

1. Time of supply of vouchers exchangeable for a pizza at a pizza outlet is date of _____ of the voucher.
4. Time of supply of _____ exchangeable for services is date of redemption of the voucher if supply is not identifiable at the time of issue of voucher.
5. Time of supply of vouchers exchangeable for services is date of issue of the voucher if supply is _____ at the time of issue of voucher.
6. The time of supply of interest on delayed payment of consideration is the date of _____ of such addition in value by the supplier.
7. Time of supply of goods supplied under reverse charge in residual cases is the date on which goods are recorded in the _____ of account of the recipient of supply.

Scan the following QR code for accessing the answers to MCQs in Quiz Time and Cross word puzzle of this chapter.



Scan the code

AMENDMENTS MADE VIDE THE FINANCE (NO. 2) ACT, 2024

The Finance (No. 2) Act, 2024 came into force from 16.08.2024. However, most of the amendments made under the CGST Act and the IGST Act vide the Finance (No. 2) Act, 2024 became effective subsequently from the date notified by the Central Government in the Official Gazette.

In the table given below, the amendment in section 13(3) of the CGST Act, 2017 by the Finance (No. 2) Act, 2024 has been elaborated. **Since this amendment has become effective from 01.11.2024, said amendment is not applicable for May 2025 examinations. However, said amendment is applicable for September 2025 and January 2026 examinations.** Therefore, students appearing in September 2025 and January 2026 examinations should read the amended provisions given hereunder in place of the related provisions discussed in the chapter.

Section No.	Existing provisions	Provisions as amended by the Finance (No. 2) Act, 2024	Remarks
13(3)	In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely- (a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or (b) the date immediately following	In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:— (a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or (b) the date immediately following	Section 13(3) has been amended to provide for time of supply of services where the invoice is required to be issued by the recipient of services in cases of reverse charge supplies.

sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof **by the supplier:**

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:

sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof **by the supplier, in cases where invoice is required to be issued by the supplier, or**

(c) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) **or clause (c)**, the time of supply shall be the date of entry in the books of account of the recipient of supply: