

CHAPTER 03

TIME OF SUPPLY



Introduction

GST is payable on supply of goods or services. At which point of time liability to pay GST arises? Provisions relating to 'time of supply' provide answer to all the questions that arise on the timing of the liability to pay GST, as time of supply fixes the point in time when the liability to pay tax arises.

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

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

Time of supply [TOS] where GST is payable under forward charge

TOS of goods [Sec. 12(2)]

- (a) Date of issue of invoice (date of actual issue or last date when it should be issued u/s 31); or
 - (b) Date of receipt of payment [to the extent payment is received] (date of entry of payment in books of account of the supplier or credit of payment in bank account, WIE),
- whichever is earlier (WIE).

No GST on advances received for supply of goods [NN 66/2017-CT, w.e.f. 15.11.2017]: The registered person who did not opt for the composition levy u/s 10, has been notified as the class of persons who shall pay GST on the outward supply of goods on the date of issue of invoice or last date when it should be issued u/s 31, irrespective of the actual receipt of payment in respect of such supply.

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

However, in respect of supply of "specified

TOS of services [Sec. 13(2)]

- (a) If invoice is issued within the time period prescribed u/s 31

Earlier of the following:

Date of issue of invoice by the supplier

Date of receipt of payment [to the extent payment is received] (date of entry of payment in books of account of the supplier or credit of payment in bank account, WIE)

- (b) If invoice is not issued within the time period prescribed u/s 31

Earlier of the following:

Date of provision of service

Date of receipt of payment [to the extent payment is received] (date of entry of payment in books of account of the supplier or credit of payment in bank account, WIE)

- (c) Where provisions of clause (a) or (b) do not



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

apply: Date on which the recipient shows the receipt of services in his books of account.

Note: If Advance payment received is upto Rs. 1,000, the supplier can choose to take date of invoice issued with respect to such excess amount as the time of supply of services of such excess value.

Time limit for issue of invoices [Sec. 31]

Supply of goods

Before or at the time of,-

(a) **removal of goods** for supply to the recipient, where the supply involves movement of goods, or

(b) **delivery of goods or making available thereof to the 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 or receipt of periodical payment.

➤ "Continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis.

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

Supply of services

➤ 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.

➤ Where a tax **invoice** is required to be issued **by the recipient**, who is liable to pay tax under **RCM**, he shall issue the said invoice within a period of **30 days** from the date of **receipt of** the said supply of **goods or services** or both.

➤ In case of cessation of supply of services before completion of supply, the invoice (to the extent of supply made before such cessation) should be issued at the time when the supply ceases.

➤ In case of continuous supply of services, the invoice should be issued either (i) on/before the due date of payment or (ii) before/ at the time when the supplier of service receives the payment (iii) on/before the date of completion of the event when the payment is linked to completion of an event.

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

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

Illustration 1 [Sec. 13(2)]: Assuming that it is a case where the time limit for issue of invoice for service is 30 days:



Sr. No.	Date of Provision of Service	Date of Issue of Invoice	Date of Receipt of Payment	Time of Supply
1	14.02.20XX	01.03.20XX	19.03.20XX	01.03.20XX
2	14.02.20XX	28.02.20XX	19.03.20XX	28.02.20XX
3	14.02.20XX	31.03.20XX	19.03.20XX	14.02.20XX
4	14.02.20XX	05.03.20XX	01.01.20XX	01.01.20XX
5	14.02.20XX	01.03.20XX (1,00,00,000)	01.01.20XX (20,00,000) 06.04.20XX (80,00,000)	01.01.20XX (20,00,000) 01.03.20XX (80,00,000)
6	14.02.20XX	14.02.20XX (1,00,00,000)	Bad Debt	14.02.20XX (1,00,00,000)

Time of supply where GST is payable under Reverse Charge

TOS of goods [Sec. 12(3)]

Earliest of the following:

- Date of receipt of goods, or
- Date of making payment, or
- 31st day from the date of issue of invoice (or any other document in lieu of invoice) by the supplier



TOS of services [Sec. 13(3)]

(1) in cases where invoice is required to be issued by the supplier:

Earlier of the following:

- Date of making payment, or
- 61st day from the date of issue of invoice (or any other document in lieu of invoice) by the supplier

(2) in cases where invoice is required to be issued by the recipient:

Earlier of the following:

- Date of making payment, or
- Date of issue of invoice by the recipient.

Where it is not possible to determine the TOS under above clauses, the TOS shall be the date of entry in the books of account of the recipient of supply.

Note: "Date of making payment" means the date on which the payment is recorded in the books of account of the recipient or the date on which the payment is debited from his bank account, WIE.

Import of Services from Associated Enterprises: TOS shall be Date of entry in the books of account of the recipient or the date of payment, WIE.

TOS of Vouchers Exchangeable for Goods or Services [Sec. 12(4)/13(4)]: This provision is omitted by Finance Act, 2025, w.e.f. 01.10.2025



TOS of Goods and Services in Residual Cases [Sec. 12(5)/13(5)]

If the Situation is not covered by any of the provisions discussed above, the TOS shall be determined in the following manner:

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

Example : Investigation reveals illegal removal of goods by a supplier who is not registered under GST. The evidence is in the form of noting, often undated, and some corroborative material. The supplier voluntarily pays tax during the investigation, to close the case. The TOS will be the date on which tax is paid, as being unregistered, the supplier is not required to file periodical returns.

TOS for Addition in Value by way of interest/ late fee/penalty for delayed payment of consideration for Goods or Services [Sec. 12(6)/13(6)]

Date on which the supplier Receives such Addition in Value

Example: Kohli Traders sold goods to Dhoni Sales on 6th June with a condition that interest @ 2% per month will be charged if Dhoni Sales fails to make payment within 15 days of the delivery of the goods. Goods were delivered alongwith the invoice, on 6th June. Dhoni 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 Kohli Traders, i.e. 6th July.

**जीत कर दिखाओ उनको
जो तुम्हारी हार का इंतजार कर रहे हैं**