

Chapter 6: Time of Supply

Introduction

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

So, at which time does GST become payable?

Provisions relating to 'time of supply' provide timing of the liability to pay CGST and SGST/UTGST (intra-State supply) and IGST (inter-State supply) as time of supply fixes the point in time when the liability to pay tax arises.

Illustration 01

Explain the significance of time of supply under GST law.

Solution

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.

Time of Supply of Goods

Section 12 (1) provides for the determination of time of supply in the following situations:

- Supply of goods where supplier is liable to pay tax; (F₁M) ⇒ 12(2)
- Supply of goods that are taxable under reverse charge; (R₁M) ⇒ 12(3)
- Supply of vouchers that can be used to pay for goods; ⇒ 12(4)
- Residual cases 12(5)
- Addition to value of supply of goods by way of interest or late fee or penalty for delayed payment. 12(6)

Supply of goods where supplier is liable to pay tax (forward charge) [Section 12(2)]

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:

- a) 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
- b) Date of receipt of payment by the supplier, to the extent the payment covers the supply of goods.

Exemption To Pay Tax on advance payment received for supply of goods [NN 66/2017]

- All taxpayers (except composition suppliers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods.
- The entire GST shall be payable only when the invoice for the supply of such goods is issued or ought to have been issued

Time limit for issuance of invoice for supply of goods
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)].
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)].

Amendment

With effect from 01.10.2023, Notification No. 50/2023 dated 29.09.2023 amends the exemption provided under Notification No. 66/2017. Registered persons supplying specified actionable claims (betting; casinos; gambling; horse racing; lottery; or online money gaming) are now excluded from such exemption. For such supplies, GST must be paid at the time of receipt of payment instead of at the time of supply

Illustration 02 Ex.

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

- a) Goods were supplied on 3rd October → *DD of Invoice = 3/10*
- b) Invoice was issued on 5th October
- c) Payment received on 9th October

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

Solution

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.

Illustration 03

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?

Solution

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.

Supply of goods that are taxable under reverse charge [Section 12(3)]

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.

Note : 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.

Illustration 04 – Rev.

Determine the time of supply from the given information.

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

Solution

- 31st day from Invoice = 4/6
 - Goods Recd = 12/6
 - D/O Pay = 3/7
- } Earlier = 4/6.

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)].

Vouchers [Section 12(4)]

Vouchers are instruments that can be exchanged as payment for goods or services of the designated value. As per the definition, they are instruments that certain persons (potential suppliers) are obliged to accept as consideration, part or full, for goods and/or services.

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.



Illustration 05

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?

Solution

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).

Residual case [Section 12(5)] (HOLD).

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.

Enhancement in value on account of interest/late fee etc. for delayed payment of consideration [Section 12(6)]

Section 12(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 goods is the date on which the supplier receives such addition in value.

Illustration 06

From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

- It issued coupon on 20.06.2023, worth 2,000 redeemable against purchase of specific

→ Supply Identifiable = ∴ TOS = D/O Issue of Voucher = 2016.

→ Supply NOT Id. = TOS - D/O Red. i.e. 18/8.

12(6) Int = Tos = D/O Rec. = 11/11

- plastic items. This coupon was redeemed on 31.07.2023.
- b) It issued coupon on 01.08.2023 worth 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2023.
- c) It received interest of 10,000 for late payment from a customer on 11.11.2023 for supply of goods which was originally made on 24.06.2023.

[RTP May 24]

Solution

As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-

1. Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
 2. Date of redemption of the voucher in other cases.
- a) In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.2023.
- b) In the given case, 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 i.e. 18.08.2023.
- c) Section 12(6) of the CGST Act, 2017 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. Therefore, time of supply in the given case is 11.11.2023

How:

Illustration 07

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?

Solution

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.

Time of Supply of Services

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

- a) Supply of service on which the supplier is liable to pay tax,
- b) Supply of service that is taxable under reverse charge basis,
- c) Supply of vouchers that can be used to pay for services,
- d) Residual cases,
- e) Addition to value of supply of services by way of interest or late fee or penalty for delayed payment

Time of Supply of service covered under FCM [Section 13(2)]

- a) if the invoice is issued within the time prescribed under section 31 Date of invoice or date of receipt of payment (to the extent the invoice or payment covers the supply of services), whichever is earlier
- b) if the invoice is not issued within the time prescribed under section 31, Date of provision of service or date of receipt of payment (to the extent the payment covers the supply of services)

Note: If the above two methods 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.

“Date of receipt of payment” refers to the

- a) date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or
- b) the date on which the payment is credited to the entity’s bank account, whichever is earlier

“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.
Excess Payment Up to ₹1,000
In terms of proviso to section 10(2), for payment up to ₹1,000 in excess of invoice value, suppliers 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 the excess value.

Time limit for issuance of invoice for supply of services

- a) 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.
- b) As per Section 31(5), In case of continuous supply of services, the invoice should be issued either
 1. on/before the due date of payment or
 2. before/at the time when the supplier of service receives the payment, if the due date of payment is not known
 3. on/before the date of completion of the milestone event when the payment is linked to completion of an event.
- c) In case of cessation of supply of services before completion of supply, the invoice (to the extent of the supply made before such cessation) should be issued at the time when the supply ceases [Section 31(6)].

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d) 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 25(4), 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].

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) is determined as follows:

Receipt of services that are taxable under reverse charge [Section 13(3)]

Time of supply shall be as follows:

- a) If supply is received from registered supplier, time of supply shall be earlier of:
 1. Date of payment as per books of recipient or debit in bank whichever is earlier
 2. Date immediately following 60 days of the date of issue of invoice by the supplier in all cases where supplier is required to issue invoices.
- b) If supply is received from unregistered supplier, time of supply shall be earlier of:
 1. Date of payment as per books of recipient or debit in bank whichever is earlier
 2. Date of issue of invoice where invoice is to be issued by recipient

“Date of payment” in the above situation refers to the date on which the payment is recorded in the books of account of the entity that receives the service (recipient of service), or the date on which the payment is debited from the entity’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

- a) the date of payment for the service, or
- b) the date of entry of the service in the books of account of the recipient, whichever is earlier.

Illustration 08

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?

J = 9 A = 31 S = 21

Solution

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)].

$$F = 11 \quad M = 31 \quad A = 19$$

Illustration 09

Champak Ltd. availed legal services from a firm of advocates. The firm issues invoice for the services to Champak Ltd. on 17th Feb. However, Champak Ltd. was not happy with the services provided by the firm as its legal case was not handled by firm in a professional manner and it resulted in the company losing the case. The company delayed the payment to the firm and finally made the payment on 03rd Nov.

Determine the time of supply of legal services provided by the firm of advocates to Champak Ltd.

[MTP Sep 2024]

Solution

Tax on services supplied 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 to earliest of the following two dates in terms of section 13(3) of CGST Act, 2017 :

- a) Date of Payment i.e. 03rd November
- b) 61st day from the date of issue of invoice i.e. 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

Illustration 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.

Solution

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]

Some
Ac 9

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.

← Vouchers [Section 13(4)]

The time of supply of vouchers that are exchangeable for services is stipulated as

- a) the date of issue of the voucher if the supply is identifiable at that point, or
- b) the date of redemption of the voucher in other cases.

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:

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

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

It 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

Clarifications

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) model

CONTRACTOR

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?

Clarification:

In a Hybrid Annuity Model (HAM) contract under the National Highways Authority of India (NHAI), involving Design, Build, Operate, and Transfer (DBOT) of highways, the concessionaire undertakes both construction and Operation & Maintenance (O&M).

1. Nature of Service:

- The contract is treated as a single continuous supply of services under Section 2(33) of the CGST Act, 2017.

Installments.

- It includes construction and maintenance spread over the contract period, with staggered payments based on milestones or time intervals.
2. **Time of Supply:**
- GST liability arises on issuance of the invoice or receipt of payment, whichever is earlier.
 - If the invoice is not issued within the specified time, GST liability arises on the due date of payment (as per the contract) or the date of receipt of payment, whichever is earlier.
3. **Interest Component:**
- Any interest included in the annuity payments is part of the taxable value under Section 15(2)(d) of the CGST Act, 2017.

Example:

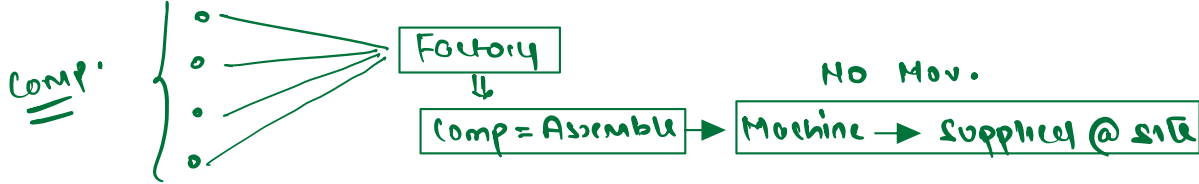
A concessionaire enters a 15-year HAM contract with NHAI for constructing and maintaining a highway. The contract specifies:

- Payment in 30 installments (semi-annually).
 - ₹100 crore for construction (payable over 5 years) and ₹50 crore for O&M (payable over 10 years).
1. The concessionaire completes a construction milestone and issues an invoice for ₹10 crore on 1st January 2025. Payment is due by 31st January 2025 but is received on 20th January 2025.
- Time of Supply: 1st January 2025 (invoice date).
2. If no invoice is issued by 31st January 2025, the time of supply would be the earlier of:
- Due date (31st January 2025), or
 - Date of payment received (20th January 2025).
3. The payment installment includes ₹1 crore as interest.
- The interest is taxable, and GST must be calculated on the total payment, including interest.

DOI = 11
DOR = 2011
Tax = 11

} 2011





Question Bank

Remaining Q = HW.

Illustration 01

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:

17th 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
20th October	The machine is assembled, tested at site, and accepted by buyer → Delivery.
23rd October	Invoice raised
4th November	Balance payment of ₹ 11,50,000 received

Determine the time of supply in the above scenario for the purpose of payment of tax.

Solution

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 02

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.

Solution

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.

Illustration 03

Determine the time of supply from the given information.

Ans.

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

Solution

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 04

Determine the time of supply from the following particulars:

Ans.

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

Solution

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.

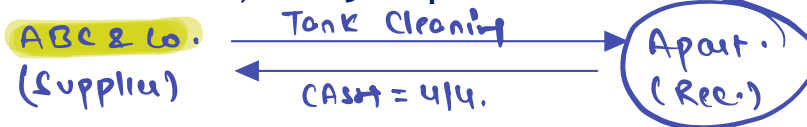


Illustration 05

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.

Solution

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.

Illustration 06

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

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

Solution

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 07

Determine the time of supply from the given information.

May 4	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
July 2	ABC Ltd transfers the amount to the account of the German company

Solution

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).

Illustration 08

GST is payable on advance received for supply of goods and services taxable under forward charge.

Solution

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 –

- a) 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

- b) 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.

Illustration 09

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

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
1.	July 1	August 10	June 29
2.	July 1	June 25	June 29
3.	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
4.	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 <i>Earlier D/O Pan</i>
5.	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
6.	August 1	August 10	June 29

Solution

S. No.	Date of receipt of goods (1)	Date of payment by the recipient of goods (2)	Date of issue of invoice by the supplier of goods (3)	Date immediate by following 30 days from the date of invoice (4)	Time of supply of goods [Earlier of (1), (2) & (4)]
1.	July 1	August 10	June 29	July 30	July 1
2.	July 1	June 25	June 29	July 30	June 25
3.	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29	July 30	June 30 for part payment made and July 1 for balance
4.	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank	June 1	July 2	June 28 (i.e., when payment is entered in the books of account of

		account on June 30			the recipient)
5.	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)
6.	August 1	August 10	July 29	July 30	July 30 (i.e., 31st day from issuance of invoice)

Illustration 10

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
1.	August 10	June 29
2.	August 10	June 1
3.	Part payment made on June 30 and balance amount paid on September 1	June 29
4.	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
5.	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29

Solution

S. No.	Date of payment by the recipient for supply of services (1)	Date of issue of invoice by the supplier of services (2)	Date immediately following 60 days from invoice (3)	Time of supply of goods [Earlier of (1) & (3)]
1.	August 10	June 29	August 29	August 10
2.	August 10	June 1	August 1	August 1
3.	Part payment made on June 30 and balance	June 29	August 29	June 30 for part payment and

	amount paid on September 1			August 29 for balance amount
4.	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)
5.	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)

Illustration 11

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?

Solution

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.

BOA = 8/12

AID of Inv = 2/12

DID of Inv (Delivery) = 7/12

Cr. In bank = 7/12

Illustration 12

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?

Solution

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**.

Illustration 13

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?

Solution

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.

Illustration 14

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.

Solution

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).

Illustration 15

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:

- a) Person liable to pay GST
- b) Time of supply of service

Solution

- a) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd.
- b) 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.

Illustration 16

- 1) An order is placed to T & Co., Sholapur on 18th August, 2021 for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 2021 and after completion of the order issued the invoice on 15th September, 2021. The payment against the same was received on 30th September, 2021. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations.
- 2) HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 2021. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 2021. Invoice was received from the transporter on 20th June 2021 and payment was made on 25th August 2021. What is the time of supply of the transporter's service?

[PYQ Nov 2021]

Solution

- 1) The time of supply of goods (where movement of goods involve) (fabric) 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. Further, a registered person is required to issue a tax invoice before or at the time of delivery of goods or making available thereof to the recipient. Thus, in the given case, time of supply is 4th September, 2021.
- 2) **Alternative 1:** Assuming that services of transportation of goods by road have been

provided by a GTA which has not paid GST @ 12%; i.e. GST is payable @ 5%.
Tax on supply of transportation of goods by road services provided by a Goods Transport Agency (GTA) to a body corporate is payable under reverse charge by such body corporate. Time of supply of services taxable under reverse charge is earliest of:-

- i) date of making payment, or
- ii) 61st day from the date of issue of invoice by supplier

Thus, in the given case, time of supply is earlier of (a) 25th August or (b) 20th August 2021 (61st day from 20th June)

Thus, in the given case, time of supply 20th August 2021

Alternative 2: Assuming that services of transportation of goods by road have been provided by a GTA which has paid GST @ 12%.

Thus, GST is payable under forward charge. The time of supply of services in case where the invoice is issued within 30 days of provision of service is the earlier of date of invoice or date of receipt of payment.

Thus, in the given case, time of supply is 20th June, 2021.

Illustration 17

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

[MTP May 2021]

Solution

(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 - Neelkanth Credits Ltd.

(ii) As per section 13(3) of the CGST Act, 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.

Illustration 18

M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/2021, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/2021 at the exhibition.

Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/2021 and balance 50 units have neither been sold nor brought back.

Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans.

[PYQ May 2022]

Solution

Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/2021.

Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/2021. Thus, tax invoice for said 200 units needs to be issued upto 20/11/2021.

