

15(1) Transaction value

- i. When persons are unrelated and
- ii. Price is the sole consideration

♦ If above both conditions are not satisfied then value as per valuation Rules (CA Final)



15(2) Incidental Exp.

1. Taxes:

- GST Tax ✗
- Other Tax ✓
- TCS ✗
- Kerala Flood cess ✗

2. Payment to third party on behalf of supplier to be included in TV

3. Incidental Exp - to included in TV

- a. Commission
- b. Packing
- c. Inspection or certification
- d. Installation & Testing
- e. Weighment charges
- f. Freight / Transit insurance
 - i. Seller incurs → add in TV (FOR - Free On Road)
 - ii. Buyer incurs → not added in TV (Ex Factory basis)
- g. Interest / penalty / late fees
- h. any other incidental exp. incurred by supplier in relation to supply on or before delivery

4. Subsidy

CG / SG TV ✗

- Non Govt. and linked to price TV ✓
- Non Govt. lumpsum TV ✗ (Not Linked to price) ✗

15(3) Discount

1. Known & shown in invoice Deduct from TV

2. Known but not shown

- a. Known at the time of supply
- b. Discount linked to invoices
- c. Proportionate TTC to be reversed then deduct from TV

3. Not known at the time of supply not to be deducted from TV

Notes :

- ♦ If interest is waived off do not add it in taxable value.
- ♦ Generally, interest would be taken as inclusive of GST.
- ♦ If non-govt subsidy is not linked to price of supply (given lumpsum), it should not be added in TV
TV = Taxable Value



Discount v/s 15(3)

I. Known and shown in invoice

Such discount can be deducted

II. Known at time of supply but not shown

- Such discount can be deducted
1. Known at the time of supply
 2. Discount can be linked to various invoices/ linked to transaction
 3. The recipient has reversed the proportionate ITC

III. Not known at the time of supply

Such discounts are not deducted from Taxable value.

Tax invoice

Gross value:	1,00,000
(-) dis	(10,000)
	<u>90,000</u>
(+) CGST 9%	8100
(+) SGST 9%	8100
Net Value	<u>1,06,200</u>

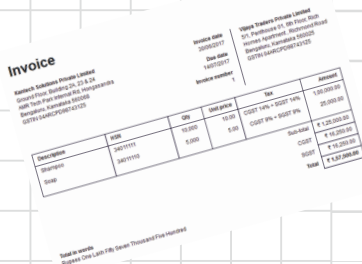
Such discount can be deducted from TV

Invoice	Credit	Effective
1,00,000	10,000	90,000
9000	900	8100
9000	900	8100
<u>1,18,000</u>	<u>11,800</u>	<u>1,06,200</u>

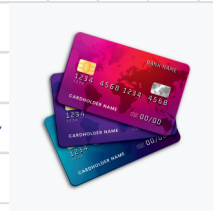
Invoice	Credit	Effective
1,00,000	10000	90000
9000	-	9000
9000	-	9000
<u>1,18,000</u>	<u>10,000</u>	<u>1,08,000</u>

Circulars:

1. Staggered discount: (known & shown) deducted from TV
eg. 5000 purchase 20% discount, 10000 purchase 30% discount.
2. Volume discount: (known at time supply) deducted from TV.
3. Secondary discount. (not known at time supply) not deducted from TV
4. NCB can be deducted from TV



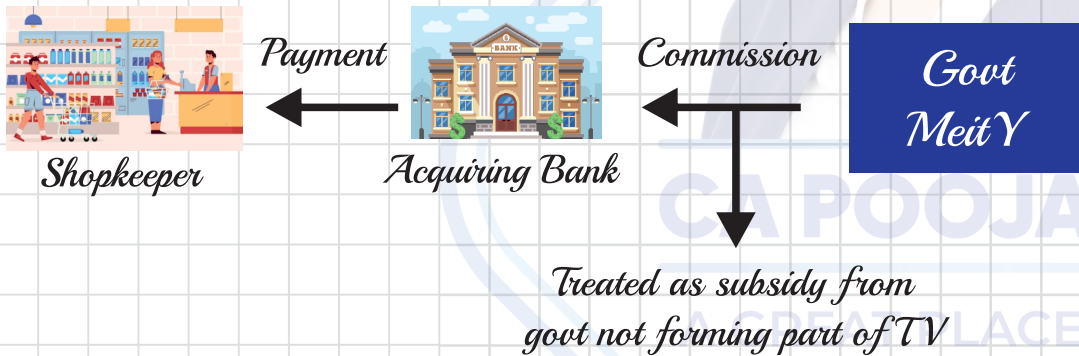
1. Commission paid by govt to promote Rupay debit cards and BHIM UPI



a. Generally

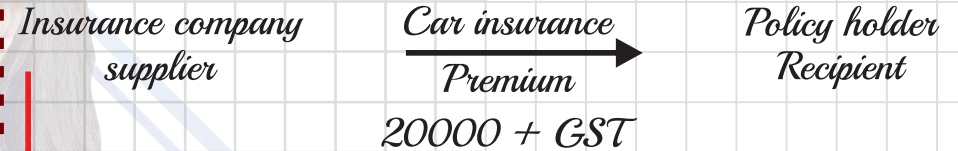


b. Rupay debit cards/BHIM UPI



Note: MeitY = Ministry of Electronics and Information Technology

2. Non Claim Bonus – NCB



- gives no claim bonus (NCB) because you did not claim any money
 - in year 2 premium = 20,000 - 2000 = 18,000 (NCB)
 - now GST payable on 18000
 - For POV insurance co 2000 is like discount, NCB can be deducted as a discount u/s 15(3)
 - POV of policy holder – Policy holder get benefit of 2000. The Policy holder is not under contractual obligation for not claiming insurance claim
- ∴ There is no consideration, no supply and no GST.
By getting 2000 policy holder cannot refrain from claim

Int for late fee

eg. 1.

Good 5,00,000, Packaging 10,000 Int of 15,000. Calculate TV

Ans.

There will 2 options

Assuming Int is inclusive of GST

or

Assuming Int is exclusive of GST

Goods	5,00,000	} 15 (2)
Packaging	10,000	
Interest	12,712	
<u>Taxable Value</u>	<u>5,22,712</u>	

Goods	5,00,000
Packaging	10,000
Interest	15,000
<u>Taxable Value</u>	<u>5,25,000</u>

Note : In exam solve under anyone option and write a note.

Subsidy Example

eg. 2.

- List price is 50,000 - this price is after considering subsidy / this price is net of subsidy
- Commission 10,000
- Govt. Subsidy 5000 calculate Taxable Value

Ans

Goods	50,000	
Comm	10,000	15(2)
Govt Subsidy	-	15(2) - Govt subsidy should not be added in TV.
<u>∴ Taxable Value</u>	<u>60,000</u>	



eg. 3.

Assume in eg 1 subsidy of 5,000 is rec from non govt - Taxable Value = ?

Ans

Goods	50,000	55,000	
Comm	10,000	Shopkeeper	← 5000 non govt subsidy
Non Govt subsidy	5000	↑ 50,000	non govt subsidy should be added in Taxable Value
Rec invoice of last FY	65,000	Customer	

eg. 4.

Goods Sold for 5,00,000
Packing 20,000
NGO gave 50,000 in lumpsum not linked to supply

TV = Goods	5,00,000	50,000 subsidy from non govt will not be added in Taxable Value become it is not linked to supply
Packing	20,000	
Taxable Value	<u>5,20,000</u>	