



## Chapter 3 - Time of Supply

### Part A - ICAI TYK

- 1) Kanchenjunga Pvt. Ltd. supplies taxable goods to Sutlej Pvt. Ltd. for ₹ 2,50,000 on 23rd June and issues the invoice on 25th June. Payment for the goods is made by Sutlej Pvt. Ltd. on 15th July. Determine the time of supply of goods for the purpose of payment of tax.

Sol. In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, Notification No. 66/2017 CT dated 15.11.2017 specifies that 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(1), invoice for supply of goods should be issued before or at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Therefore, time of supply of goods is 23rd June being the last date on which invoice ought to have been issued and not 25th June when the invoice is actually issued.

- 2) I buy a set of modular furniture from a retail store. Invoice is issued to me and I make the payment. The furniture is to be delivered to me later in the week when a technician is available to assemble and install it. The next day the rate of tax applicable to modular furniture is revised upward, and the store sends me a supplementary invoice with the delivery note accompanying the furniture to collect the differential amount of tax. Is this correct on store's part? Explain.

Sol. No, the store is not correct in issuing supplementary invoice with revised rate of tax. The revised rate of tax is not applicable to the transaction, as the issuance of invoice as well as receipt of payment occurred before the supply. Therefore, in terms of section 14(b)(ii), the time of supply is earlier of the two events namely, issuance of invoice or receipt of payment, both of which are before the change in rate of tax, and thus, the old rate of tax remains applicable.

- 3) An online portal, Best Info, raises invoice for database access on 21st February on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, which is received and entered in the accounts of Best Info on 28th February. Best Info encashes the

demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March. In the meanwhile, the rate of tax is changed from 1st March.

Determine the time of supply of the service of database access by Best Info.

Sol. As issuance of invoice and receipt of payment (entry of the payment in Best Info's accounts) occurred before the change in rate of tax, the time of supply of service by the online portal is earlier of the date of issuance of invoice (21st February) or date of receipt of payment (28th February) i.e., 21st February. This would be so even though the service commences after the change in rate of tax [Section 14(b)(ii)].

- 4) Trust Industries Ltd. has entered into a contract with VST Ltd. to supply gas by a pipeline to VST Ltd. for a period of one year. As per the terms of the contract-
- (i) VST Ltd. shall make monthly payments [Payment for a month shall be made by 7th day of the next month]
  - (ii) Every quarter, Trust Industries Ltd. shall issue a statement of account showing the quantity and value of goods dispatched, payments received and payment due.
  - (iii) The differential amount, if any, as mentioned in the statement of account shall be paid by VST Ltd.

The details of the various events are:

August 5, September 5, October 6	Payments of ₹ 2 lakh made in each month for the quarter July-September
October 3	Statement of accounts for the quarter July - September issued by the supplier showing amount of ₹ 2,56,000 as unpaid
October 17	Balance payment of ₹ 56,000 received by supplier for the quarter July - September

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

Sol. 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 August 5, and September 5, when monthly payments of ₹ 2 lakh are received. Further, invoice should also be issued for differential payment of ₹ 2,56,000 on or before October 3, when statement of account is issued.

Thus, assuming that the invoice is issued on August 5, September 5 and October 3, the time of supply for the purpose of payment of tax will be August 5 and September 5 respectively for goods valued at ₹ 2 lakh each and October 3 for the goods valued at ₹ 2,56,000.

- 5) Renudhoot Ltd. enters into a contract with XYZ Ltd. on 2nd July 2023 for a period of 2 years for construction of a new building - to be used for commercial purposes - for a total consideration of ₹ 150 lakh. As per the terms of contract, Renduhoot Ltd. is required to make payment at different stages of completion of the building namely, 50%, 75% and 100%.

Determine the time of supply using relevant details given as under:

Stage	Date of various stages	Date of issuance of invoice	Date of payment	Amount paid (₹)
Initial booking	02.07.2023	02.07.2023	02.07.2023	15 lakh
50% completion of building	15.03.2024	22.03.2024	29.03.2024	60 lakh
75% completion of building	20.06.2024	24.07.2024	23.07.2024	35 lakh
100% completion of building	30.09.2024	30.09.2024	20.09.2024	40 lakh

Sol. As per section 13, the time of supply of services is the earlier of the dates arrived at by methods (A) and (B), as follows:

- (A) Date 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

Since in the present case, the construction services are provided under a contract for a period exceeding three months with periodic payment obligations, such services would fall within the ambit of term "continuous supply of services" as defined under section 2(33).

As per section 31(5), 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, if the due date of payment is not known (iii) on/ before the date of completion of the milestone event when the payment is linked to completion of an event [Section 31(5)].

Accordingly, the time of supply with respect to each of the stages of completion is as follows:

Stages of completion	Time of supply
Initial booking	Since invoice is issued within the prescribed time limit, earlier of the date of issue of invoice or date of receipt of payment is the time of supply. However, date of issuance of invoice (02.07.2023) and date of receipt of payment (02.07.2023) are the same. Therefore, time of supply is 02.07.2023.
50%	Since invoice has not been issued on or before the date of 50% completion, earlier of date of provision of service (15.03.2024) or date of receipt of payment (29.03.2024), i.e. 15.03.2024 is the time of supply.
75%	Since invoice has not been issued on or before the date of 75% completion, earlier of date of provision of service (20.06.2024) or date of receipt of payment (23.07.2024), i.e. 20.06.2024 is the time of supply.
100%	Since invoice is issued within the prescribed time limit, earlier of the date of issue of invoice (30.09.2024) or date of receipt of payment (20.09.2024), i.e. 20.09.2024 is the time of supply.

- 6) Mint Industries Ltd., a registered supplier, imports business support services from Green Inc. of USA on 13th August. The relevant invoice for \$ 1,20,000 is raised by Green Inc on 18th August. Mint Industries Ltd. makes the payment against the said invoice as follows:

Case I	22nd September
Case II	27th December

Determine time of supply in each of the aforesaid cases.

Sol. In case of services supplied by any person located in a non-taxable territory to any person other than non-taxable online recipient, tax is payable under reverse charge by the person located in the taxable territory [Notification No. 10/2017 IT (R) dated 28.06.2017]. Hence, in the given case, since the business support services are provided by Green Inc (located in non-taxable territory) to Mint Ltd. (person other than non-taxable online recipient and located in taxable territory), tax is payable under reverse charge by Mint Ltd.

The time of supply of services taxable under reverse charge is the earlier of the following:

- Date of payment, or
- Date immediately following 60 days since 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.

In view of the aforesaid provisions, the time of supply in each of the given cases will be as under:

CASE	Time of supply
CASE I	Since Mint Ltd makes the payment within 60 days of the date of issue of invoice, the time of supply is the date of payment, i.e. 22nd September.
CASE II	As Mint Ltd. makes the payment after 60 days from the date of invoice, time of supply is the date immediately following the said period of 60 days, i.e. 61st day which is 18th October.

- 7) Kothari Ltd., Mumbai, holds 51% of shares of Wilson Inc., a USA based company. Wilson Inc. provides business auxiliary services to Kothari Ltd. From the following details, determine the time of supply of service provided by Wilson Inc:

Agreed consideration	US \$1,00,000
Date on which services are provided by Wilson Inc.	16th June
Date on which invoice is issued by Wilson Inc.	19th August
Date of debit in the books of account of Kothari Ltd.	30th September
Date on which payment is made by Kothari Ltd.	23rd December

Sol. Since Kothari Ltd. holds 51% shares of Wilson Inc., Kothari Ltd. and Wilson Inc. are 'associated enterprises' as per section 92A of the Income-tax Act, 1961. As per second proviso to section 13(3), in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply is the earlier of the following two dates:

Date of entry in the books of account of the recipient of supply [which is Kothari Ltd. in the present case]	30th September
OR	OR
Date of payment [by Kothari Ltd. in the present case]	23rd December

Thus, time of supply is 30th September.

8) Basis the following information, determine the time of supply:

S. No.	Event	Date
(1)	Commencement of provision of service	05th June
(2)	Completion of service	10th October
(3)	Invoice issued	20th October
(4)	Payment received by cheque and entered in the books	15th October
(5)	Amount credited in Bank account	18th October
(6)	Rate changed from 12% to 18%	16th October

Note: Assume that all the days covered in the above case are working days.

Sol. The explanation to section 14 lays down that the date of receipt of payment is 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. However, the date of receipt of payment is the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

In the given case, the payment has been credited in the bank account within 4 working days from the date of change in the rate of tax. Therefore, the date of receipt of payment is 15th October being the date of entry in the books of account of the supplier which is earlier than the date of credit of the payment in the bank account (18th October).

As per section 14(a)(iii), in case of change in rate of tax, if the service is supplied before the change in rate of tax and the invoice is issued after the change in rate of tax but the payment is received before such change in rate of tax, the time of supply is the date of receipt of payment.

Therefore, applying the provisions of section 14(a)(iii) to the given case, the time of supply is 15th October.

9) KLM Ltd., a publishing and printing house registered in Maharashtra, is engaged in supply of books, letter cards, envelopes, guides and reference materials. The following information is provided by the company:

Event	Printing of books	Printing of envelopes
Date of entering into printing contract	16th March	20th March
Date of receipt of advance	20th March	25th March
Date of completion of printing	10th April	5th April

Date of issue of invoice	15th May	10th April
Date of removal of books and letter heads to buyer	13th May	7th April
Date of receipt of balance payment	31st May	30th April

In respect of printing of books, content was supplied by the author. For printing of envelopes, the design and logo were supplied by the buyer.

Determine the time of suppl(ies) for the purpose of payment of tax.

Sol. As per Circular No. 11/11/2017 GST dated 20.10.2017, in case of printing of books where only content is supplied by the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore, such supplies would constitute **supply of service**.

In case of supply of printed envelopes by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods, predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore, such supplies would constitute **supply of goods**.

Accordingly, the time of supply of books and envelopes will be governed by sections 12 and 13 respectively.

In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, Notification No. 66/2017 CT dated 15.11.2017 specifies that 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(1), invoice for supply of goods should be issued before or at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Therefore, in the given case, the last date by which invoice ought to have been issued is 7th April. Thus, the time of supply of envelopes for the purpose of payment of tax is 7th April.

As per section 13, the time of supply of services is the earlier of the dates arrived at by methods (A) and (B), as follows:

- (A) Date 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.

Since in the given case, invoice for the services is not issued within 30 days, the time of supply for the advance received is the date of receipt of payment, i.e. 20th March being earlier than the date of provision of service. However, the time of supply for the balance payment is the date of provision of service, i.e. 10th April being earlier than the date of receipt of balance payment.

- 10) Andes Pvt. Ltd., a registered supplier, manufactures product 'A' and 'B'. While 'A' is taxable under forward charge, 'B' is taxable under reverse charge. The following details are provided in relation to two individual supplies of products 'A' and 'B' made by the company:

S. No.	Date	Event
(i)	10th February	Payment of ₹ 1,00,000 made by buyer for supply of 'A' to be delivered in the month of March
(ii)	13th February	Receipt of ₹ 1,00,000 [as mentioned in point (i) above]
(iii)	17th February	Payment of ₹ 2,00,000 made by buyer for supply of 'B' to be delivered in the month of March
(iv)	20th February	Receipt of ₹ 2,00,000 [as mentioned in point (iii) above]
(v)	5th March	Product 'A' manufactured and removed
(vi)	6th March	Receipt of product 'A' [as mentioned in point (v) above] by the buyer
(vii)	10th March	Product 'B' manufactured and removed
(viii)	23rd March	Receipt of product 'B' [as mentioned in point (vii) above] by the buyer
(ix)	4th March	Invoice for ₹ 2,00,000 issued for supply of 'A'
(x)	11th March	Invoice for ₹ 4,00,000 issued for supply of 'B'
(xi)	25th March	Payment made by the buyer of 'A'
(xii)	31st March	Payment [as mentioned in point (xi) above] received
(xiii)	1st April	Payment made by the buyer of 'B'

(xiv)	4th April	Payment [as mentioned in point (xiii) above] received
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Determine the time of suppl(ies) of goods for the purpose of payment of tax.

Sol. In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, Notification No. 66/2017 CT dated 15.11.2017 specifies that 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.

Also, it is important to note that the relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which 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) [Section 12(3)].

Therefore, time of supply of product 'A', which is taxable under forward charge, is 4th March being the date of issue of invoice. However, time of supply of product 'B', which is taxable under reverse charge, is 17th February to the extent of ` 2,00,000 paid as advance being the earliest of the three stipulated dates namely, date of receipt of goods (23rd March), date of payment (17th February) and date immediately following 30 days of issuance of invoice (11th April). For balance ` 2,00,000, the time of supply of product 'B' is 23rd March being the earliest of the three stipulated dates namely, date of receipt of goods (23rd March), date of payment (1st April) and date immediately following 30 days of issuance of invoice (11th April).

### **Part B - PYQs/RTPs/MTPs**

11) Chiku Traders is a registered supplier of plastic goods. On 10th April, 2018, Chiku Traders received an order from Neelu Traders for supply of a consignment of plastic goods. Chiku Traders gets the consignment ready by 15th April, 2018. The invoice for the consignment was issued the next day, 16th April, 2018. Neelu Traders collects the consignment from the godown of Chiku Traders on 25th April, 2018 and hands over the cheque towards payment on the same date. The said payment is entered in the books of accounts of Chiku Traders on 26th April, 2018 and amount is credited in their bank account on 27th April, 2018.

Determine the time of supply of the plastic goods supplied by Chiku Traders to Neelu Traders as per the provisions of CGST Act, 2017.

[CA Final Nov'18] [MTP May'20]

Sol. A registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017, i.e. **date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31(1)**.

As per section 31, the invoice in case of supply of goods needs to be issued either before or at the time of removal/ delivery of goods.

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, time of supply is the date of issue of invoice, which is 16th April, 2018.

12) Mr. Mahendra Sharma, an interior decorator registered at Ahmedabad (Gujarat), provided service to one of his clients XYZ Company Ltd., registered at Pune (Maharashtra). The provision of service was completed on 10-08-2018 and payment received was entered in the books of Mr. Mahendra Sharma on 11-08-2018.

With effect from 16/08/2018, applicable GST rate was increased from 5% to 12%. However payment for the service received was credited in his bank account on 17/08/2018 and invoice for the same was raised on 23-08-2018.

Mr. Mahendra Sharma claimed that he is liable to pay IGST @ 5%. But the department took the view that he is liable to pay IGST @ 12%.

Examine the correctness of Mr. Mahendra Sharma's contention and determine the time of supply and applicable rate of tax as per the statutory provisions.

Would your answer undergo any change in the above case if the payment was credited to the bank account on 14-08-2018 instead of 17-08-2018?

Note: You may assume that all days are working days.

[CA Final Nov. 2018]

Sol. As per section 14 of the CGST Act, 2017, in case of change in rate of tax, date of receipt of payment is earlier of:

(i) date of entering payment in the books of account of the supplier (11.08.2018)

or

(ii) date on which the payment is credited to his bank account (17.08.2018).

However, if the payment is credited in the bank account after 4 working days from the date of change in the rate of tax, of the date of receipt of payment will be the date of credit in the bank account.

In the given case, since the payment has been credited in the bank within 4 working days from the date of change in the rate of tax, the date of receipt of payment will be 11.08.2018 [i.e., earlier of 11.08.2018 or 17.08.2018].

Section 14 further provides that where goods and/or services have been supplied before the change in rate of tax (10.08.2018) and the payment has been received before the change in rate of tax (11.08.2018), but the invoice for the same is issued after the change in rate of tax (23.08.2018), the time of supply shall be the date of receipt of payment.

Therefore, in the given case, the **time of supply will be 11.08.2018 and the applicable rate of tax will be rate prevalent at the time of supply, i.e. IGST @ 5%.**

**Therefore, the contention of Mahendra Sharma is correct.**

Further, if the date on which the payment is credited to bank account of supplier is 14.08.2018, the date of receipt of payment will continue to be 11.08.2018 [i.e., earlier of 11.08.2018 or 14.08.2018] since the payment is credited in the bank account before change in rate of tax. Consequently, with other things remaining the same, the **time of supply and the applicable rate of tax will remain the same.**

- 13) M/S Housefull Convention Hall is in the business of letting out its halls for functions. It provides you with the following information for determining the amount of refund out of advance received

SI	Particulars	Date	Amount in Rs.
(1)	Advance paid at the time of booking the hall for a function from 1st to 3rd Nov., 2019	16.07.2019	1,00,000
(2)	Additional deposit paid	18.08.2019	2,00,000
(3)	Function is held as scheduled	1st Nov. to 3rd Nov. 2019	
(4)	Invoice is issued (Taxable value)	25.11.2019	2,50,000
(5)	Consider that there is a change in the rate of tax on 15th October, 2019 from (CGST 2.5% and SGST 2.5%) to (CGST 9% and SGST 9%)		
(6)	What would be the amount of refund payable to client?		

based on time of supply for one of its clients.

[CA Final Nov. 2020]

Sol. 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.

In the given case, invoice is issued within 30 days of the supply of service and advances have also been received. Therefore, **tax becomes payable at the time of receipt of advances on 16.07.2019**

and 18.08.2019 as it is not clear at the time of receipt of such advances as to what would be the total value of the supply. However, when **invoice is issued for a lesser value** on 25.11.2019, **refund would become payable to the client.**

In case of change in rate of tax, where the service is supplied and invoice is issued after the change in rate of tax and payment is received before change in rate of tax, time of supply shall be date of issue of invoice, i.e., 25.11.2019. Hence, **applicable rate of tax is new rate even though tax has been paid at old rate on advances received.**

Therefore, refund payable to client will be computed as under:

Total advance received including GST = Rs. 3,00,000 (It has been assumed that the advances received are inclusive of tax.)

Less: Actual liability [RS. 2,50,000 + Rs. 2,50,000 × 18% (new rate of tax)] = Rs. 2,95,000

**Amount of refund = Rs. 5,000**

14) Determine the time of supply from the following particulars:

8th September Community hall booked for a marriage, Sum agreed Rs. 1,20,000, Advance Rs 20,000 recorded in the books of account.

10th September: Advance amount credited in bank account.

2nd November: Marriage held in the Community hall.

18th December: Invoice issued for Rs 1,20,000 indicating the balance of Rs. 1,00,000 payable.

22nd December: Balance Rs 1,00,000 recorded in the books of account.

24th December: Payment Rs 1,00,000 credited to the bank account.

[CA Final May 2018]

Sol. As per Sec. 31 read with Rule 47 of CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In this given case, the invoice is not issued within the prescribed time limit. As per Sec. 13(2)(b), in a case where the invoice is not issued within the prescribed time limit, 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 Rs 20,000 is 8th September** as the date of payment of Rs 20,000 is earlier than the date of provision of service. The **time of supply of service to the extent of the balance Rs 1,00,000 is 2nd November** which is the date of provision of service.

15) Dhruv & Co. sends certain textile products for dyeing to Bhanushali Manufacturers on job work basis on 16th August. On 18th August, Dhruv & Co. credited 100% of the job work charges to the bank account of Bhanushali Manufacturers in advance and recorded it in its books of accounts on

the same date. Bhanushali Manufacturers issues the invoice for the same in first week of September.

Assuming that inputs are received back by Dhruv & Co, after job work in the month of October (i.e. within time limit prescribed under section 143 of the CGST Act, 2017), determine the time of supply for such job work done by Bhanushali Manufacturers.

Sol. As per Schedule II of the CGST Act, 2017, the activity by way of any treatment or process which is applied to another person's goods is a supply of services. Hence, job work is squarely covered within the purview of supply of services. Accordingly, the time of supply shall be determined as per section 13 of the CGST Act, 2017.

As per section 13, time of supply of services where invoice has been issued within 30 days of provision of services is:

- (a) date of issuance of invoice, or
- (b) date of recording the payment in the books of accounts of the supplier, or
- (c) date on which payment is credited in the bank account of the supplier, whichever is earlier.

In the present case, the service charges for job work are paid as advance at the time of sending inputs to job worker. Hence the **time of supply** of job work services shall be triggered at the time of payment of advance by Dhruv & Co., i.e. **18th August**.

16) Mangesh Enterprises, Goa, a registered supplier, has made the following supplies in the month of February 2022:

- (i) Supply of guest house accommodation with facilities of cooling, heating, internet and parking to customers on daily rentals of Rs. 1,500. Mangesh Enterprises has 20 guest suites. During the month, there was 50% occupancy. Catering and food service were supplied separately to those who opted for it at a cost of Rs. 500 per day of occupancy. Total amount collected for catering and food service was Rs. 70,000.
- (ii) Supplied monthly air-conditioner maintenance services (intra-State) to a software company under a contract effective 1st February, 2022 for six months. According to the terms of service in the contract, the software company is liable to pay service charges of Rs. 12,000 for the entire period plus cost of spares and replacements at actuals. Taxes are separate and payable in accordance with statute. Mangesh Enterprises is yet to raise an invoice, though service was provided for February, 2022. During the month, the company has not provided any spares or replacements as part of maintenance service. Further, the concern has not received any amount towards above services.

Assume rates of GST as under:

SI	Particulars	Rate of GST (CGST + SGST)
1	Air conditioner maintenance	18%
2	Food catering service	5%
3	Renting of guest house service	18%
4	Parking service	18%

With the help of the above information, examine each of the above supplies made by Mangesh Enterprises for the month of February, 2022 and determine the rate and the amount of GST applicable on the supplies made.

[CA Final May 2022]

Sol.

(i) Determination of rate and amount of GST

Particulars	Rate of GST	GST [CGST + SGST] (Rs.)
Composite supply of renting of guest house with other facilities [Renting of guest house being principal supply.]	18% (Rate of principal supply)	75,600 [37,800 + 37,800] [Rs. 1,500 x 20 suites x 50% x 28 days x 18%]
Separate supply of catering and food services	5%	3,500 [1,750 + 1,750] [Rs. 70,000 x 5%]

(ii) Rate of GST applicable in the given case is 18%, i.e., the rate of GST applicable on air-conditioner maintenance service. Since the given supply is a continuous supply of service where in terms of contract, due date is not ascertainable, the time of supply of said services does not fall in February 2022 and thus, no GST is payable for said month.

17) SRK Limited, registered under GST, is engaged in sale of fabrics as well as doing job work of knitting of yarn for garment manufacturers. The company provides the following information in respect of order received for both sale of fabrics and job work:

Event	Supply of fabrics	Job work of knitting
Date of confirmation of order	01-08-2020	10-09-2020
Date of receipt of advance of Rs. 1,00,000 each	05-08-2020	12-09-2020
Date of removal of goods on completion of order	10-08-2020	15-09-2020
Date of issue of invoice for full amount	15-08-2020	20-09-2020
Date of receipt of balance payment of Rs. 50,000 each	25-08-2020	25-09-2020

Determine the time of supply for the purpose of payment of tax under CGST Act, 2017, in respect of the above orders executed by the company.

[CA Final July 2021]

**Sol. Time of supply in case of supply of fabric:**

**Supply of fabric is supply of goods.** The 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 viz. before/ at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Thus, the **time of supply for advance of Rs. 1,00,000 as well as for the balance payment of Rs 50,000 received for the supply of fabric is 10.08.2020.**

**Time of supply in case of job work:**

**Job work is treated as supply of services.** 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 (to the extent the invoice or payment covers the supply of services).

**Thus, the time of supply for advance of Rs 1,00,000 received for the supply of job work services is 12.09.2020 and for balance payment of Rs. 50,000 is 20.09.2020.**

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