chapter-8 Value of supply

SECTION COVER UNDER CHAPTER

GST Liability = value × rate → Fixed by govt

Determine u/s 15

15(1) 15(2) 15(3) 15(4) 15(5)

Value determine u/s 15(1)= xxx
Add:-Inclusion u/s 15(2) = xxx
Less:Exclusion u/s 15(3) = xxx
Value of supply = xxx

If value not determine u/s 15(1) → not In ca inter

Value in special cases

Section 15(1)

The value of supply = Transaction value

Transaction value

Price actually paid or payable for the Said supply of goods or services or both.

Important point

Transaction value

Buyer and seller are not related person And Price is 100% monetary form(sole consideration) → Value of supply U/s 15(1)

Buyer and seller are related person or Price is not in 100% monetary form(sole consideration) → Value of supply U/s 15(4)

Section 15(2)

The value of supply determine u/s 15(1) shall included

a) Any taxes,duties,cess,fees,charges, which are not subsumed in Gst.

Example
- Import duty
- Toll tax
- Property tax
- Municipal tax
- Stamp duty
- Professional tax
- Electricity tax
- Other custom duty
- Anti-dumping duty
- Safeguard duty
- Excise duty on tobacco etc.

b) Any amount that supplier is liable to pay but incurred by the recipient

- Selling commission
- Cost of transportation
- Cost of insurance etc.

Crux

Expenditure

Paid by supplier → Treatment under point C

paid by recipient → Add in value in point B

c) Incidental/ ancillary expenses related to supply

- packing expenditure
- Re-packing
- labeling
- Cost of insurance
- Inspection charges
- Selling commission
- Cost of transportation etc.

Important point :- add only when expenses directly link with transaction

d) Interest/late fees/penalty/for delayed payment

Interst /late fees/ penalty/ for delayed payment

Gst include → Interest / (100+ rate) ×100

Gst not include → Interest

Important point

If nothing shall be mention in question, assume Gst is included

e)Subsidy directly linked to price except subsidy received by CG or SG

After giving the effect of subsidy		Before giving the effect of subsidy	
Value after effect	xxx	Value before effect	xxx
(+) Non- govt subsidy	xxx	(-) Govt subsidy	xxx
		~~(-) Non-govt subsidy~~	~~xxx~~
Value of supply	xxx	Value of supply	xxx

Important point

Subsidy directly link with transaction

Section 15(3)

The value of supply determine u/s 15(1) shall exclude/deduct/not include

a) Pre-discount

Any discount which is given:- Before or at the time of supply

b) Post- discount

Any discount which is given:-
After the supply subject to condition
→ Establish at or before the time of supply
+
→ linked with price
+
→ ITC is attributable to discount on the basis of document issued by supplier has been reversed by recipient of supply.

Important point

Discount directly link with transaction

Example



VG (wholesaler) — Supply of utensils → KV(retailer)

VG give discount of 2 rupee on all order if KV sold 1000 glass in a month .

Order	Glass	₹	Value	ITC	ITC reverse	Value
1	250	10	2500	125	25	2000
2	250	10	2500	125	25	2000
3	250	10	2500	125	25	2000
4	250	10	2500	125	25	2000
5	1000 200	8	10000 1600	500 80 (100)	100	1600

Some important clarification

1. Treatment of TCS

Tcs would not be included as it is interim levy not having the nature of tax ,therefore TCS is not included in value for the purpose of gst.

2. Staggered discount (buy more save more)

Staggered discount, rate of discount increase with increase in the purchase value. It shall not be included in value.

3. Periodic/year ending/volume/turnover discount

Such discount are excluded to determine the value of supply subject to condition mention under post-supply discount.

4. Secondary discount

Such discount shall not be excluded while determining the value of supply as such discount are not known at time of supply.

5. No claim bonus discount

NCB shall not be includible in the taxable value for computation of gst.

Circular 251/08/2025-GST

1. Financial / Commercial Credit Note (Post-sale discount)
   - Taxable value NOT reduced
   - GST NOT reduced
   - No ITC reversal by recipient
   - Full ITC allowed
2. Manufacturer → Dealer post-sale discount (normal trade discount)
   - Two independent principal-to-principal sales
   - Discount is only price reduction
   - Not consideration
   - No GST payable
3. Discount linked to supply to end customer
   - Manufacturer agrees with end customer on discounted price
   - Dealer enabled through discount
   - Discount becomes inducement
   - GST applicable on such discount
4. Discount vs promotional activity
   - General promotion to increase own sales → No service → No GST
   - Specific agreed services (ads, branding, exhibitions etc.)
     - Separate agreement + consideration
     - GST applicable

Value of Supply for Lottery Rule 31A - Not for CA INTER

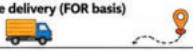
For lottery supplied by the Organising State, the value of supply is not the full face value of the ticket. Instead, GST law prescribes a deemed value.
The Organising State means the State Government that conducts the lottery, either within its own State or by selling lottery tickets in another State.
The value of supply shall be the higher of the following two amounts:

- 100/140 [Face Value or Price Notified, whichever is HIGHER]

VALUE OF SUPPLY – IMPORTANT CLARIFICATIONS (SECTION 15)

(i) TRANSPORTATION COST (OUTWARD FREIGHT AND TRANSIT INSURANCE)

Golden Rule: Question is not who paid the freight, but whose responsibility was the delivery.

SITUATION	MEANING	IN VALUE OF SUPPLY?	EXAMPLE
1. Supplier incurs transportation cost and recovers from recipient 	Supplier arranges transport and later charges the amount to customer.	YES (Composite supply and part of main supply)	• Goods Price = ₹ 1,00,000 • Freight Paid by Supplier = ₹ 5,000 • Recovered from Customer = ₹ 5,000 → GST on ₹ **1,05,000** 
2. Recipient pays transportation cost but supplier was liable to provide delivery (FOR basis) 	Legal responsibility of delivery is of supplier (FOR – Free on Road). Payment may be done by recipient but on behalf of supplier.	YES (Included in value of supply)	• Machine Price = ₹ 10,00,000 • Freight Paid by Recipient = ₹ 30,000 • Agreement: **FOR Delhi** → GST on ₹ **10,30,000** 
3. Recipient pays transportation cost and supplier was not liable to provide delivery (Ex-Factory basis) 	Delivery responsibility is of customer (Ex-factory). Supplier only delivers till factory gate.	NO (Not included in value of supply)	• Goods Price = ₹ 5,00,000 • Freight Paid by Recipient = ₹ 15,000 • Agreement: **Ex-Factory** → GST on ₹ **5,00,000 only** 

Key Takeaway: Responsibility follows GST.
Supplier Responsible (FOR) → Include in Value | Customer Responsible (Ex-Factory) → Exclude from Value

(ii) MOULDS & DIES PROVIDED BY OEM TO COMPONENT MANUFACTURER (FOC BASIS)

Key Question: Whose responsibility was it to provide moulds and dies?

SITUATION	MEANING	IN VALUE OF SUPPLY?	EXAMPLE
1. Component manufacturer was liable to use their own moulds and dies, but OEM provided FOC 	Supplier's cost gets saved. So, supplier gets economic benefit.	YES (Shall be included in value of supply)	• Dashboard Price = ₹ 5,00,000 • Normally supplier would buy moulds for ₹ 50,00,000 • OEM provided free → ₹ 50,00,000 to be included in value 
2. OEM was liable to provide moulds and dies as per agreement 	Supplier had no obligation to provide moulds. No benefit to supplier.	NO (Shall not be included in value of supply)	• Agreement: OEM to provide moulds • Supplier never had to buy moulds → Not included in value

(iii) CLARIFICATION ON POST SUPPLY DISCOUNT (SECONDARY DISCOUNT)



(ii) Discount given through Financial/Commercial Credit Note (Not a GST Credit Note)

- Neither supplier's liability will be reduced Nor ITC has to be reversed by the recipient
- **Example:** TV sold for ₹ 50,000. Later ₹ 2,000 discount given through commercial credit note → **GST liability & ITC remain same.**



(ii) Post supply discount as consideration for making further supply



- No agreement between manufacturer and end customer → Not a supply (e.g., manufacturer gives incentive to dealer for good sales)
- Agreement between manufacturer and end customer → Included in supply (e.g., manufacturer promises cashback to customer, paid through dealer)

(iii) Post supply discount as consideration for promotional activities performed by dealer



- Only if dealer undertakes specific promotional activities (advertisement, branding, display, demo etc.)
- And consideration for such activities is clearly stated in agreement → It is a supply and taxable.



ONE MASTER FORMULA TO REMEMBER

TRANSPORTATION: Delivery ki responsibility kiski thi? | **MOULDS & DIES:** Mould provide karne ki responsibility kiski thi?
POST SUPPLY DISCOUNT: Kya payment sirf discount hai ya kisi service (promotion/advertising) ka consideration?



CHAPTER 6 VALUE OF SUPPLY

Question 1:

Are post-supply discounts eligible for deduction from the value of supplies in all situations? Explain.

Answer:

Post-supply discounts are not eligible for deduction from the value of supplies in all situations. Such discounts are allowed as a deduction from the value of supply only in the situations where the following conditions are satisfied:

- The discount is in terms of an agreement that existed at the time of supply and can be worked out invoice-wise; and
- Proportionate input tax credit is reversed by the recipient {The buyer would have availed ITC of GST payable on the gross value specified in the invoice. Thus, when a credit note is issued to him by the supplier for the discount, the buyer will reverse the proportionate credit, consequent to which the supplier's output tax liability will be reduced by the same amount}

If any of the above conditions are not satisfied, post-supply discount is not allowed as a deduction from the value of supply and consequently, GST liability of the supplier does not get reduced.

Question 2:

'Consideration under GST law includes both monetary and non-monetary considerations.' Discuss the correctness or otherwise of the statement with reference to the definition of term 'consideration' provided under the CGST Act.

Answer:

The statement is correct. As per the definition of the term 'consideration' provided under the CGST Act, consideration under the GST law includes both payment in money or otherwise made by the recipient or any other person and also takes within its sweep the monetary value of any act or forbearance for the supply by the recipient or any other person. Further, it includes within its ambit any deposit which is applied as a consideration for the supply but excludes the subsidies provided by the State or Central Government.

The term money has also been defined under the CGST Act. It not only includes cash (Indian as well as foreign currency) but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller's cheque, money order, postal/electronic remittance or any such similar instrument recognized by RBI. Non-monetary consideration essentially means consideration in kind.

Question 3:

Sharp Minds Institute provides coaching for engineering entrance examinations. Fee charged by the Institute from a student is ₹ 10,000 per month. The Institute is known for its commitment to provide education to underprivileged children. It trains 10 students every year for entrance examinations free of cost.

The Institute has received ₹ $3,00,000$ as coaching fees during a month. Nav Jeevan, an NGO working in the area of education for underprivileged children, has given a subsidy of ₹10,000 (in lumpsum) during the month to the Institute as it is serving the cause of underprivileged children.

Determine the value of supply of education services made by Sharp Minds Institute during the month.

Answer:

As per Section $15(2)(e)$, the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State Governments and the Central Government.

In the given case, though the subsidy is given by a non-Government body, the same is not includible in the value as it is given in lumpsum and not directly linked to the price of the supply being valued. Therefore, the value of supply made by sharp Minds during the month is ₹ $3,00,000$.

Question 4:

Furniture-Wala is a chain of retail showrooms selling both modern and classic furniture. In order to build strong customer association, the showroom provides free delivery of the furniture at the premises of the customers if the distance between the showroom and the customer's premises is upto 20 kms . Where the distance is more than 20 kms , the showroom charges a concessional freight of ₹ 10 for every additional km.

MS Leena Kapoor purchases a double bed, a dressing table and a centre table for ₹ 2,00,000 from Furniture-Wala. Ms Leena gets free delivery of the furniture as her residence is located at a distance of 18 kms from the showroom. The showroom incurs an expenditure of ₹ 1,000 for delivering the furniture at Ms Leena's residence.

Determine the value of taxable supply made by Furniture-Wala. Will your answer change if residence of Ms Leena is 50 kms away from the showroom?

Answer:

In the given case, the showroom is not charging any amount towards freight from Ms Leena but incurring the same out of its own pocket. Therefore, the same should not be added to the value. Thus, the value of supply will be ₹ $2,00,000$.

However, the answer will change in the second case when the showroom will charge ₹ 300 for freight [($50\text{kms} - 20\text{kms}$) x ₹10] from Ms Leena. In this case, the supply will be a composite supply (principle supply being supply of furniture) and value thereof will be ₹ $2,00,300$.

Question 5:

AKJ Foods Pvt Ltd gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten and specified chemical residues. AKJ Foods Pvt Ltd does the testing before the supply and charges a testing fee for the same from the customer. AKJ Foods Pvt Ltd argues that such testing fess should not form part of the consideration for the sale as it is a separate activity. Is the company's argument correct in the light of section 15?

Answer:

Section 15(2) mandates addition of certain elements in the value of supply. Section 15(2)(c) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in the value of supply.

Since AKJ Foods Pvt Ltd does the testing before the delivery of goods, the charges therefor will be included in the value of the consignment. Therefore, AKJ Foods Pvt Ltd's argument is not correct. The testing fee should be added to the price to arrive at value of the consignment.

Question 6:

A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidize the education of low-income group students who have gained admission there. The fee for these individuals is reduced thereby coming to ₹ 3 lakhs a year compared to ₹ 5 lakhs a year for other students. What would be the value of the service of coaching and instruction provided by the institution to the low-income group students?

Answer:

As per Section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not received from Government but from a philanthropic association. Therefore, the subsidy is to be added back to the price to arrive at the value, which comes to ₹ 5 lakhs a year.

Question 7:

Mezda Banners, an advertising firm, gives its customers an interest-free credit period of 30 days for payment. Its customer paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days. The Department wants to add interest for two days to the value of supply. Should notional interest be added to the value?

Answer:

This is a supply that is valued as per transaction value u/s 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The value of a supply includes certain elements like interest which are actually payable. once waived, the interest is not payable and is therefore, not to be added to the value.

Question 8:

Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offered additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold, and corresponding tax adjustments made?

Answer:

The discounts were not known or agreed for at the time of supply of goods to the dealers. Therefore, in terms of section 15(3), such discounts cannot be reduced from the price on which tax had been paid.

Expected

Question 9:

Red Pepper Ltd, Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-state supply made by it during the month of March:

S.No.	Particulars	Amount (Rs)
(i)	List price of taxable goods supplied inter-state (exclusive of taxes)	15,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	50,000
(iv)	Tax levied by Municipal Authority	20,000
(v)	Packing charges	15,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 in lump sum and no additional amount is payable by him)	6,000

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the total value of taxable supplies made by Red Pepper Ltd during the month of March. Rate of IGST is 18%.

Answer:

Computation of Total Value of Taxable Supplies Made By Red Pepper Ltd During The Month of March:

Particulars	Amount (Rs)
List price of the goods	15,00,000
Subsidy amounting to ₹ 2,10,000 received from the Central Government {Since the subsidy is received from the Government, the same is not includible in the value in terms of Section 15(2)(e)}	Nil
Subsidy received from NGO {Since the subsidy is received from a non-Government body and directly linked to the supply, the same. is includible in the value in terms of section 15(2)(e)}	50,000
Tax levied by the Municipal Authority	20,000

{**Includible in the value as per section 15(2)(a)}**	

Packing charges {Being incidental expenses, the same are includible in the value as per section 15(2)(c)]	**15,000**
Late fees paid by recipient of supply for delayed payment {Includible in the value as per section 15(2)(d) - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST} (₹ $6,000 \times 100/118$)	5,085
Total Value of Taxable Supplies	15,90,085

Question 10:

M/s Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard:

S.No.	Particulars	Amount (RS)
(i)	Price of the machine (excluding taxes and other charges mentioned at S.No. (ii) and (iii))	25,000
(ii)	Third party inspection charges (such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd to the inspection agency; these charges were not recorded in the invoice issued by M/s Flo Pro)	5,000
(iii)	Freight charges for delivery of the machine (M/s Flow Pro has agreed to deliver the goods at BP Ltd's premises)	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme (subsidy is directly linked to the price)	5,000
(v)	Discount of 2% is offered to BP Ltd on the price mentioned at S.No. (i) above & recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

Answer:

Computation of Value of Taxable Supply Made By M/S Flo Pro To BP Ltd:

Particulars	Amount (Rs)
Price of the machine {since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)}	25,000
Third party inspection charges {Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)}	5,000
Freight charges for delivery of the machine value {since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply}	2,000
Total **Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd {Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply as per section 15(3)}**	32,000 (500)
Value of Taxable Supply	31,500

Expected

Question 11:

Shri Krishna Pvt Ltd, a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Price of the goods (excluding taxes and other charges mentioned at S.No. (iii), (v) and (vi))	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust (Subsidy is directly linked to the goods supplied)	50,000
(v)	Late fees for delayed payment inclusive of GST (Shri Balram Pvt Ltd paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt Ltd and the amount was refunded to Shri Balram Pvt Ltd during the same month)	1,000
(vi)	Weighment charges (Such charges were paid by Shri Balram Pvt Ltd to Radhe Pvt Ltd on behalf of Shri Krishna Pvt Ltd)	2,000

Inspection charges {Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per Section 15(2)(c)}	**15,000**
Subsidy received from Shri Ram Trust {Since the subsidy is received from a non-government body and directly linked to the supply, the same is includible in the value in terms of Section 15(2)(e)}	50,000
Late fees for delayed payment {Not includible since the same is waived off}	NIL
l¿eighment charges paid to Radhe Pvt Ltd on behalf of Shri Krishna Pvt Ltd {Any amount that the supplier is liable to pay in relation to supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply as per Section 15(2)}	2,000
Value Of Taxable Supply	1,69,000

Question 12:

Koli Ltd, a registered supplier, has supplied machinery to Ghisa Ltd (a supplier registered in the same State), It provides Following particulars regarding the same:

S.No.	Particulars	Amount (Rs)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ghisa Ltd (Amount has been paid by Ghisa Ltd directly to the supplier. However, it was Koli Ltd's liability to pay the said amount. The said amount has not been recorded in the invoice issued by Koli Ltd)	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S.No. (i) above (recorded in the invoice)	
(v)	Koli Ltd provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Answer:

Computation Of Value Of Taxable Supply Made By Koli Ltd To Ghisa Ltd:

Particulars	Amount (Rs)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ghisa Ltd directly to the supplier for the part fitted in the machinery {Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of Section 15(2)(b)}	20,000
Installation and testing charges {Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of Section 15(2)(c)}	25,000
Less: Discount @ 2% on the price of machinery (₹ 5,50,000 × 2%) {Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of Section 15(3)}	(11,000)
Less: Additional 1% discount at year end {Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of Section 15(3) as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year}	Nil
Value Of Taxable Supply	5,84,000

Question 13:

Scenario: Mr. Rama Swami, a manufacturer, provides the following particulars to compute the value of a machine to be delivered to a recipient's factory.

Particulars	Amount (Rs.)
Price of the machine	2,00,000
Packing charges	20,000
Designing charges	40,000
Transit insurance	2,000
Freight outward	16,000
Cash discount to customer	2%

Answer:

Assume the buyer has paid cash and availed the cash discount.

- **Price of the machine:** 2,00,000
- *Add:* Packing charges: 20,000
- *Add:* Designing charges: 40,000
- *Add:* Transit insurance: 2,000
- *Add:* Freight outward: 16,000
- *Less:* [Cash discount to customer 2,00,000 * 2%]: (4,000)
- **Total value: 2,74,000**

Question 14:

Scenario: ABC Institute provides coaching for engineering entrance exams. The monthly fee is Rs. 30,000 per student. The institute also trains 10 underprivileged children for free every year.

- The Institute received Rs. 6,00,000 as coaching fees during a month.
- An NGO gave a lumpsum subsidy of Rs. 20,000 during the month because the institute serves underprivileged children.

Question: Determine the value of supply of education services made by ABC Institute during the month.

Answer:

As per **section 15(2)(e)**, the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State or Central Governments.

In this case, although the subsidy is from a non-Government body, it is **not includible** because it is given in a **lumpsum** and is not directly linked to the price of the specific supply being valued. Therefore, the value of supply is **Rs. 6,00,000**.

Question 15:

Scenario: Tasty Bakery Products Ltd sells biscuits and cakes through dealers. They charge the list price minus a standard discount. When goods remain unsold, the company offers **additional discounts** as an incentive to push sales, but there was **no prior agreement** for these additional discounts.

Question: Can this additional discount be reduced from the price at which the goods were sold and tax adjustments be made?

Answer:

The discounts were not known or agreed upon at the time of supply. Therefore, in terms of **section 15(3)**, such discounts **cannot be reduced** from the price on which tax had been paid.

Question 16:

RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount in (₹)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received ₹ 40,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 10,00,000 of the goods is after considering such subsidy. RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of the taxable supply made by RG Pvt. Ltd.

Answer:

Computation of value of taxable supply:

Particulars	₹	₹
List price of the goods (exclusive of taxes and discounts)		10,00,000
i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	1,00,000	
ii. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]	-	
iii. Packing charges [Includible in the value as per section 15(2)(c)]	20,000	
iv. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	40,000	1,60,000
Total		**11,60,000**
Less: Discount @ 2% on ₹ 10,00,000		20,000
Value of taxable supply		**11,40,000**

Question 17: (Not For CA Inter)

State Government authorize a lottery whose particulars are as under:

a. Face value per ticket: ₹ 1000,

b. The price as notified by official gazette: ₹ 600.

Compute value of supply

Further, how shall your answer differ if the price mentioned in (b) is ₹ 1,050 instead of ₹ 600.

Answer:

Higher of the following shall be considered as value of supply:

Particulars	When notified price is ₹ 600	When notified price is ₹ 1,050
100/128 of face value of ticket i.e., ₹ 1,000 x 100 / 128	781.25	781.25
100/128 of notified price i.e.,		
- ₹ 600 x 100 / 128	468.75	
- ₹ 1,050 x 100 / 128		820.31
Value of supply (being higher of the above)	**781.25**	**820.31**

Value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club [Rule 31A(3)]

The value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club shall be 100% of the face value of the bet or the amount paid into the totalisator.

Value of supply in case of online gaming including online money gaming [Rule 31B] [Notification No. 51/2023 dated 29-09-2023 w.e.f. 01-10-2023]

The value of supply of online gaming, including supply of actionable claims involved in online money gaming, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including virtual digital assets, by or on behalf of the player. However, any amount returned or refunded by the supplier to the player for any reasons whatsoever, including player not using the amount paid or deposited with the supplier for participating in any event, shall not be deductible from the value of supply of online money gaming.

Value of supply of actionable claims in case of casino [Rule 31C] [Notification No. 51/2023 dated 29-09-2023 w.e.f. 01-10-2023]

The value of supply of actionable claims in casino shall be the total amount paid or payable by or on behalf of the player for —

i. purchase of the tokens, chips, coins or tickets, by whatever name called, for use in casino; or

ii. participating in any event, including game, scheme, competition or any other activity or process, in the casino, in cases where the token, chips, coins or tickets, by whatever name called, are not required.

However, any amount returned or refunded by the casino to the player on return of token, coins, chips, or tickets, as the case may be, or otherwise, shall not be deductible from the value of the supply of actionable claims in casino.

Question 18: (Not For CA Inter)

1. USD 100 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 6,500/- Taxable value of supply = ₹ 250 being higher of ₹ 250 and 1% of ₹ 6,500/-
2. USD 1000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 65,000/- Taxable value of supply = ₹ 650 i.e., [₹ 65,000 x 1%]
3. USD 3000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 1,95,000/- Taxable value of supply = ₹ 1,000 + [(1,95,000 - 1,00,000) x 0.5%] = ₹ 1,475/-
4. USD 20000 is sold to a customer at the rate ₹ 65 per USD. The gross amount of currency exchanged is ₹ 13,00,000/- Taxable value of supply = ₹ 5,500 + [(13,0,000 - 10,00,000) x 0.1%] = ₹ 5,800/-

Taxpoint: A person supplying the services may exercise the option to ascertain the value in terms of this clause for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

Question 19: (Not For CA Inter)

Mr. Ram is a travel agent. The following particulars are furnished by him.

Particulars	Basic Fare	Other charges and fee	Taxes	Total Ticket Value
Domestic bookings	₹ 1,00,000	₹ 5,000	₹ 4,000	₹ 1,09,000
International bookings	₹ 3,00,000	₹ 20,000	₹ 15,000	₹ 3,35,000

Answer:

Computation of taxable value:

Particulars	Basic Fare	Prescribed %	Value of supply
For Domestic Booking	1,00,000	5%	5,000
For International Booking	3,00,000	10%	30,000
Total			**35,000**

Question 20: (Not For CA Inter)

M/s Hariharan is dealer of old car and engaged in the purchase and sale of old cars in Bihar, furnishes the details of following transactions for the month of August 2024.

1. Purchased old car for ₹ 80,000/- and sold for ₹ 1,20,000/- in Bihar
2. Purchased old car for ₹ 75,000/- and sold for ₹ 65,000/- in Bihar
3. Purchased old car for ₹ 90,000/- but unable to sell during the month of August' 24
4. Purchased old car for ₹ 1,00,000/- and sold for ₹ 1,30,000/- in Orissa

Determine the value of taxable supply

Answer:

Computation of taxable value of supply:

Sl. No.	Particulars (Purchase / Sale)	Profit
1.	80,000 / 1,20,000	40,000
2.	75,000 / 65,000	Note (i)
3.	90,000 / -	Note (ii)
4.	1,00,000 / 1,30,000	30,000
	Taxable value of supply	**70,000**

Notes:

(i) As per Rule 32(5), no GST is payable in negative margin

(ii) No GST is payable on unsold goods

(iii) In case of sale of car in Orissa, IGST is applicable.

Question 21:

Following are the particulars, relating to one of the machine sold by S Ltd. to A Ltd. in the month of February 2025 at list price of ₹ 8,50,000. (exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:

Sl. No.	Particulars	₹
(i)	Municipal taxes chargeable on the machine	55,000
(ii)	Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract)	75,000

Additional information:

a. S Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. A Ltd. paid for the supply after 45 days, but S Ltd. waived the interest payable.

b. S Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 8,50,000.

c. A Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.

d. S Ltd. collected ₹ 8,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Answer:

Computation of taxable value of supply:

Particulars	₹
List Price (exclusive of tax and discount)	8,50,000
Municipal taxes chargeable on the machine [Only GST is required to be excluded]	55,000
Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract)	75,000
Interest on delayed payment [as the same is waived by S Ltd.]	-
Receipt of subsidy from NGO [as it is not directly linked with the machine]	-
Discount [as it is post supply discount]	-
TCS [as it is an interim levy not having the characteristics of tax]	-
Taxable value of supply	**9,80,000**

Question 22:

Ms. Sonam, a registered supplier in Mumbai has provided the following details in respect of her supplies made Intra-State for the month of March 2025:

Particulars	₹
List price of goods supplied intra-state (without considering following items)	3,30,000
Packing expenses charged separately in the invoice	10,800
Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	

Compute the value of taxable supply.

Answer:

Computation of value of taxable supply:

Particulars	₹
List price of goods supplied intra-state	3,30,000
Packing expenses charged separately in the invoice	10,800
Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	(3,300)
Value of taxable supply	**3,37,500**

Question 23:

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

Particulars	₹
List price of goods supplied inter-state	12,40,000
Items already adjusted in the list price	
Subsidy from Central Government for supply of biscuits to Government School	1,50,000
Subsidy from Trade Association for supply of quality biscuits	50,000
Items not adjusted in the list price	
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.

Answer:

Computation of value of taxable supply:

Particulars	₹
List price of goods supplied inter-state	12,40,000
Subsidy from Central Government for supply of biscuits to Government School	-
Subsidy from Trade Association for supply of quality biscuits	50,000
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000
Value of taxable supply	**13,40,000**