ANANT VJ TYAGI
CHARTERED ACCOUNTANT

CONTACT No. +91-8377064203
EMAIL ID: avjeet91@gmail.com

MODEL GST LAW
Decoding of Time and Value of supply

INTRODUCTION:

Tax point or time of supply provided under revised Model GST Law is different from current scenario. In excise, time of supply is removal of goods. In service tax, point of taxation is date of invoice and date of payment subject to date of completion of service. However, in VAT Laws, tax point is date of invoice since sale cannot be made without invoice. But under GST, provisions for time of supply of goods and services have been provided separately to avoid such ambiguities. **Here we are providing decoding of time of supply under GST Model Law.**

DECODING OF TIME OF SUPPLY OF GOODS

Revised Model GST Law has defined the time of supply of GOODS under 4 categories:

- Time of supply of goods under forward charge.
- Time of supply of goods under reverse charge.
- Time of supply in case of supply of vouchers.
- Residuary clause

Brief analysis of each of them is as under for easy digest:

1. Time of supply of goods under forward charge:

Revised Model GST Law states that time of supply of goods shall be the **earlier of following:**

Date of issue of invoice or the last date on which invoice should be issued.	"OR"	Date in which payment is received by the supplier.

Date of payment mean, "date on which payment is entered in books of account or the date on which the payment is credited to the bank account" whichever is earlier.

Illustration: 1

Mr. Ram supplies goods to Mr. Shyam amounting Rs. 10,000/- and issues an invoice dated 04.12.2017 and payment is made on 02.12.2017. Although, payment is received by Mr. Ram on 03.12.2017. Now, time of supply, as per above method, is 03.12.2017

Illustration: 2

Mr. Ram supplies goods to Mr. Shyam amounting Rs. 10,000/- on 01.12.2017 and forgot to raise invoice. However, as per terms of contract, invoice should be raised within 15 days of supply of goods. Mr. Shyam failed to pay consideration. Now, time of supply of goods is 15.12.2017 i.e. last date on which invoice is required to issue.

2. Time of supply of goods under reverse charge:

Revised Model GST Law states that time of supply of goods shall be the **earlier of following:**

- Date of receipt of goods.
- Date on which payment is made.
- **Date immediately following 30 days from the date of issue of invoice.**

However, it is not possible to determine time of supply, date of entry in books of account of the recipient shall be time of supply.

Illustration

Mr. Ram supplies some goods to Mr. Shyam. These goods are covered under reverse charge mechanism. Date of invoice is 01.12.2017. Date of payment is 15.01.2018. Date of receipt of goods is 02.01.2018. Now, time of supply is earlier of –

Date of receipt - 02.01.2018

Date of payment - 15.01.2018

30 days from invoice - 31.12.2017

As per above details, time of supply is 01.01.2018 i.e. date immediately following 30 days from the date of issue of invoice by supplier.

3. **Time of supply in case of supply of vouchers:**

First question which may strike in one's mind that - "What is voucher"?

Voucher is a small printed piece of paper that entitles the holder to a discount, or that may be exchanged for goods or services. Voucher may be called as – coupon, pass etc.

Model GST law states that –

- In case supply is identifiable at the time of issuance of voucher, ***time of supply is date of issue of voucher.***

- In case it is not possible to identify the supply, ***time of supply is date of redemption of such voucher.***

Note: Here, supply means supply of those goods along-with which voucher is given to customer.

4. **Residuary Clause:**

In case, time of supply is not determined according to above methods, time of supply shall be following:

- Where return has to be filed- date of filing of such return.

- In all other cases – date of payment of tax.

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DECODING OF TIME OF SUPPLY OF SERVICES

Revised Model GST Law has defined the time of supply of SERVICES under 4 categories:

- Time of supply of goods under forward charge.
- Time of supply of goods under reverse charge.
- Time of supply in case of supply of vouchers.
- Residuary clause

Brief analysis of each of them is as under for easy digest:

1. Time of supply of services under normal charges:

Revised Model Law states that – time of supply of services shall be the earlier of followings:

Date of issue of invoice in respect of supply

"OR"

Date on which supplier receives the payment

Analysis

- The method provided under GST Law is absolutely different with method provided under services law i.e. point of taxation. As per point of taxation rules - point of taxation is date of invoice or date of payment whichever is earlier provided invoice is raised within 30 days from the date of completion of services otherwise point of taxation is date of payment or date of completion of services, whichever is earlier. Now, this concept has been abolished under GST law. In GST regime, easy and simpler concept has been provided to determine point of taxation for services.

- In case, supplier fails to issue invoice as per terms of contract, last date on which invoice is required to be issued shall be time of supply of services.

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2. Time of supply of services under reverse charges:

Revised Model Law states that – time of supply of services covered under reverse charge shall be the earlier of following:

Date of on which payment is made

"OR"

Date immediately following 60 days from the date of issue of invoice

Time of supply in case of associate enterprises –

Time of supply in case of associate enterprises (*where supplier of services is outside the India*) is same as provided under service tax law. GST law provides that earlier of following shall be the time of supply:

"Date of Payment "OR" date of entry in books of account of the recipient of supply"

3. Residuary Clause:

In case, time of supply is not determined according to above methods, time of supply shall be following:

- Where return has to be filed- date of filing of such return.
- In all other cases – date of payment of tax.