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Time of supply under CGST Act,2017

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This chapter will focus on time of supply of goods and services which includes goods and services. Time of supply is very significant part of any business vis a vis taxation .Time is important for point of taxation that when the liability to pay tax will arise on goods and services . Let us address the issue one by one.

Time of Supply of Goods [Sec.12]

1. The liability to pay tax shall arise only at the time of supply of goods. Earliest of the following shall be the time of supply

   ✓ Date of issue of invoice or the last date of issue of invoice u/s 31[1]
   ✓ At the time of receipt of payment.

   If the payment received by the supplier is up to Rs.1000 in excess of amount written in invoice, time of supply for such excess shall be at the option of supplier, may be the date of issue of invoice.

2. Time of supply in case of reverse charges shall be earliest of the following;

   ✓ Date of received of goods
   ✓ Date on which payment is made.
   ✓ Date immediately after 30 days from the date of invoice

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

3. In case of supply of vouchers

   ✓ Date of supply of voucher, if it can be identify
   ✓ Date of redemption of voucher in all other cases

2(118) "voucher" means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument;

4. In case it is not possible to establish the time of supply as discussed above in [2&3] then

   ✓ Date of periodical return has to be filed
   ✓ Date on which SGST / CGST is paid

Example

General	Invoice date	Invoice due date	Payment in supplier books	Credit in bank a/c	Time of supply
Invoice raised before removal	10-11-2017	20-11-2017	28.11.2017	30.11.2017	10.11.2017
Advances received	15.11.2017	20.11.2017	10.11.2017	13.11.2017	10.11.2017
In case of movement of goods	Invoice date	Removal of goods	Delivery of goods	Receipt of Payment	Time of supply
Delayed issue of invoice	26.11.2017	20.11.2017	26.11.2017	26.11.2017	20.11.2017
Advance received	30.11.2017	10.12.2017	14.12.2017	20.11.2017	20.11.2017
Supply otherwise than movement of goods	Invoice date	Receipt of invoice by recipient	Delivery of goods	Receipt of payment	Time of supply
Delay issue of invoice	30.11.2017	05.12.2017	26.11.2017	10.12.2017	26.11.2017
Invoice issued before prior to delivery	20.11.2017	30.11.2017	26.11.2017	10.12.2017	20.11.2017
Reverse charge	Invoice date	Removal of goods	Receipt of goods	Payment by recipient	Time of supply
General	30.11.2017	30.11.2017	10.12.2017	30.12.2017	10.12.2017
Advance payment	30.11.2017	30.11.2017	20.12.2017	5.12.2017	5.12.2017
No payment made	30.11.2017	30.11.2017	20.01.2018	-	30.12.2017

Time of supply of services [Sec. 13]

1. The liability to pay tax shall arise only at the time of supply of services. Time of supply of services shall be earlier of the following:

   ✓ Date of invoice if the invoice is issued with in the period prescribed in Section 31[2] or the date receipt of payment which ever is earlier

   ✓ Date of provision of services if the invoice is not issued within prescribed time mentioned in section 31[2] or the date receipt of payment which ever is earlier

   ✓ The date on which recipient show the receipt of services in his books of account In case where above two provision shall not apply .

   If the payment received by the supplier is up to Rs. 1000 in excess of amount written in invoice, time of supply for such excess shall be at the option of supplier, may be the date of issue of invoice

2. In case where tax is payable on supply of services under reverse charge, earliest of the following;

- ✓ Date of payment as entered in the books of recipient or the date when payment is debited in his bank account which ever is earlier

- ✓ 60 days from the date issue of invoice or any other document by supplier

- ✓ Where above provision shall not apply, the time of supply shall be the date of entry in the books of account of recipient.

3. In case of supply of vouchers

   - ✓ Date of supply of voucher, if it can be identify
   - ✓ Date of redemption of voucher in all other cases

4. In case it is not possible to establish the time of supply as discussed above in [2&3] then

   - ✓ In case of periodical return to be filed ,date on which periodical return has to be filed
   - ✓ In all other cases , date on which SGST / CGST is to be paid

Example

General	Invoice date	Invoice due date	Payment in supplier books	Credit in bank a/c	Time of supply
Invoice raised before completion of services	10-11-2017	20-11-2017	28.11.2017	30.11.2017	10.11.2017
Advances received	30.11.2017	20.11.2017	10.11.2017	30.11.2017	10.11.2017
Based on due date of invoice	**Invoice date**	**Commencement of service**	**Completion of service**	**Receipt of Payment**	**Time of supply**
Delayed issue of invoice	26.01.2018	20.11.2017	26.11.2017	26.01.2018	26.12.2017
Advance received	30.11.2017	10.12.2017	14.12.2017	17.11.2017	17.11.2017
Reverse charge	**Date of invoice**	**Completion of service**	**Payment by recipient**	**Entry of receipt of services in recipient books**	**Time of supply**
General	30.11.2017	30.11.2017	10.12.2017	30.12.2017	10.12.2017
Advance payment	30.11.2017	30.11.2017	25.11.2017	5.12.2017	25.11.2017
Delay in payment	30.11.2017	30.11.2017	20.02.2018	15.03.2018	29.01.2018

Change in rate of tax for supply of goods or services [Sec.14]

Where there is change in effective rate of tax , time of supply shall be determined as below;

1. In the case of goods or services have been supplied before the change of effective rate of tax

   - ✓ Where the invoice is raised and payment is received after the change of rate of tax , time of supply shall be earliest of the invoice or payment
   - ✓ Where the invoice is raised before the change of rate of tax and payment is received after the change of rate of tax, date of invoice shall be time of supply.
   - ✓ Where payment is received before change of rate of tax and invoice is issued after the change of rate of tax, time of supply shall be date of receipt of payment

2. In the case of goods or services have been supplied after the change of effective rate of tax

   - ✓ Where the payment is received after the change of rate of tax and invoice is raised before change of rate of tax, time of supply of services shall be date of date of receipt of payment.
   - ✓ Where the invoice is raised after the change of rate of tax and payment is received before the change of rate of tax , time of supply shall be date of date of invoice.
   - ✓ Where the invoice is raised and payment is received before the change of rate of tax , time of supply shall be earlier of the invoice or receipt of payment date.

About the Author:

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