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TAX CONNECT

TIME OF SUPPLY UNDER GST

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Introduction

The time of supply is the date on which the charging event has occurred. The phrase "the date on which supplier receives the payment" or "the date of receipt of payment" means the date on which payment is entered in his books of accounts or the date on which the payment is credited to his bank account, whichever is earlier.

Time of issue of invoice for supply

- In case of supply of goods an invoice is need to be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. In other case it needs to be issued before or at the time of delivery of goods or while making goods available to the recipient.

- In case of services it needs to be issued before or after the provision of service but not later than thirty days from the date of provision of service.

Time of supply of goods

Earliest of the following dates will be considered as time of supply:-

- Date of issue of invoice by the supplier. If the invoice is not issued, then the last date on which the supplier is legally bound to issue the invoice with respect to the supply.

- Date on which the supplier receives the payment

Time of supply of services

Earliest of the following dates will be considered as time of supply:-

- Date of issue of invoice by the supplier or the date of receipt of payment, whichever is earlier.

- Date of provision of service or the date of receipt of payment, whichever is earlier.
- Date on which the recipient shows the receipt of service in his books of account, in case the aforesaid two provisions do not apply.

Time of supply of goods when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of receipt of goods
- Date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- Date immediately following 30 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

Time of supply of services when tax is to be paid on reverse charge basis

Earliest of the following dates will be considered as time of supply:-

- Date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- Date immediately following 60 days from the date of issue of invoice or any other legal document in lieu of invoice by the supplier

However, if it is not possible to determine the time of supply in aforesaid manner, then the time of supply is the date of entry of the transaction in the books of accounts of the recipient of supply.

In case of supply of services by Associated Enterprises located outside India the time of supply is the date of entry in the books of account of the recipient or the date of payment, whichever is earlier.

Time of supply in case of supply of vouchers

A voucher is an instrument where there is an obligation to accept it as consideration for a supply of goods or services or both.

Time of supply in the case of single purpose voucher i.e. case where supply is identifiable at the time of issuance of voucher is the date of issue of voucher. However, in all other cases of supply of vouchers, the time of supply.

In case it is not possible to determine the time of supply under aforesaid provisions, the time of supply is:

- Due date of filing of return, in case where periodical return has to be filed.
- Date of payment of tax in all other cases.

Time of supply in case of addition in the value of supply by way of interest, late fees or penalty

In case of any addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration then the time of supply shall be the date on which the supplier receives such addition in value.

Change in Rate of Tax in respect of supply of goods or services

The normal time of supply rules changes if there is a change in the rate of supply of goods or services. In this case time of supply is determined in the following manner:

A.) Supply is completed before the change in rate of tax:-

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicable rate of tax
No	No	Earliest of the date of invoice or payment	New rate of tax
No	No	Earliest of the date of invoice or payment	New rate of tax
Yes	No	Date of issue of invoice	Old tax rate
No	Yes	Date of receipt of payment	Old tax rate

B.) Supply is completed after the change in rate of tax:-

Invoice issued before the date of change in tax rate	Payment received before the date of change in tax rate	Time of supply	Applicabe rate of tax
Yes	Yes	Earliest of the date of invoice or payment	Od rate of tax
Yes	No	Date of receipt of payment	New rate of tax
No	Yes	Date of issue of invoice	New rate of tax

Date of receipt of payment in case of change in rate of tax

In normal case the date of receipt of payment is the date of credit in bank account of the receiver of the payment or the date on which the payment is entered into his books.In cases of change in rate of tax, the date of receipt of payment is the date of credit in the bank account if such credit is after four working days from the date of change in rate of tax.