# Time of Supply



- **In order to calculate and discharge tax liability, it is important to know the date when the tax liability arises i.e. the date on which the charging event has occurred. In GST law, it is known as Time of Supply.**

- **Relevant Definition:**

| Section | Term | Definitions |
|---|---|---|
| **2(32)** | **Continuous supply of goods** | "**Continuous supply of goods**" means a supply of goods –<br>▪ which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis, and<br>▪ Includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify. |
| **2(33)** | **Continuous supply of services** | "**Continuous supply of services**" means –<br>▪ a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding 3 months with periodic payment obligations, and<br>▪ Includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify. |
| **2(93)** | **Recipient** | **Recipient** of supply of goods or services or both, means –<br>(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration<br>(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and<br>(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,<br>And any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both. |
| **2(105)** | **Supplier** | In relation to any goods or services or both, shall mean the person supplying the said goods or service or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or service or both supplied. |
| **2(118)** | **Voucher** | Voucher means an instrument where there is no obligation to accept it as consideration or part consideration for a supply of goods or service or both and where the goods or service or both to be supplied or the identifies of their potential supplier are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument. |

- **Time of Supply of Goods [Sec. 12]:**
The Time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have been made. The CGST/ SGST Act provide separate time of supply for goods and services.

  - **Time of supply [Sec. 12(1)]:** The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section

    **When invoice is issued within prescribed period u/s 31(1):**
    The time of supply of goods shall be the earlier of the following
    (a) The date of issue of invoice by the supplier
    "OR"
    (b) The date on which the supplier receive the payment with respect to the supply

    **When invoice is not issued within prescribed period u/s 31(1):**
    The time of supply of goods shall be the earlier of the following
    (a) The Last date of which he is required u/s 31, to issue the invoice in respect to the supply,
    "OR"
    (b) The date on which the supplier receive the payment with respect to the supply

    **Advance up to Rs. 1,000**
    Provided that where the supplier of taxable goods receives an amount up to Rs. 1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount

  - **Invoice Due Date as per Section 31(1)**
    A registered person supplying taxable goods shall, before or at the time of, -
    (a) Removal of goods for supply to the recipient, where the supply involves movement of goods;
    OR
    (b) Delivery of goods or making available thereof to the recipient, in any other case,

    | |
    |---|
    | Issue a tax invoice showing description, quantity and value of good, and tax charged thereon and such other particulars as may be prescribed |

    **Invoice Due date in case of Continuous supply of goods [Sec. 31(4)]:**
    In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

    **Due date in case of Goods sent on Approval for sale or return [Sec. 31(7)]:**
    Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at
    The time of supply OR Six months (6 months) from the date of removal

    **Explanation** – For the purpose of this section, the expression "tax invoice" shall includes any revised invoice issued by the supplier in respect of a supply made earlier.

**Practical Question:**

*Q.1* Determien the time of supply ine each of follwing independent case:

| **Sr. No.** | **Date of removal of goods / make available** | **Date of Invoice** | **Date on which payment recevied** | **Time of Supply of Goods** |
|---|---|---|---|---|
| 1 | 10-02-2019 | 31-01-2019 | 15-02-2019 | |
| 2 | 10-02-2019 | 31-01-2019 | 15-01-2019 | |
| 3 | 10-02-2019 | 08-02-2019 | 15-01-2019 (Part)<br>11-02-2019 (Remaining) | |
| 4 | 10-02-2019 | 05-02-2019 | 06-01-2019 (Part)<br>09-01-2019 (Remaining) | |
| 5 | 10-02-2019 | 23-02-2019 | 06-02-2019 (Part)<br>26-02-2019 (Remaining) | |
| 6 | 10-02-2019 | 12-02-2019 | 28-02-2019 | |
| 7 | 10-02-2019 | 22-02-2019 | 05-02-2019 (Part)<br>25-02-2019 (Remaining) | |

*Q.2* Determien the time of supply ine each of follwing independent case:

| Sr. No. | Date of removal of goods / make available | Date of Invoice | Date of payment | Time of Supply of Goods |
|---|---|---|---|---|
| 1 | 25-02-2019 | 20-01-2019 | 28-02-2019 | |
| 2 | 25-02-2019 | 02-03-2019 | 06-03-2019 | |
| 3 | 25-02-2019 | 02-03-2019 | 28-01-2019 | |
| 4 | 25-02-2019 | 02-03-2019 | 20-02-2019 | |
| 5 | 25-02-2019 | 02-03-2019 | 27-02-2019 (Bank Credit)<br>24-02-2019 (Books) | |
| 6 | 25-02-2019 | 02-03-2019 | 24-02-2019 (Bank Credit)<br>20-11-2019 (Books) | |

*Q.3* Determien the time of supply ine each of follwing independent case:

| Sr. No. | Date of removal of goods / make available | Date of SOA | Date of Inovice | Date of Payment | Time of Supply of Goods |
|---|---|---|---|---|---|
| 1 | 10-02-2019<br>20-02-2019<br>28-02-2019 | 04-03-2019 | 06-03-2019 | 08-03-2019 | |
| 2 | 20-02-2019<br>25-02-2019 | 02-03-2019 | 03-02-2019 | 28-02-2019 | |

*Q.4* Determien the time of supply ine each of follwing independent case:

| Sr. No. | Date of removal of goods | Date of Acceptance | Date of Inovice | Date of Payment | Time of Supply of Goods |
|---|---|---|---|---|---|
| 1 | 10-02-2019 | 04-03-2019 | 06-03-2019 | 08-03-2019 | |
| 2. | 12-02-2019 | 02-08-2019 | 03-08-2019 | 28-08-2019 | |

- **Time of Supply in case of Reverse Charge [Sec. 12(3)]:** In case of suppliers in respect of which tax is paid on reverse charge basis, the time of supply shall be earlier of the
  - **(a) The date of the receipt of goods;**

    **OR**
  - **(b) The date of payment as entered in the books of account of the receipt or the date on which the payment is debited in his bank account , whichever is earlier;**

    **OR**
  - **(c) The date immediately following thirty days from the date of issue of invoice or any other document by whatever named called, in lieu of thereof by the suppliers;**

Provided that where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

- **Time of Supply in case of Voucher [Sec. 12(4)]:** In case of supply of vouchers by a supplier, the time of supply shall be
  - **(a) The date of issue of voucher, if the supply is identifiable at that point;**

    **OR**
  - **(b) the date of redemption of voucher, in all other case;**

- **Residual [Sec. 12(5)]:** Where it is not possible to determine the time of supply under the provisions of Sec. 12(2), Sec. 12(3) & Sec. 12(4), the time of supply shall –
  - **(a)** In a case where a periodical return has to be filled, the date on which such return is to be filled;

    **OR**
  - **(b)** In any other case, be the date on which the tax is paid

- **The time of Supply to the extent it relates to an addition in the value of supply by way of interest, late fees or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. [Sec. 12(6)]**

- **Time of Supply of Service [Sec. 13]:**
  - **Time of supply [Sec. 13(1)]:** The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section

    **<u>When invoice is issued within prescribed period u/s 31(2) [Sec. 13(2)(a)]:</u>**
    The time of supply of goods shall be the earlier of the following
    (a) The date of issue of invoice by the supplier
    "OR"
    (b) The date on which the supplier receive the payment with respect to the supply

    **<u>When invoice is not issued within prescribed period u/s 31(2) [Sec. 13(2)(b)]:</u>**
    The time of supply of goods shall be the earlier of the following
    (a) The Last date of which he is required u/s 31, to issue the invoice in respect to the supply,
    "OR"
    (b) The date on which the supplier receive the payment with respect to the supply

    **<u>The date on which the recipient shows the receipt of service in his books of account, in case where the provision of sec. 13(2)(a) & (b) do not apply</u>**

    **<u>Advance up to Rs. 1,000</u>**
    Provided that where the supplier of taxable goods receives an amount up to Rs. 1,000 in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount

  - **Invoice Due Date as per Section 31(2), read with rule 47**
    **30 days** from the supply of service / **45 days for Banking Business**

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|---|
| The date of receipt of payment shall be the date on which the payment entered in the books of supplier or the date on which the payment is credited to his bank account whichever is earlier. |

**Invoice Due date in case of Continuous supply of service [Sec. 31(5)]:**
(a) Where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment
(b) Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receive the payment;
(c) Where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

  - **Time of Supply in case of Reverse Charge [Sec. 12(3)]:** In case of suppliers in respect of which tax is paid on reverse charge basis, the time of supply shall be earlier of the
    **(a) The date of payment as entered in the books of account of the receipt or the date on which the payment is debited in his bank account , whichever is earlier;**
    **OR**
    **(b) The date immediately following sixty days from the date of issue of invoice or any other document by whatever named called, in lieu of thereof by the suppliers;**

**Provided that where it is not possible to determine the time of supply under clause (a) and (b), the time of supply shall by the date of entry in the books of account of the recipient of supply;**

**Time of supply in case of associates' enterprise:**
Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be
(a) The date of entry in the books of account of the recipient of supply
**OR**
(b) The date of payment [Whichever is earlier]

**[Associated Enterprise shall have the same meaning as assigned to it in section 92A of the Income Tax Act, 1961]**

- **Time of Supply in case of Voucher [Sec. 13(4)]:** In case of supply of vouchers by a supplier, the time of supply shall be
  **(a) The date of issue of voucher, if the supply is identifiable at that point;**
  **OR**
  **(b) the date of redemption of voucher, in all other case;**

- **Residual [Sec. 13(5)]:** Where it is not possible to determine the time of supply under the provisions of Sec. 13(2), Sec. 13(3) & Sec. 13(4), the time of supply shall –
  **(a)** In a case where a periodical return has to be filled, the date on which such return is to be filled;
  **OR**
  **(b)** In any other case, be the date on which the tax is paid

- **The time of Supply to the extent it relates to an addition in the value of supply by way of interest, late fees or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. [Sec. 13(6)]**

**Practical Question:**

*Q.5* Determien the time of supply ine each of follwing independent case:

| Sr. No. | Date of Completion of service | Date of Invoice | Date on which payment recevied | Time of Supply of Goods |
|---|---|---|---|---|
| 1 | 10-02-2019 | 31-01-2019 | 15-02-2019 | |
| 2 | 10-02-2019 | 03-03-2019 | 15-01-2019 | |
| 3 | 10-02-2019 | 31-03-2019 | 27-02-2019 | |
| 4 | 10-02-2019 | 01-03-2019 | 11-02-2019 | |
| 5 | 14-10-2019 | 20-10-2019 | 28-11-2019 | |
| 6 | 03-12-2019 | 02-11-2019 | 10-11-2019 | |
| 7 | 04-12-2019 | 30-11-2019 | 27-11-2019 | |

➢ **<u>Change in rate of tax in respect of supply of goods or service [Sec. 14]</u>*:*** Notwithstanding anything contained in section 12 or section 13, the time of supply, where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely:—

**A.** in case the goods or services or both have been supplied before the change in rate of tax,—
(1) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the TOS shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or
(2) where the invoice has been issued prior to the change in rate of tax but payment is received after the change in rate of tax, the TOS shall be the date of issue of invoice; or
(3) where the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the TOS shall be the date of receipt of payment;

**B.** in case the goods or services or both have been supplied after the change in rate of tax,—
(1) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the TOS shall be the date of receipt of payment; or
(2) where the invoice has been issued and payment is received before the change in rate of tax, the TOS shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or
(3) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the TOS shall be the date of issue of invoice:

Provided that the date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after four working days from the date of change in the rate of tax.

**Explanation** — For the purposes of this section, "the date of receipt of payment" shall be 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

**Time of Supply in case *of change in rate of tax***

- **Goods & Service supplied before the *change***
  - Invoice – After<br>Payment - After<br>TOS - WEE
  - Invoice – Prior<br>Payment -After<br>TOS- Date of Invoice
  - Invoice – After<br>Payment -Prior<br>TOS- Date of Payment
- **Goods & Service provided After the *change***
  - Invoice – Prior<br>Payment -After<br>TOS- Date of Payment
  - Invoice – Prior<br>Payment –Prior<br>TOS - WEE
  - Invoice – After<br>Payment -Prior<br>TOS- Date of Invoice

**Practical Question**

*Q.6* 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 2017.
What is the time of supply of the service of database access by Best Info?

**Practical Question**

*Q.7* A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of the various events are:

17th September Purchase order with advance of Rs. 50,000 is received for goods worth Rs. 12 lakh and entry duly made in the seller's books of account
20th October The machine is assembled, tested at site, and accepted by buyer
23rd October Invoice raised
4th November Balance payment of Rs. 11,50,000 received

Determine the time of supply(ies) in the above scenario.

*Q.8* Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract. Every quarter, invoice is issued by the supplier supported by a statement of the goods dispatched and payments made, and the recipient has to pay the differential amount, if any. The details of the various events are

| | |
|---|---|
| August 5, September 5, October 6 | Payments of Rs 2 lakh made in each month |
| October 3 | Statement of accounts issued by supplier, with invoice for the quarter July – September |
| October 17 | Differential payment of Rs. 56,000 received by supplier for the quarter July – September as per statement of accounts |

*Q.9* Determine the time of supply from the given information.

May 4 Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)
May 12 Bridge & Co receives the goods
May 30 Bridge & Co makes the payment

*Q.10* Determine the time of supply from the given information

May 4 Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice elapse on June 3)
June 12 Pillar & Co receives the goods, which were held up in transit
July 3 Payment made for the goods

*Q.11* Determine the time of supply from the given information. (Assuming that service being supplied is taxable under reverse charge)

May 4 : The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.

August 21: Payment made to the supplier of service

*Q.12* Determine the time of supply from the following particulars:

6th May Booking of convention hall, sum agreed Rs. 15,000, advance of Rs. 3,000 received
15th September Function held in convention hall
27th October Invoice issued for Rs. 15,000, indicating balance of Rs. 12,000 payable
3rd November Balance payment of Rs. 12,000 received

*Q 13* Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e., 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July. What is the time of supply of the transporter's service?

*Q.14* Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice. When is the time of supply of service?

*Q.15* Investigation shows that 150 cartons of ceramic capacitors were despatched on 2nd August but no invoice was made and the cartons were not entered in the accounts. There was no evidence of receipt of payment. What is the time of supply of the 150 cartons?

*Q.16* An order is placed on Ram & Co. on 18th August for supply of a consignment of customised shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and hands over the payment on the same date, which is entered in the accounts on the next day, 8th December. What is the time of supply of the shoes?

*Q.17* Sodexo meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of supply of the coupons?

*Q.18* A firm of lawyers issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services. Note: Legal services are taxable on reverse charge basis.

*Q.19* Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December. What is the method to fix the time of supply of the service?

*Q.20* An income-tax and money laundering case against Mr. XYZ, working in a multi-national company, reveals a large volume of undisclosed assets, which he claims as service income. On this basis, the GST authorities investigate the GST liability. Dates of provision of service, whether in the first half or the second half of the financial year being scrutinised by income-tax authorities, are not known. Mr. XYZ voluntarily pays GST during the investigation. What is the time of supply of the services?

*Q.21* 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?