Point ofTaxation Rules, 2011

Rule	Coverage
Rule 2A	Date of Payment
Rule 2C	Continuous supply of Service
Rule 3	Determination of Point of Taxation
Rule 4	Determination of Point of Taxation in case of change in effective rate of Tax
Rule 5	Payment of Tax in case of New Service
Rule 6	Omitted
Rule 7	Determination of Point of Taxation in case of specified services or persons
Rule 8	Determination of Point of Taxation in case of copyrights, etc
Rule 8A	Determination of Point of Taxation in other cases

“Winner don't do different things but they do the things differently”

<u>Point of Taxation Rules, 2011</u>

<u>RULE 2A</u> Date of Payment

Rule - Date of payment shall be the ***<u>earlier of the dates</u>*** on which the payment is entered in the **<u>books of accounts</u>** or is credited to the ***<u>bank account</u>*** of the person liable to pay tax

Scenario – when change in e.r.t or new levy between date of book entry and credited to bank (not cash)

Eg

Payment was credited in the books of accounts on 10.3.2013 Payment was credited in the bank account on 1.2.2013

"One man has enthusiasm for 30 minutes, another has it for 30 days, but is the man who has it for 30 years who makes a success of his life"

Point of Taxation Rules, 2011

RULE 2A Date of Payment

Scenario – when change in e.r.t or new levy between date of book entry and credited to bank (not cash)

Rule - Date of payment shall be the ***earlier of the dates*** on which the payment is entered in the **books of accounts** or is credited to the ***bank account*** of the person liable to pay tax

W.e.f 1-4-2012

New Levy
or
CERT

Books of A/C

Whichever is Earlier

Bank Payment

"Live as if you were to die tomorrow
Learn as if you were to live forever"

Point of Taxation Rules, 2011

RULE 2C Continuous supply of Service

any service which is provided, or to be provided continuously or on recurrent basis, under a contract, for a period exceeding **three months** with the obligation for payment periodically or from time to time or where the Central Govt. by notification in the Official Gazette, prescribes provision of a particular service to be a continuous supply of service, whether or not subject to any condition.

Continuous flow of services more than THREE MONTHS

“Under Adverse conditions - some people break down, some break records”

Point of Taxation Rules, 2011

Rule 3 Determination of Point of Taxation

S

I

Tally
POWER OF SIMPLICITY
Tally.ERP 9

P

इंडियन बैंक
Indian Bank

Invoice issued within
30 days
POT = I or P
Whichever is earlier
Rule 3 (a)

Invoice not issued within
30 days
POT = S or P
Whichever is earlier
Rule 3 (b)

"Where there's a Will, there's a way"

Point of Taxation Rules, 2011

Rule 3 Determination of Point of Taxation

(a) Date of invoice or payment, whichever is earlier, if the invoice is issued within the prescribed period of ***30 days*** from the date of completion of the provision of service (W.e.f. 1-4-201 2).

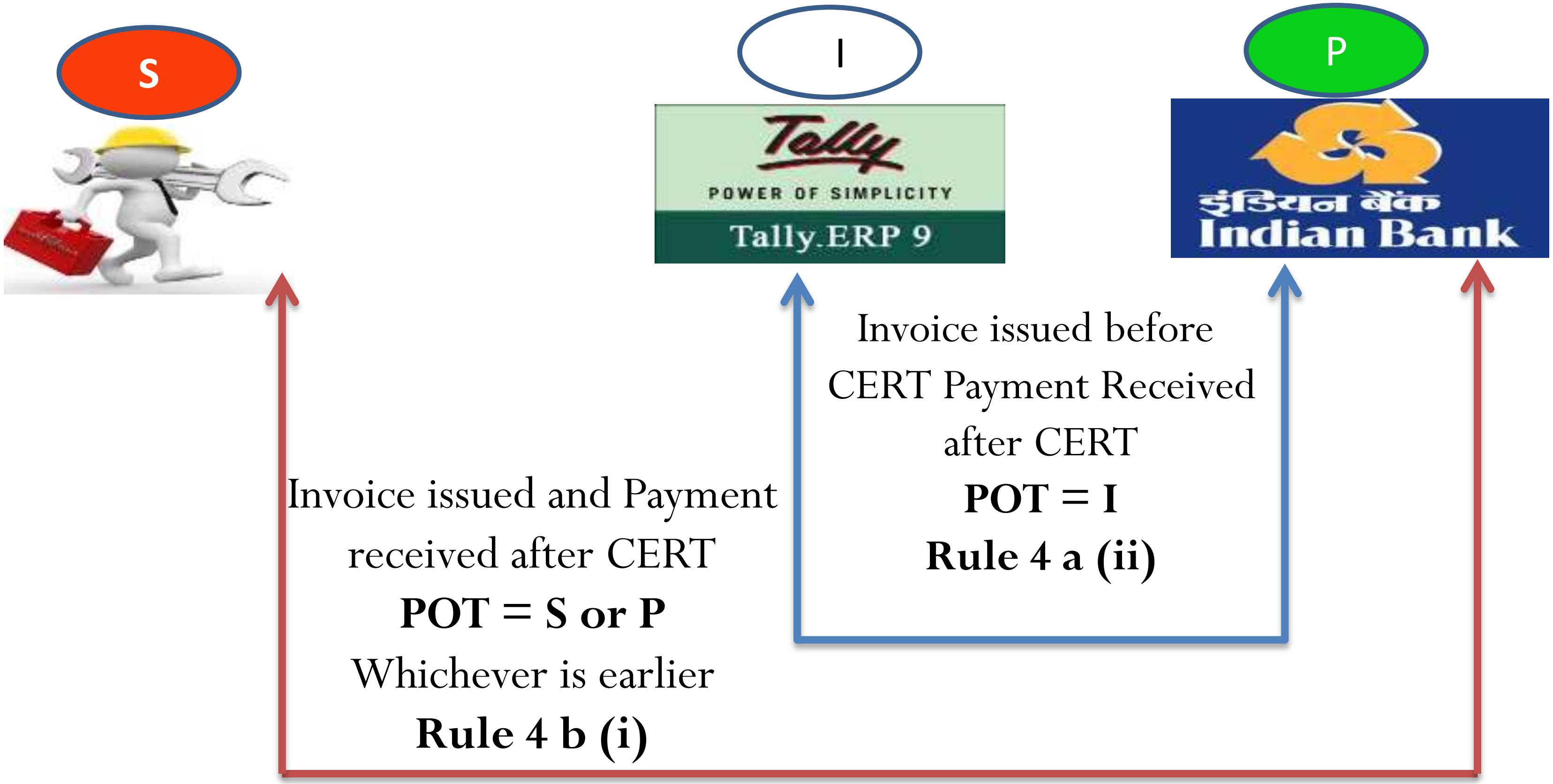
(b) Date of completion of the provision of service or payment, whichever is earlier if the invoice is ***not issued*** within the prescribed period.

S. No	Service (S)	Invoice (I)	Payment (P)	POT	Invoicing	Rule
1	10th Apr, 2013	20th Apr, 2013	30th Apr, 2013	20th Apr, 2013	Within 30 days	I/P (w.e)
2	10th Apr, 2013	6th May, 2013	30th May,2013	6th May, 2013	Within 30 days	I/P (w.e)
3	10th Apr, 2013	6th May, 2013	30th Apr, 2013	30th Apr, 2013	Within 30 days	I/P (w.e)
4	25th Apr, 2013	20th Apr, 2013	2nd Apr, 2013	2nd Apr, 2013	Within 30 days	I/P (w.e)
5	10th April, 2013	16th May, 2013	30th May, 2013	10th Apr, 2013	Beyond 30 days	S/P(w.e)

"You already have every characteristic necessary for success if you recognize, claim, develop and use them."

Point of Taxation Rules, 2011

Rule 4 Determination of Point of Taxation in case of change in effective rate of Tax



"Work eight hours and sleep eight hours and make sure that they are not the same hours"

Point of Taxation Rules, 2011

Rule 5 Payment of Tax in case of New Service

No tax shall be payable (5a)

to the extent the Invoice has been issued and the payment received against such invoice before such service became taxable.

No tax shall be payable (5b)

if the payment has been received before the service becomes taxable **And** invoice has been issued within 14 days of the date when the service is taxed for the first time.

"A life spent making mistakes is not only more honorable but more useful than a life spent doing nothing"

Point of Taxation Rules, 2011

Rule 7 Determination of Point of Taxation in case of specified services or persons (Reverse Charge)

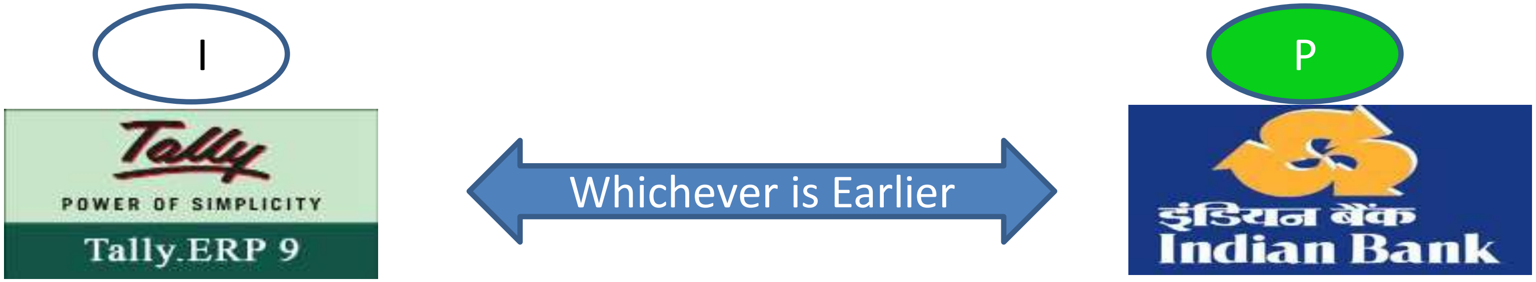
Shall be the date on which ***payment is made*** within 180 days from the date of invoice

Provided that, where payment is not received within a period of 180 days of the date of Invoice, the POT shall be determined as if this rule does not exist (Rule 3)

"Education is the ability to listen to almost anything without losing your temper or your self-confidence"

Point of Taxation Rules, 2011

Rule 8 Determination of Point of Taxation in other cases (copyrights, etc)



Rule 8 – In case of royalties or payments relating to copy rights, trade marks, designs, where the whole amount of consideration is not ascertainable, then POT as per the above.

Where the POT ***cannot be determined*** as per rule 8 then Rule 8 (A)

- as the date of Invoice or date of Payment or both are not available Central Excise Officer may require the concerned person to produce such accounts, documents or other evidence as he may deem necessary shall by an order in writing, after giving an opportunity of being heard determine the POT to the best of his judgments.

"No Pain, No Gain"

Stay hungry, Stay foolish

Stay Connected & Inspired
CMA Loganathan Sekar
Author for Indirect Taxes
Email: Logucwa@gmail.com