

Chapter IV

Time and Value of Supply

FAQ's

Time of supply of goods (Section 12)

Section 12 of the CGST Act, 2017 made applicable to IGST vide Section 20 of the IGST Act, 2017 and UTGST vide Section 21 of the UTGST Act, 2017

Q1. How are the provisions relating to 'time of supply' relevant under the GST Law?

Ans. The provisions relating to time of supply of goods / services are relevant in ascertaining the time to remit the taxes on a particular transaction involving supply of goods/ services under the GST Law. The CGST Act, 2017 provides separate provisions for time of supply of goods and services viz., Section 12 for time of supply of goods and Section 13 for time of supply of services.

Q2. What will be the time of supply of goods, in case of forward charge?

Ans. In terms of Section 12 of the CGST Act, 2017, the time of supply of goods shall be the earliest of the following:

- (a) Date of issue of invoice or the last date on which he is required, under section 31, to issue the invoice with respect to the supply (i.e., Due date of issue of invoice); or
- (b) Date on which the supplier receives the payment with respect to the supply i.e. Date on which payment is entered in books of accounts of the supplier; or Date on which payment is credited to the bank account, whichever is earlier.

However, vide *Notification No.- 66/2017-Central Tax dated 15.11.2017*, the registered person who did not opt for the composition levy under section 10 shall pay the central tax on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e. the date of issue of invoice by the supplier or Due date of issue of invoice. Therefore, no GST is payable on advances received against supply of goods.

It is pertinent to mention here that earlier vide *Notification No.40/2017- Central Tax dated 13.10.2017*, the benefit was granted to only small assesses. i.e., registered persons whose aggregate turnover in the preceding financial year did not exceed ` 1.50 crore or the registered person whose aggregate turnover in the year in which such person has obtained registration is likely to be less than ` 1.50 crore and who did not opt for the composition levy under section 10 of the CGST Act as the class of persons who shall pay the central tax on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act.

- Q3. What will be the time of supply of goods, generally in case of registered supplier?
- Ans. Generally, in case of registered supplier in terms of Section 12 of the CGST Act, 2017, the time of supply of goods shall be the earliest of the following:
- (a) Date of issue of invoice; or
 - (b) Due date of issue of invoice
- Q4. What would be the '*due date of issuance of invoice*' with reference to the provisions relating to time of supply of goods?
- Ans. Section 31(1) of the CGST Act, 2017 prescribes the time at which the tax invoice should be issued by a registered taxable person supplying goods. Accordingly, the due date for issuance of invoice would be as follows:
- (a) **Supply involves movement of goods** – It is provided that the tax invoice should be issued before or at the time of removal of goods for supply to the recipient. As such, it is inferred that the date of removal of goods shall be the '*due date of issuance of invoice*', unless invoice is actually issued before such date.
 - (b) **Any other case** – before or at the time of delivery of goods or making goods available to the recipient. As such, it is inferred that the date on which goods are delivered to the recipient or the date on which goods are made available to the recipient is the '*due date of issuance of invoice*' , unless invoice is actually issued before such date.
- Proviso to Section 31(1) of the CGST Act, 2017 also empowers the Government by way of notification, to specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.
- However, in case of '*Continuous Supply of Goods*' or '*Sale of Goods on Approval basis*', Sub. Section. (4) & (7) of Sec. 31 prescribes specified time frame to issue Tax Invoice.
- Q5. What will be the date of payment to ascertain the time of supply of goods, in case of tax payer under composition scheme?
- Ans. In terms of the Explanation 2 appended to Section 12, the date of payment shall be the earliest of the following dates:
- (a) Date on which payment is entered in books of accounts of the supplier; or
 - (b) Date on which payment is credited to the bank account.
- Q6. What will be the time of supply where multiple invoices are issued for a single consignment involving supply of goods?

Ans. The time of supply of goods shall be the date of issuance of invoice; or due date for issuance of invoice whichever is earlier, in relation to the respective invoice in case of the registered person who did not opt for the composition levy under section 10. However, in any other case, the time of supply of goods shall be the date of issuance of invoice; or due date for issuance of invoice or receipt of payment by the supplier, whichever is earlier, in relation to the respective invoice

Q7. What will be the time of supply, where tax is liable to be paid on goods under reverse charge mechanism?

Ans. In case of tax liable to be paid on goods under reverse charge mechanism, the time of supply shall be the earliest of the following:

- (a) Date of receipt of goods by the recipient; or
- (b) Date on which the payment is entered in the books of accounts of the recipient; or
- (c) Date on which payment is debited in the bank account of the recipient; or
- (d) Date immediately following 30 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.

Where the time of supply cannot be ascertained as above, the date of entry in the books of accounts of the recipient shall be the time of supply of goods.

To illustrate, Mr. A being registered taxable person procures goods (waste & scrap) in auction from CTD of Govt. of Maharashtra. The chronology of events are as follows:

Date of receipt of goods by Mr. A	September 24, 2018	Time of supply shall be September 21, 2018
Date on which the payment is entered in the books of accounts of Mr. A	September 21, 2018	
Date on which payment is debited in the bank account of Mr. A	September 22, 2018	

In the event, the above details are not available and the date of entry relating to purchase of goods in the books of Mr. A is September 30, 2018, the time of supply of goods will be September 30, 2018.

Q8. What will be the time of supply in case of supply of vouchers?

Ans. In terms of Section 12(4) of the CGST Act, 2017, time of supply of vouchers shall be the earliest of the following:

- (a) date of issue of voucher, if the supply is identifiable at that point; or
- (b) date of redemption of voucher, in all other cases.

Q9. State whether, Composite supply will attract the provisions pertaining to time of supply of goods or services?

Ans. In terms of Section 2(30) of the CGST Act, 2017 'composite supply' is defined to mean a supply made by a taxable person to a recipient comprising two or more taxable supplies of goods or services, or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. The illustration appended to the definition of 'composite supply' reads as follows:

Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply.

Section 8(a) provides that the composite supply whether involves supply of goods or services shall be decided based on the principal supply forming part of 'composite supply'. In other words, if the composite supply involves supply of services as principal supply, such composite supply would qualify as supply of services and accordingly the provisions relating to time of supply of services would be applicable. Alternatively, if composite supply involves supply of goods as principal supply, such composite supply would qualify as supply of goods and accordingly, the provisions relating to time of supply of goods would be applicable.

Q10. What would be the time of supply where composite supply involves supply of goods as principal supply?

Ans. The general provisions relating to time of supply of goods will be applicable where composite supply involves goods as principal supply. Accordingly, the time of supply of such composite supply shall be the earliest of the following:

- (a) Date of issue of invoice; or
- (b) Due date of issue of invoice

Q11. What will be the time of supply in case of continuous supply of goods?

Ans. In terms of Section 2(32) of the CGST Act, 2017, '*continuous supply of goods*' means a supply of goods 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 includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify.

Due date for issuance of invoice in terms of Section 31(4) involving successive statement of accounts (SSOA) or successive payments shall be:

- Before/ at the time of issue of each SSOA or

- Before/ at the time of receipt such successive payment

Accordingly, in terms of Section 12 read Section 31(4), the time of continuous supply of goods, in case of other than supplier under composition tax payer, shall be the earliest of the following:

- (a) Date of issue of invoice; or
- (b) Due date of issue of invoice; or

Further, the time of continuous supply of goods, in case of supplier under composition scheme, shall be the earliest of the following:

- (a) Date of issue of invoice; or
- (b) Due date of issue of invoice; or
- (c) Date on which payment is entered in books of accounts of the supplier; or
- (d) Date on which payment is credited to the bank account.

Q12. What will be the Time of supply in case of supply of goods through e-commerce entities?

Ans. The CGST Act, 2017 does not provide separate provisions for ascertaining time of supply of goods through/by e-commerce entities. Accordingly, the same provisions as to time of supply of goods (supplier other than the one who has opted for composition levy) discussed above will be applicable whether a supplier makes supply through e-commerce entity or the e-commerce entity himself makes the supply.

Q13. What will be the Time of supply in case of addition in value by way of interest, late fee or penalty?

Ans. In terms of Section 12(6) of the CGST Act, 2017, the date on which the supplier receives interest, penalty or late fee which forms part of value will be the time of supply.

Time of supply of services (Section 13)

Section 13 of the CGST Act, 2017 made applicable to IGST vide Section 20 of the IGST Act, 2017 and UTGST vide Section 21 of the UTGST Act, 2017

Q14. How to ascertain the time of supply of services?

Ans. In terms of Section 13 of the CGST Act, 2017 read with Section 31¹ thereof and Rule 47 of the CGST Rules, 2017, if the invoice is issued before supply of service or within a period of 30 days from the date of supply of service, the time of supply of services shall be the earliest of the following:

¹ Effective date yet to be notified. Sub-section (2) omitted in section 13(2)

- (a) Date of issue of invoice; or
- (b) Date when the payment entry in relation to supply of services is recorded in books of accounts of the supplier; or
- (c) Date on which the payment is credited to supplier's bank account.

Illustration:

Date of invoice	January 31, 2018	Time of supply of services shall be January 10, 2018
Date of supply of service	January 7, 2018	
Payment received by way of cheque and the entry for receipt of payment is recorded in books of accounts	January 10, 2018	
Amount credited to bank account of supplier	January 12, 2018	

However, if the invoice is not issued within a period of 30 days from the date of supply of service, in terms of aforesaid provisions i.e., Section 13 of the CGST Act, 2017 read with Section 31 thereof and Rule 47 of the CGST Rules, 2017, the time of supply of service shall be the earliest of the following:

- (a) Date of provision of service; or
- (b) Date when the payment entry in relation to supply of services is recorded in books of accounts of the supplier; or
- (c) Date on which the payment is credited to supplier's bank account.

Illustration:

Date of invoice	October 30, 2018	Time of supply of services shall be September 7, 2018
Date of supply of service	September 7, 2018	
Payment received by way of cheque and the entry for receipt of payment is recorded in books of accounts	October 10, 2018	
Amount credited to bank account of supplier	October 12, 2018	

In a case where neither of the aforesaid provisions apply, the date on which the recipient shows the receipt of services in his books of account shall be the time of supply of the services.

Q15. What would generally be the date of payment for ascertaining time of supply of services?

Ans. The '*date of payment*' referred in provisions relating to time of supply of services shall be the earliest of the following:

- (a) date when the payment entry in relation to supply of services is recorded in books of accounts of the supplier; or
- (b) date on which the payment is credited to supplier's bank account.

Q16. What is time of supply of service with respect to receipt of amount in excess of the invoice amount. E.g.: Invoice is issued for ` 5,000 on September 22, 2018 by the supplier. Subsequently, the recipient pays scenario 1: ` 5,500/- and scenario 2: ` 8,000/-. Moreover, invoices are issued within the time stipulated under section 31 as services are provide on October 10,2018; Date on which payment is entered in books of accounts of the supplier on September 30,2018 and Date on which payment is credited to the bank account is September 28,2018?

Ans. In terms of the proviso to Section 13(2) of the CGST Act, 2017, the time of supply of service with respect to the amount received in excess up to ` 1,000/- of the amount indicated in tax invoice, shall at the option of the supplier, be the date of issue of invoice, in respect of such excess amount. Thus, if the supplier opts for this method, the time of supply will be the date when the supplier raises invoice in respect of the excess amount.

Where the excess amount is received exceeds ` 1,000/-, the time of supply of goods shall be the earliest of the date of invoice or date of receipt i.e., earliest of the following:

- (a) Date of issue of invoice by the supplier, if the invoice is issued within the period prescribed u/s 31 or the date of receipt of payment, whichever is earlier; or
- (b) Date of provision of service, if the invoice is not issued within the period prescribed u/s 31 or the date of receipt of payment, whichever is earlier; or
- (c) Date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:

Accordingly, the time of supply in each of the scenarios given in the example would be as follows:

Scenario 1: The time of supply of service for ` 5,000 shall be September 22, 2018 and with respect to remaining amount of ` 500/- received in excess shall be, at the option of the supplier be the date of receipt of payment i.e. September 28, 2018 or the date of invoice whenever raised by the supplier in respect of the excess amount.

Scenario 2: The time of supply of service for ` 5,000 shall be September 22, 2018 and with respect to remaining amount of ₹3000/- received in excess shall be September 28, 2018 which is explained as follows:

Date on which payment is entered in books of accounts of the supplier	September 30, 2018	Time of supply shall be
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Date on which payment is credited to the bank account	September 28, 2018	September 28, 2018
Date of provision of service	October 10, 2018	

Q17. Whether the advance received prior to provision of service is liable to tax under GST Law?

Ans. In terms of Section 13 of the CGST Act, 2017, the criteria to decide time of supply of services includes the date on which payment is received by the supplier. Accordingly, the service provider should remit the applicable taxes on such advances in the month in which the money is received in advance even otherwise the services are not supplied / provided.

Subsequently, when the invoice is issued with respect to the advance payments received earlier, the same shall be declared in the returns pertaining to the month in which the invoice is issued, by giving reference of the 'Transaction ID' generated at the time of remitting taxes on the advance payments (in the earlier tax periods).

Q18. What would be the time of supply of services taxable under reverse charge mechanism?

Ans. In terms of Section 13(3) of the CGST Act, 2017, the time of supply of services for remittance of tax under reverse charge mechanism shall be the earliest of the following:

- (a) Date of payment recorded in the books of accounts of the recipient;
- (b) Date of debit in bank account of the recipient;
- (c) 60 days from the date of issue of invoice or any other document in lieu thereof by the supplier; or

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

In case of associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

Q19. Whether the date of completion of service would be relevant for determining time of supply?

Ans. Yes, if the Invoice is not issued within 30 days of supply of service. Refer answer above to Q. 14.

Q20. Time of supply of services under reverse charge mechanism where the supplier of service is associated enterprises?

Ans. In case of associated enterprises located within India, the time of supply in terms of Section 13(3) shall be the earliest of the following:

- (a) Date of payment as per books of accounts of the recipient; or
- (b) Date on which payment is debited in the bank account of the recipient; or
- (c) Sixty days from the date of issuing invoice or any other document, by whatever name called, in lieu thereof by the supplier; or

If it is not possible to determine the time of supply under the aforesaid clauses, the time of supply shall be the date of entry in the books of account of the recipient of supply. Thus, the same provisions as applicable to a supplier who is not associated enterprise will apply for services provided by associated enterprises located in India.

Where associated enterprises is located outside India, the time of supply shall be the earliest of the following dates:

- (a) Date of entry in the books of accounts of the recipient; or
- (b) Date of payment.

Particulars	Non-associated enterprises	Associated Enterprises
Date on which payment is entered in books of accounts	September 14, 2018	September 14, 2018
Date on which payment is debited to bank account	September 17, 2018	September 17, 2018
Date of issuance of invoice	September 10, 2018	September 10, 2018
Sixty days from the date of issuing invoice	November 11, 2018	November 11, 2018
Date of entry in the books of accounts of the recipient	September 10, 2018	September 10, 2018
Time of supply	September 14, 2018	September 10, 2018

Q21. What does associated enterprises referred to in Section 13(3) of the CGST Act, 2017 mean?

Ans. In terms of Section 2(12), the 'associated enterprises' shall have the meaning assigned to it in Section 92A of the Income Tax Act, 1961.

Q22. What would be the 'due date of issuance of invoice' with reference to the provisions relating to time of supply of services?

Ans. A registered taxable person supplying services, in terms of Section 31 of the CGST Act, 2017, shall issue the tax invoice before or after the provision of service but within a period prescribed in this behalf. Accordingly, the last date within which the invoice should be issued will be the 'due date of issuance of invoice'.

As per Rule 47 of the CGST Rules, 2017 the time limit for issuing a tax invoice is 30 days from the date of provision of service. In case of Insurer, Banking Company, Financial Institution including NBFC's the said time limit is 45 days from the date of supply of services.

Q23. What would be the time of supply in case of works contract?

Ans. In terms of entry (a) to clause 6 of schedule II, the works contract in relation to immovable property under the GST regime should be treated as supply of service. Accordingly, the same provisions as applicable to determine time of supply of services discussed above will apply to works contracts.

Q24. What would be the time of supply where composite supply involves supply of services as principal supply?

Ans. The same provisions relating to time of supply of services discussed above are applicable where composite supply involves services as principal supply.

Q25. Time of supply in case of mixed supplies?

Ans. In terms of Section 2(74) of the CGST Act, 2017 '*mixed supply*' means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. The illustration appended to the definition of '*mixed supply*' reads as follows:

A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

Section 8(b) provides that the mixed supply whether involves supply of goods or services shall be ascertained on the basis of a particular supply forming part of the mixed supply which attracts highest rate of tax. In other words, the mixed supply, if involves supply of any service liable to tax at the higher rate than any goods covered therein, such mixed supply would qualify as supply of services and accordingly the provisions relating to time of supply of services would be applicable. Alternatively, the mixed supply, if involves supply of any goods liable to tax at the higher rate than services covered therein, such mixed supply would qualify as supply of goods and accordingly the provisions relating to time of supply of goods would be applicable.

E.g.: During an exhibition, the package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices are supplied by the organizer of exhibition. This would qualify as mixed supply since exhibition of services and other goods are supplied in conjunction. The rate of tax applicable (presumed) to each of the goods and services: (Review Illustration)

Exhibition services	18%
Dry fruits and fruit juices	5%
Canned foods, sweets, chocolates, cakes and aerated drink	12%
Nature of supply (highest rate)	Supply of services-18%

Q26. Time of supply in case of continuous supply of services?

Ans. '*Continuous supply of services*' in terms of Section 2(33) of the CGST Act, 2017 means supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such service as the Government may, subject to such conditions, as it may, by notification, specify.

In terms of provisions of Section 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 for payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives 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.

The time of supply will be the date by which the invoice is actually issued or is required to be issued under the above provisions (a) and (c) or the date of receipt of payment (earlier of entry in books of account / credit in bank account), whichever is earliest.

Q27. Time of supply where services are supplied online?

Ans. The CGST Act, 2017 does not provide separate provisions for ascertaining the time of supply of service where such services are supplied online and hence the same provisions for services as discussed above will apply for services supplied online.

Q28. Time of supply of services in case of import of services?

Ans. The CGST Act, 2017 does not provide separate provisions for ascertaining the time of supply in case of import of services. Accordingly, in terms of section 13(3) the same provisions as discussed in answer to Q.18 applicable for services liable to payment of tax by reverse charge shall be applicable to determine the time of supply of services in case of import of services which are also liable to payment of tax by reverse charge mechanism.

Q29. Time of supply in case of addition in value by way of interest, late fee or penalty?

Ans. In terms of Section 13(6) of the CGST Act, 2017 the date on which the supplier receives interest, penalty or late fee which forms part of value will be the time of supply.

Change in Rate of Tax in respect of supply of goods or services (Section 14)

Section 14 of the CGST Act, 2017 made applicable to IGST vide Section 20 of the IGST Act, 2017 and UTGST vide Section 21 of the UTGST Act, 2017

Q30. How do we determine the rate of tax in case of supply of goods where supplier has not opted for composition levy, when there is change in the tax rates?

Ans. In case of supply of goods where supplier has not opted for composition levy and there is change in the tax rates, three important events need to be considered are – Date of raising invoice, Due date of issue of invoice and Completion of supply.

Where in terms of Section 31(1) of the CGST Act, *the due date of issue of invoice is removal of goods*, where the supply involves movement of goods and delivery of goods in any other case. Further as per section 2(96) of the CGST Act, *“removal” in relation to goods, means—*

- (a) *despatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or*
- (b) *collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient;*

If any of the two events occur before the change in rate of tax, then the old rate will apply else the new rate will apply.

Q31. How do we determine the rate of tax in case of supply of services (Both regular or composition tax payer) or supply of goods where supplier has opted for composition levy, when there is change in the tax rates?

Ans. In case of supply of services (Both regular or composition tax payer) or supply of goods where supplier has opted for composition levy and there is change in the tax rates, three important events need to be considered – Date of raising invoice, receipt of payment and completion of supply. If any of the two events occur before the change in rate of tax, then the old rate will apply else the new rate will apply.

Illustration – Rate of GST on Supply of service made on or after January 1, 2018 increased from say 18% to 20% then the tax to be applied on supplies will be as under

Before – Event occurred before January 1, 2018

After – Event occurred on or after January 1, 2018

Supply Provided	Invoice issued	Payment received	GST Rate
Before	After	After	20%
Before	Before	After	18%
Before	After	Before	18%
After	Before	After	20%
After	Before	Before	18%
After	After	Before	20%

Q32. I have received the payment, but I have not deposited the cheque in the bank account. What is the date of receipt of payment?

Ans. The date of receipt of payment is date of entry in the books of the supplier or date of credit in his bank account, whichever is earlier.

Q33. What is the rate of GST to be charged on advances received before the change in rate of tax if the supply is completed after the change in rate of tax?

Ans. If the invoices is also raised before the change in rate of tax, then the old rate will be applicable even though the supply is complete after the change in rate of tax. Else, the new rate will be applicable.

Q34. If 95% of the work is complete before the change in rate of tax but invoice can be raised only after completion of supply, then what is the rate of tax to be applied?

Ans. Assuming the supply is completed after the change in rate of tax, new rate will apply.

Q35. In case of Construction Contracts, builders remit taxes on receipt of payment or completion of slabs as provided in the contract. What will the impact due to change in the tax rates?

Ans. For payments received before the change in rate of tax, if invoices are also raised before the change in rate of tax, old rate will be applicable. Else the new rate will be applicable.

For slab completion before the change in rate of tax, if invoices are also raised before the change in rate of tax, old rate will be applicable. Else the new rate will be applicable.

Q36. How do we compute GST liability on supplies which are liable to tax under reverse charge?

Ans. Separate provisions had been provided under the erstwhile service tax laws to determine the service tax payable on reverse charge mechanism which is linked to date of payment to the service provider unless the payment is made within 3 months of the

date of invoice. However, such provisions are not there in the CGST Act, 2017. Accordingly, general provisions relating to change in rate of tax shall be applicable in determining the appropriate rate of tax.

Q37. Will I be required to pay GST at the new GST rate on Debtors outstanding as on the date of change in the rate of tax?

Ans. If the supply was complete for such outstanding balances and the invoice is also issued before change in rate of tax, then old rate will be applicable. Else the new rate will be applicable.

Q38. I have raised the invoice with old rate of tax but now I am required to remit the taxes based on new rate of tax. Can I recover the additional tax payable from my customer?

Ans. Yes, you can raise a supplementary invoice / debit note to recover the additional tax from the customer.

Q39. Will the customer be able to take credit of additional taxes referred at Q8?

Ans. If the customer is entitled to claim the credit of tax mentioned in the original invoice, the input tax credit of additional taxes can be availed which is subject to conditions specified in this regard.

Value of taxable supply (Section 15)

Section 15 of the CGST Act, 2017 made applicable to IGST vide Section 20 of the IGST Act, 2017 and UTGST vide Section 21 of the UTGST Act, 2017

Q40. Is there any specific valuation mechanism provided for composite supplies and mixed supplies?

Ans. No, section 15 and the rules prescribed under this Section are common for supply of goods and supply of services. The provisions of valuation and the rules would apply to composite supplies and mixed supplies equally.

Q41. Are the valuation provisions similar for both inter-State and intra-State supplies?

Ans. Yes, Section 15 is common for all supplies.

Q42. Will the Section 15 read with Chapter IV of the CGST Rules, 2017 apply to IGST payable on import of goods?

Ans. No. As per Proviso to Sec. 5(1) of IGST Act, Customs Law will be applicable for valuation of imported goods.

Q43. Will the Customs Valuation apply to IGST payable on import of services?

Ans. No. Customs Law is applicable only for valuation of imported goods. Section 15 read with Chapter IV of the CGST Rules, 2017 will apply for valuation of import of services.

Q44. Is contract price not sufficient to determine valuation of supply?

Ans. Contract price (adjusted to the specific inclusion and exclusions provided in sub. Sec. (2) & (3) of Sec. 15) can be referred to as 'transaction value' and that is the basis for computing tax. However, the transaction will not be accepted as the value of supply where the supply is between related persons (including different registrations of the same PAN and principal-agent supplies), or where the consideration payable is not wholly in money.

Q45. Is reference to the CGST Rules required in all cases?

Ans. No. Reference to the CGST Rules, 2017 is required only when the supply is between related persons (including different registrations of the same PAN and principal-agent supplies), or where the consideration payable is not wholly in money. However, in specific cases where the categories of goods and services are notified in this regard (such as money-changing), the CGST Rules, 2017 must be referred to, irrespective of the fact that the supplier and recipient are unrelated, and price is the sole consideration.

Q46. What is to be done if there are certain factors affecting price but same cannot be quantified?

Ans. Where transaction value is partly, or not wholly in money, the same cannot be accepted. The value of supply should be determined under the CGST Rules, 2017.

Q47. Can the value of supplies be a deemed value?

Ans. Section 15(5) of the CGST Act, 2017 empowers the Government to prescribe the value of certain supplies which may or may not be linked to the transaction value.

Q48. When will the recipient and supplier be treated as related?

Ans. The relationship will be examined based on the explanation appended to Section 15 of the CGST Act, 2017 which defines the term "related persons". Accordingly, the following persons shall be deemed to "related persons" for the purpose of GST, if:

- such persons are officers or directors of one another's businesses;
- such persons are legally recognized partners in business;
- such persons are employer and employee;
- any person directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them;
- one of them directly or indirectly controls the other;
- both of them are directly or indirectly controlled by a third person;
- together they directly or indirectly control a third person; or
- they are members of the same family;

Further, persons who are associated in the business of one another where one is the sole agent/ sole distributor/ sole concessionaire of the other, shall be deemed to be related.

Q49. If related persons transact at arm's length price, can the valuation still be questioned?

Ans. The law mandates a reference to the CGST Rules where the supply is between related persons. However, since the supply is at "arm's length price", the fact that the price assigned to the transaction is an 'open market value' should be established.

Q50. What is the meaning of the term "Price is not the sole consideration"?

Ans. Under the GST law, consideration can be in "money or otherwise", and includes the monetary value of an act or forbearance, in relation to a supply. Consideration may also flow from any person other than the recipient. In cases, where the money received in respect of the supply is not the sole consideration, the "price is not the sole consideration". E.g. Buyer of capital goods discharges the loan of seller, goods purchased on exchange offer, etc.

Q51. Can any additions be made to the contracted price when 'Transaction Value' is acceptable?

Ans. Yes. Section 15 of the CGST Act, 2017 provides for inclusions to the transaction value (on which GST will be payable). The below are broadly, the inclusions prescribed:

- (a) any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, 2017, the SGST Act, 2017, UTGST Act, 2017 and the Goods and Services Tax (Compensation to States) Act, 2017, if charged separately by the supplier;
- (b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient, but not included in the price;
- (c) incidental expenses, including commission and packing, charged by the supplier to the recipient, and any amount charged for anything done by the supplier in respect of the supply until delivery of goods or supply of services;
- (d) interest or late fee or penalty for delayed payment of any consideration for any supply; and
- (e) subsidies directly linked to the price excluding subsidies provided by the Government.

Q52. Will the flight tickets booked by client for travel of Chartered Accountants to facilitate an outstation audit be liable to GST, even if the engagement contract provides that any travel expenses incurred by the supplier in this behalf will be reimbursable to the chartered accountants?

Ans. The law provides that expenses incurred by the recipient in relation to supplies made by supplier of goods / services is to be included in the transaction value, only where such expenses were to be borne by the supplier. However, in the instant case, it cannot be said that the suppliers are liable to incur the cost of booking of flight tickets or that the cost was incurred by the recipient on behalf of the supplier. Hence, the value of flight tickets booked are not required to be included by the Chartered Accountants in their invoice, for computation of transaction value of audit service.

Q53. Are transport charges for supply, paid by the supplier required to be included in the transaction value?

Ans. All the expenses incurred by the supplier, in relation to the supply, are required to be included in the transaction value to the extent they are charged for. Even if the contract is for delivery of goods ex-factory, and the supplier incurs the cost of transportation on behalf of the recipient for delivery of goods to the recipient, the cost should be included in the transaction value, if the supplier charges the recipient for the same. However, if the contract price is for delivery of goods at the location of the recipient, then the transportation charges incurred by the supplier would not be required to be added to the transaction value, as the cost is contained in the said value.

Q54. Will discounts given to customers be allowed as deduction from transaction value?

Ans. Yes, the following two types of discounts would be excluded from transaction value:

- *Discount at the time of Sale* – Allowed as a deduction, provided if the discount is recorded on the face of invoice.
- *Post-supply Discount* – If such discount is based on the arrangement entered into before or at the time of supply, AND where the same can be linked to relevant invoices, then the same is allowed as a discount on the condition that the recipient reverses the input tax credit related to such discount availed earlier.

Q55. Quantity discounts are not recorded on the face of the invoice. Can the Quantity discounts be claimed as deduction while computing GST?

Ans. Quantity Discounts are allowed based on the volume / value of purchases made by the customer for a particular period. The discount is allowed at the end of a particular period based on the pre-agreed rates entered into between the supplier and the recipient. Such discounts will be eligible for exclusions by way of credit notes, only where the supplier is in a position to link the discount to each and every invoice, and the recipient reverses the credit to the extent of such discount.

Q56. Can the transaction value be questioned, if supplier and recipient's relationship come into existence after entering into a contract/arrangement to supply goods or services?

Ans. The laws assume that the relationship between the contracting parties prima facie influence the price at which the transaction is being carried out. Since the relationship did not exist on the date the prices were finalized (i.e., entering into the contract), the transaction value should be accepted in case of supplies effected prior to the forming of such relationship. However, for supplies effected after the two persons become 'related persons' for the purpose of the GST law, the transaction value cannot be accepted and reference must be made to the CGST Rules.

Q57. Will GST be applicable on any interest charged for payment after the credit period?

Ans. Interest, Penalty or Late fee charged from the customer for delayed payment of any supply shall not be separate stand-alone supply rather it shall be included in the value of original supply. However, the law provides that the GST liability on such values can be paid only on receiving such additional amounts.

Q58. In certain cases, the selling price of the final product is less since subsidy is received from Government. Are subsidies received from Government required to be included in the transaction value?

Ans. Subsidies received by the supplier, from Central / State Governments are not required to be included in the transaction value of supplies effected by him, even if the subsidies are directly linked to the supplies made by him.

Q59. Are subsidies received from Private Enterprises on procurement of eco-friendly capital goods required to be included in the transaction value?

Ans. Subsidies directly linked to the price of the supply are to be included in the transaction value, where such subsidies are not provided by the Central/ State Governments. Where it can be established that the price of the supply is not directly linked to the subsidy given on capital goods, the same is not required to be included.

Q60. Will the out-of-pocket expenses charged by professionals to claim reimbursement of expenses incurred by them for rendering services to their clients be included in the transaction value?

Ans. Yes. Any expenses incurred by the supplier relating to supply until the services are delivered, and which are charged to the recipient, will have to be included in the transaction value.

Q61. Will the Customs duty paid by Customs House Agent on behalf of the client also be required to be included in the transaction value?

Ans. Under the Service tax law, the aforementioned expenses were treated as reimbursements as 'pure agent' and are hence was not liable to service tax. Similar treatment exists in case of pure agents under the GST law as well. In terms of Rule 33 of the CGST Rules, the expenditure/ costs incurred by the supplier acting as a pure

agent of the recipient, on fulfilment of prescribed conditions, be excluded from the value of supply.

Q62. What will be the value of supply of goods or services if the consideration is not wholly in money?

Ans. Value of supply of goods or services if the consideration is not wholly in money shall be determined in the following sequential order:

- (a) open market value of such supply;
- (b) sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply;
- (c) value of supply of goods or services or both of like kind and quality;
- (d) sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined as per Rule 30 or Rule 31 in that order.

Q63. What will be the value of supply of goods or services or both between distinct [section 25 (4) and (5)] or related persons, other than through an agent?

Ans. The value of the supply between distinct persons or related persons, other than through an agent, shall be determined in the following sequential order:

- (a) open market value of such supply;
- (a) value of supply of goods or services of like kind and quality
- (b) value as per Rule 30 or rule 31, in that order

Further, where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90 % of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person.

Furthermore, that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

Q64. What will be the value of supply of goods between the principal and his agent when supply of goods is made or received through agent?

Ans. The value of supply of goods between the principal and his agent shall be:

- (a) open market value of the goods being supplied, or
90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer

[Supplier has the option to choose either of the two methods]

- (b) Where value of a supply is not determinable under clause (a), the same shall be determined as per Rule 30 or Rule 31 in that order.

Q65. What will be the value of supply in case of lottery, betting, gambling and horse racing as per Rule 31A of the CGST Rules.

Ans. Rule 31A of the CGST Rules, provides Value of supply in case of lottery, betting, gambling and horse racing as:

VALUE OF SUPPLY OF	SHALL BE
Lottery run by State Governments	Higher of : <ul style="list-style-type: none"> ▪ 100/128 of the face value of ticket or ▪ of the price notified in the Official Gazette by the organising State
Lottery authorised by State Governments	Higher of : <ul style="list-style-type: none"> ▪ 100/112 of the face value of ticket or ▪ price notified in the Official Gazette by the organising State
Actionable claim in the form of chance to win in betting, gambling or horse racing in a race club	100% of the face value of the bet or the amount paid into the totalisator

Where:

- Lottery run by State Governments means a lottery not allowed to be sold in any State other than the organizing State
- Lottery authorised by State Governments means a lottery which is authorised to be sold in State(s) other than the organising State also.
- Organising State has the same meaning as assigned to it in Rule 2(1)(f) of the Lotteries (Regulation) Rules, 2010.

Q66. State the supplies with value, where value has to determined which Rule 32 of the CGST Rules at option of supplier?

Ans. Value in respect of supplies specified below shall, at the option of the supplier, be determined in the manner provided in Rule 32 of the CGST Rules:

- supply of services in relation to the purchase or sale of foreign currency, including money changing- the value of supply will be:
 - (a) option a – difference between buying-selling rate and the reference rate

published by RBI. Where reference rate is not available, 1% of gross Indian Rupee value of the transaction. And where the conversion is not into Indian Rupees, then 1% of the lesser of the Indian Rupee equivalent of each currency exchanged

(b) option b – 1% of gross amount upto ₹1 lac, 1/2% after ₹1 lac upto ₹10 lacs and 1/10% after ₹10 lacs. This option (b) once exercised cannot be withdrawn during the financial year

- supply of services in relation to booking of tickets for travel by air provided by an air travel agent- the value of supply will be 5% of basic domestic fare or 10% of basic international fare.
- supply of services in relation to life insurance business-the value of supply will be gross premium reduced by investment allocation, in the case of single premium policy will be 10% of premium and in all other cases will be 5% of first year's premium and 12.5% for other year's premia.
- supply of goods of person dealing in second-hand goods- the value of supply will be difference between purchase price and selling price, if no ITC has been availed
- supply of a voucher, the value will be the redemption value of the voucher
- supply of services between distinct persons, that are notified by Government and where no input tax credit is availed will be NIL

Q67. What will be the value of supply of person dealing in second-hand goods?

Ans. In terms of Rule 32 (5) of the CGST Rules, where a taxable supply is provided by a person dealing in buying and selling of second hand goods i.e., used goods as such or after such minor processing which does not change the nature of the goods and where no input tax credit has been availed on the purchase of such goods, the value of supply shall be the difference between the selling price and the purchase price and where the value of such supply is negative, it shall be ignored

Further, purchase value of goods repossessed from a defaulting borrower, who is not registered, for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession.

It is imperative to state that this rule does not apply only to 'supply of second-hand goods' but to supply of services of person dealing in second-hand goods.

It is pertinent to mention here that Government vide Notification No. 10/ 2017-Central Tax (Rate) dated 28.08.2017 and Notification No. 04/ 2017-Compensation cess (Rate)

dated 20.07.2017, exempts Intra-State supplies of second hand goods, by an unregistered supplier to a registered person, dealing in buying and selling of second hand goods and who pays the central tax and compensation cess on the value of outward supply of such second hand goods as determined under Rule 32(5) of the CGST Rules.

Q68. Whether all expenses incurred by supplier are excluded from the value of supply?

Ans. No, In terms Rule 33 of the CGST Rules, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied:

- (i) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;
- (ii) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and
- (iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

Q69. Define Pure agent?

Ans. In terms of explanation to Rule 33 of the CGST Rules, pure agent means a person who -

- (a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- (b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- (c) does not use for his own interest such goods or services so procured; and
- (d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

Q70. Which exchange rate needs to be considered for determining the value of supply in case if transaction is undertaken in foreign currency?

Ans. In terms of Rule 34 of the CGST Rules, rate of exchange for determination of value of taxable goods shall be the applicable rate of exchange as notified by the Board under section 14 of the Customs Act, 1962 for the date of time of supply of such goods. And rate of exchange for determination of value of taxable services shall be the applicable

rate of exchange determined as per the generally accepted accounting principles for the date of time of supply of such services

Q71. How will you calculate the tax amount, if the value of supply is inclusive of GST?

Ans. Where the value of supply is inclusive of GST i.e., integrated tax or, as the case may be, Central tax, State tax, Union territory tax, the tax amount shall be determined as :

Tax amount = (Value inclusive of taxes × tax rate in % of IGST or, as the case may be, CGST, SGST or UTGST) ÷ (100 + sum of tax rates, as applicable, in %)

MCQ's

Time of supply of goods (Section 12)

Q 1. What is time of supply of goods, in case of forward charge?

- (a) Date of issue of invoice
- (b) Due date of issue of invoice
- (c) Date of receipt of consideration by the supplier
- (d) Earlier of (a) & (b)

Ans. (d) *Earlier of (a) & (b)*

Q 2. What is time of supply of goods, in case of supplier opting for composition levy under Section 10 of the CGST Act, 2017?

- (a) Date of issue of invoice
- (b) Date of receipt of consideration by the supplier
- (c) Latter of (a) & (b)
- (d) Earlier of (a) & (b)

Ans. (d) *Earlier of (a) & (b)*

Q 3. What is time of supply of goods liable to tax under reverse charge mechanism?

- (a) Date of receipt of goods
- (b) Date on which the payment is made
- (c) Date immediately following 30 days from the date of issue of invoice by the supplier
- (d) Earlier of (a) or (b) or (c)

Ans. (d) *Earlier of (a) or (b) or (c)*

Q 4. What is the time of supply of vouchers when the supply with respect to the voucher is identifiable?

- (a) Date of issue of voucher
- (b) Date of redemption of voucher
- (c) Earlier of (a) & (b)
- (d) (a) & (b) whichever is later

Ans. (a) *Date of issue of voucher*

Q 5. What is the time of supply of vouchers when the supply with respect to the voucher is not identifiable?

- (a) Date of issue of voucher
- (b) Date of redemption of voucher
- (c) Earlier of (a) & (b)
- (d) (a) & (b) whichever is later

Ans. (b) *Date of redemption of voucher*

Q 6. What is date of receipt of payment?

- (a) Date of entry in the books
- (b) Date of payment credited into bank account
- (c) Earlier of (a) and (b)
- (d) Date of filing of return

Ans. (c) *Earlier of (a) and (b)*

Q 7. Mr. A, who has opted for composition levy, supplies goods worth ` 24,300 to Mr. B and issues an invoice dated 25.09.2018 for ` 24,300. and Mr. B pays ` 25,000 on 1.10.2018 against such supply of goods. The excess ` 700 (being less than ` 1,000) is adjusted in the next invoice for supply of goods issued on 5.01.2018. Identify the time of supply and value of supply:

- (a) ` 25,000 – 1.10.2018
- (b) For ` 24,300 – 25.09.2018 and for ` 700 – 1.10.2018
- (c) For ` 24,300 – 25.09.2018 and for ` 700 – 5.10.2018.
- (d) (b) or (c) at the option of supplier, *who has opted for composition levy*

Ans. (d) *((b) or (c) at the option of the supplier, who has opted for composition levy under section 10 of the CGST Act, 2017*

Time of supply of services (Section 13)

Q 8. What is the time of supply of service if the invoice is issued within 30 days from the date of provision of service?

- (a) Date of issue of invoice
- (b) Date on which the supplier receives payment
- (c) Date of provision of service
- (d) Earlier of (a) & (b)

Ans. (d) *Earlier of (a) & (b)*

Q 9. What is the time of supply of service for the supply of taxable services up to ₹1000 in excess of the amount indicated in the taxable invoice?

- (a) At the option of the supplier – Invoice date or Date of receipt of consideration
- (b) Date of issue of invoice
- (c) Date of receipt of consideration.
- (d) Date of entry in books of account

Ans. (a) *At the option of the supplier – Invoice date or Date of receipt of consideration*

Q 10. How is the date of receipt of consideration by the supplier determined?

- (a) Date on which the receipt of payment is entered in the books of account
- (b) Date on which the receipt of payment is credited in the bank account
- (c) Earlier of (a) & (b)
- (d) (a) & (b) whichever is later

Ans. (c) *Earlier of (a) & (b)*

Q 11. What is the time of supply of service in case of reverse charge mechanism?

- (a) Date of payment as entered in the books of account of the recipient
- (b) Date immediately following 60 days from the date of issue of invoice
- (c) Date of invoice
- (d) Earlier of (a) & (b)

Ans. (d) *Earlier of (a) & (b)*

Q 12. What is the time of supply of service in case an associated enterprise receives services from the service provider located outside India?

- (a) Date of entry in the books of account of associated enterprise(recipient)

- (b) Date of payment
- (c) Earlier of (a) & (b)
- (d) Date of entry in the books of the supplier of service

Ans. (c) *Earlier of (a) & (b)*

Q 13. What is the time of supply of vouchers when the supply with respect to the voucher is identifiable?

- (a) Date of issue of voucher
- (b) Date of redemption of voucher
- (c) Earlier of (a) & (b)
- (d) (a) & (b) whichever is later

Ans. (a) *Date of issue of voucher*

Q 14. What is the time of supply of vouchers when the supply with respect to the voucher is not identifiable?

- (a) Date of issue of voucher
- (b) Date of redemption of voucher
- (c) Earlier of (a) & (b)
- (d) (a) & (b) whichever is later

Ans. (b) *Date of redemption of voucher*

Q 15. Value of services rendered is ` 1,00,000/-. Date of issue of invoice is 5th October 2018. Advance Received is ` 25,000/- on 20th September 2018. Balance amount received on 7th October 2018. What is the time of supply for ` 1,00,000/-

- (a) 5th October 2018 for ` 1,00,000/-
- (b) 20th September 2018 for ` 1,00,000/-
- (c) 20th September 2018- ` 25,000/- and 5th October 2018 for ` 75,000/-
- (d) 20th September 2018- ` 25,000/- and 7th October 2018 for ` 75,000/-

Ans. (c) *20th September 2018- ` 25,000/- and 5th October 2018 for ` 75,000/-*

Change in rate of tax in respect of supply of goods or services (Section 14)

Q 16. There was increase in tax rate from 20% to 24% w.e.f.1.09.2018. Which of the following rate is applicable when services are provided after change in rate of tax in September 2018, but invoice issued and payment received, both in August, 2018:

- (a) 20% as it is lower of the two
- (b) 24% as it is higher of the two
- (c) 20% as invoice and payment were received prior to rate change
- (d) 24% as the supply was completed after rate change

Ans. (c) 20% as invoice and payment were received prior to rate change

Q 17. There was increase in tax rate from 20% to 24% w.e.f. 1.09.2018. Which of the following rate is applicable when services provided, and invoice raised after change in rate of tax in September,2018, but payment received in August 2018:

- (a) 20% as it is lower of the two
- (b) 24% as it is higher of the two
- (c) 20% as payment (being one of the factors) was prior to rate change
- (d) 24% as invoice was issued in the period during which supply is completed

Ans. (d) 24% as invoice was issued in the period during which supply is completed

Q 18. There was increase in tax rate from 20% to 24% w.e.f. 1.9.2018. Which of the following rate is applicable if the supplier has opted for composition levy and invoice was issued after change in rate of tax in September,2018 but payment received, and goods supplied in August,2018:

- (a) 20% as it is lower of the two
- (b) 24% as it is higher of the two
- (c) 20% as payment was received in the period during which the supply was effected
- (d) 24% as invoice being one of the factors was issued after rate change

Ans. (c) 20% as payment was received in the period during which the supply was effected

Q 19. There was increase in tax rate from 20% to 24% w.e.f.1.9.2018. Which of the following rate is applicable if the supplier has not opted for composition levy say Sita Manufacturers, Delhi supplies goods to Aakash Electronics, Dehradun. Further, Goods were removed from its factory in Delhi on 31.08.2018; invoice is issued on 31.08.2018 and payment is received on 4.09.2018.

- (a) 20% as it is lower of the two
- (b) 24% as it is higher of the two
- (c) 20% as date of invoice and dispatch of goods from factory, has happened before change of rate

- (d) 24% as both, payment and completion of supply, has happened after change of rate

Ans. (c) 20% as date of invoice and dispatch of goods from factory, has happened before change of rate

Q 20. There was decrease in tax rate from 24% to 20% w.e.f. 1.09.2018. Which of the following rate is applicable if the supplier has not opted for composition levy say Sita Manufacturers, Delhi supplies goods to Aakash Electronics, Dehradun. Further, Goods were removed from its factory in Delhi on 31.08.2018; delivered at Aakash Electronics, Dehradun on 2.02.2018; invoice is issued on 31.08.2018 and payment is received on 4.09.2018.

- (a) 20% as it is lower of the two
(b) 24% as date of invoice and dispatch of goods from factory, has happened before change of rate
(c) 20% as both, payment and completion of supply, has happened after change of rate

Ans. (b) 24% as date of invoice and dispatch of goods from factory, has happened before change of rate

Value of taxable supply (Section 15)

Q 21. The value of supply of goods and services shall be the

- (a) Transaction value
(b) MRP
(c) Market Value
(d) None of above

Ans. (a) *Transaction value*

Q 22. The value of supply should include

- (a) Any non-GST taxes, duties, cesses, fees charged by supplier separately
(b) Interest, late fee or penalty for delayed payment of any consideration for any supply of goods or services
(c) Subsidies directly linked to the price except subsidies provided by the Central and State Government
(d) All of the above

Ans. (d) *All of the above*

Q 23. When can the transaction value be rejected for computation of value of supply

- (a) When the buyer and seller are related and price is not the sole consideration
- (b) When the buyer and seller are related or price is not the sole consideration
- (c) It can never be rejected
- (d) When the goods are sold at very low margins

Ans. (b) *When the buyer and seller are related or price is not the sole consideration*

Q 24. What deductions are allowed from the transaction value

- (a) Discounts offered to customers, subject to conditions
- (b) Packing Charges, subject to conditions
- (c) Amount paid by customer on behalf of the supplier, subject to conditions
- (d) Freight charges incurred by the supplier for CIF terms of supply, subject to conditions

Ans. (a) *Discounts offered to customers, subject to conditions*

Q 25. If the goods are supplied to related persons then how should the taxable person ascertain the value of supplies?

- (a) Seek the help of the GST officer
- (b) Use the arm's length price as required under the Income Tax law
- (c) Identify the prices at which goods are sold by the unrelated person to his customer
- (d) As per Rule 28 of the CGST Rules

Ans. (d) *As per Rule 28 of the CGST Rules*

Q 26. Rule 30 of the CGST Rules inter alia provides value of supply of goods or services or both based on cost shall be% of cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services

- (a) 100
- (b) 10
- (c) 110
- (d) 120

Ans. (c) *110*

Q 27. As per Rule 31 of the CGST Rules, residual method for determination of value of supply of goods or services or both will apply when:

- (a) Value of supply cannot be determined under Rules 27 to 30
- (b) Value of supply determined is more than the open market value of goods
- (c) Value of supply determined is more than the Value of supply of like kind and quality
- (d) All of the above

Ans. (a) *Value of supply cannot be determined under Rules 27 to 30*

Q 28. In the case of supply of services, the supplier may opt for Rule 31 ignoring Rule 30 of the CGST Rules?

- (a) True
- (b) False

Ans. (a) *True*

Q 29. In terms of Rule 32(7) of the CGST Rules, the value of taxable services provided by such class of service providers as may be notified by the Government, on the recommendations of the Council, as referred to in paragraph 2 of Schedule I of the CGST Act between distinct persons as referred to in section 25, where ITC is available, shall be deemed to be

- (a) ` 10,000/-
- (b) Arm's length price as required under the Income Tax law
- (c) NIL
- (d) As per the contract between the supplier and recipient

Ans. (c) *NIL*

Q 30. Mr. Santa located in Nashik purchases 10,000 Hero ink pens worth `4,00,000 from Lekhana Wholesalers located in Mumbai. Mr. Mohan's wife is an employee in Lekhana Wholesalers. The price of each Hero pen in the open market is `52. The supplier additionally charges `5,000 for delivering the goods to the recipient's place of business. The value of such supply will be :

- (a) ` 5,20,000
- (b) ` 5,25,000
- (c) ` 4,00,000

(d) ` 4,05,000

Ans. (d) ` 4,05,000

Q 31. What will be the value of supply if Giriya supply Sony television set for ` 85000 along with the exchange of an old TV and if the price of the Sony television set without exchange is ` 1,00,000, the open market value of the Sony television set is:

(a) ` 85,000

(b) ` 1,00,000

(c) ` 15,000

(d) ` 1,15,000

Ans. (b) ` 1,00,000