

## Chapter VII

# Tax Invoice, Credit and Debit Notes

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Sections	Rules
31. Tax Invoice	46. Tax Invoice
32. Prohibition of unauthorized collection of tax	46A. Invoice-cum-bill of supply
33. Amount of tax to be indicated in tax invoice and other documents	47. Time limit for issuing tax invoice
34. Credit and debit notes	48. Manner of issuing invoice
	49. Bill of supply
	50. Receipt voucher
	51. Refund voucher
	52. Payment voucher
	53. Revised tax invoice and credit or debit notes
	54. Tax invoice in special cases
	55. Transportation of goods without issue of invoice
	55A. Tax invoice or bill of supply to accompany transport of goods

### Statutory Provisions

<p><b>31. Tax invoice</b></p> <p>(1) <i>A registered person supplying taxable goods shall, before or at the time of,—</i></p> <p style="padding-left: 20px;">(a) <i>removal of goods for supply to the recipient, where the supply involves movement of goods; or</i></p> <p style="padding-left: 20px;">(b) <i>delivery of goods or making available thereof to the recipient, in any other case,</i></p> <p><i>issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:</i></p> <p><i>Provided that the Government may, on the recommendations of the Council, by notification, 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.</i></p> <p>(2) <i>A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value,</i></p>
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*tax charged thereon and such other particulars as may be prescribed:*

*Provided that the Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—*

- (a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or*
  - (b) tax invoice may not be issued.*
- (3) Notwithstanding anything contained in sub-sections (1) and (2)—*
- (a) a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;*
  - (b) a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;*
  - (c) a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:  
  
*Provided that the registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;**
  - (d) a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment;*
  - (e) where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment;*
  - (f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;*
  - (g) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier.*

- (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.*
- (5) *Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,—*
- (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 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.*
- (6) *In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.*
- (7) *Notwithstanding anything contained in sub-section (1), 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 from the date of removal, whichever is earlier.*

*Explanation.—For the purposes of this section, the expression “tax invoice” shall include any revised invoice issued by the supplier in respect of a supply made earlier.*

#### **Extract of the CGST Rules, 2017**

##### **46. Tax invoice**

*Subject to rule 54, a tax invoice referred to in section 31 shall be issued by the registered person containing the following particulars, namely, -*

- (a) *name, address and Goods and Services Tax Identification Number of the supplier;*
- (b) *a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as ‘\_’ and “/” respectively, and any combination thereof, unique for a financial year;*
- (c) *date of its issue;*
- (d) *name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;*
- (e) *name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is fifty thousand rupees or more;*

- (f) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is less than fifty thousand rupees and the recipient requests that such details be recorded in the tax invoice;
- (g) Harmonised System of Nomenclature code for goods or services;
- (h) description of goods or services;
- (i) quantity in case of goods and unit or Unique Quantity Code thereof;
- (j) total value of supply of goods or services or both;
- (k) taxable value of the supply of goods or services or both taking into account discount or abatement, if any;
- (l) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (m) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (n) place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
- (o) address of delivery where the same is different from the place of supply;
- (p) whether the tax is payable on reverse charge basis; and
- (q) signature or digital signature of the supplier or his authorised representative:

Provided that the Board may, on the recommendations of the Council, by notification, specify-

- (i) the number of digits of Harmonised System of Nomenclature code for goods or services that a class of registered persons shall be required to mention, for such period as may be specified in the said notification; and
- (ii) the class of registered persons that would not be required to mention the Harmonised System of Nomenclature code for goods or services, for such period as may be specified in the said notification:

Provided further that where an invoice is required to be issued under clause (f) of sub-section (3) of section 31, a registered person may issue a consolidated invoice at the end of a month for supplies covered under sub-section (4) of section 9, the aggregate value of such supplies exceeds rupees five thousand in a day from any or all the suppliers:

Provided also that in the case of the export of goods or services, the invoice shall carry an endorsement –SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAXII or –SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAXII, as the case may be, and shall, in lieu of the details specified in clause (e), contain the following details, namely,- (i) name and address of the recipient; (ii) address of delivery; and (iii) name of the country of destination:

*Provided also that a registered person may not issue a tax invoice in accordance with the provisions of clause (b) of sub-section (3) of section 31 subject to the following conditions, namely,-*

- (a) the recipient is not a registered person; and*
- (b) the recipient does not require such invoice, and*

*shall issue a consolidated tax invoice for such supplies at the close of each day in respect of all such supplies.*

#### **46A. Invoice-cum-bill of supply**

*Notwithstanding anything contained in rule 46 or rule 49 or rule 54, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.*

#### **47. Time limit for issuing tax invoice**

*The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:*

*Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty five days from the date of the supply of service:*

*Provided further that an insurer or a banking company or a financial institution, including a non-banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made.*

#### **48. Manner of issuing invoice**

*(1) The invoice shall be prepared in triplicate, in the case of supply of goods, in the following manner, namely,-*

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT;*
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and*
- (c) the triplicate copy being marked as TRIPLICATE FOR SUPPLIER.*

*(2) The invoice shall be prepared in duplicate, in the case of the supply of services, in the following manner, namely,-*

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT; and*
- (b) the duplicate copy being marked as DUPLICATE FOR SUPPLIER.*

- (3) *The serial number of invoices issued during a tax period shall be furnished electronically through the common portal in FORM GSTR-1.*

#### **49. Bill of supply**

*A bill of supply referred to in clause (c) of sub-section (3) of section 31 shall be issued by the supplier containing the following details, namely,-*

- (a) *name, address and Goods and Services Tax Identification Number of the supplier;*
- (b) *a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;*
- (c) *date of its issue;*
- (d) *name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;*
- (e) *Harmonised System of Nomenclature Code for goods or services;*
- (f) *description of goods or services or both;*
- (g) *value of supply of goods or services or both taking into account discount or abatement, if any; and*
- (h) *signature or digital signature of the supplier or his authorised representative:*

*Provided that the provisos to rule 46 shall, mutatis mutandis, apply to the bill of supply issued under this rule:*

*Provided further that any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as a bill of supply for the purposes of the Act.*

#### **50. Receipt voucher**

*A receipt voucher referred to in clause (d) of sub-section (3) of section 31 shall contain the following particulars, namely,-*

- (a) *name, address and Goods and Services Tax Identification Number of the supplier;*
- (b) *a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;*
- (c) *date of its issue;*
- (d) *name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;*
- (e) *description of goods or services;*

- (f) amount of advance taken;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorised representative:

Provided that where at the time of receipt of advance,-

- (i) the rate of tax is not determinable, the tax shall be paid at the rate of eighteen per cent.;
- (ii) the nature of supply is not determinable, the same shall be treated as inter-State supply.

#### **51. Refund voucher**

A refund voucher referred to in clause (e) of sub-section (3) of section 31 shall contain the following particulars, namely:-

- (a) name, address and Goods and Services Tax Identification Number of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
- (e) number and date of receipt voucher issued in accordance with the provisions of rule 50;
- (f) description of goods or services in respect of which refund is made;
- (g) amount of refund made;
- (h) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) amount of tax paid in respect of such goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (j) whether the tax is payable on reverse charge basis; and
- (k) signature or digital signature of the supplier or his authorised representative.

#### **52. Payment voucher**

A payment voucher referred to in clause (g) of sub-section (3) of section 31 shall contain the following particulars, namely:-

- (a) name, address and Goods and Services Tax Identification Number of the supplier if registered;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number of the recipient;
- (e) description of goods or services;
- (f) amount paid;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and
- (j) signature or digital signature of the supplier or his authorised representative.

### **53. Revised tax invoice and credit or debit notes**

- (1) A revised tax invoice referred to in section 31 and credit or debit notes referred to in section 34 shall contain the following particulars, namely:-
  - (a) the word —Revised Invoicell, wherever applicable, indicated prominently;
  - (b) name, address and Goods and Services Tax Identification Number of the supplier;
  - (c) nature of the document;
  - (d) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters-hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
  - (e) date of issue of the document;
  - (f) name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
  - (g) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
  - (h) serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
  - (i) value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and



- (j) signature or digital signature of the supplier or his authorised representative.
- (2) Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of the issuance of the certificate of registration:
- Provided that the registered person may issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered under the Act during such period:*
- Provided further that in the case of inter-State supplies, where the value of a supply does not exceed two lakh and fifty thousand rupees, a consolidated revised invoice may be issued separately in respect of all the recipients located in a State, who are not registered under the Act.*
- (3) Any invoice or debit note issued in pursuance of any tax payable in accordance with the provisions of section 74 or section 129 or section 130 shall prominently contain the words "INPUT TAX CREDIT NOT ADMISSIBLE".

#### **54. Tax invoice in special cases**

- (1) An Input Service Distributor invoice or, as the case may be, an Input Service Distributor credit note issued by an Input Service Distributor shall contain the following details:-
- (a) name, address and Goods and Services Tax Identification Number of the Input Service Distributor;
- (b) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as "-", "/" respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and Goods and Services Tax Identification Number of the recipient to whom the credit is distributed;
- (e) amount of the credit distributed; and
- (f) signature or digital signature of the Input Service Distributor or his authorised representative:
- Provided that where the Input Service Distributor is an office of a banking company or a financial institution, including a non-banking financial company, a tax invoice shall include any document in lieu thereof, by whatever name called, whether or not serially numbered but containing the information as mentioned above.*
- (1A) (a) A registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit or debit note to

*transfer the credit of common input services to the Input Service Distributor, which shall contain the following details:-*

- i. name, address and Goods and Services Tax Identification Number of the registered person having the same PAN and same State code as the Input Service Distributor;*
- ii. a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;*
- iii. date of its issue;*
- iv. Goods and Services Tax Identification Number of supplier of common service and original invoice number whose credit is sought to be transferred to the Input Service Distributor;*
- v. name, address and Goods and Services Tax Identification Number of the Input Service Distributor;*
- vi. taxable value, rate and amount of the credit to be transferred; and*
- vii. signature or digital signature of the registered person or his authorised representative.*

*(b) The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.*

- (2) Where the supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company, the said supplier may issue a consolidated tax invoice or any other document in lieu thereof, by whatever name called for the supply of services made during a month at the end of the month, whether issued or made available, physically or electronically whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as mentioned under rule 46.*
- (3) Where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consigner and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, Goods and Services Tax Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport agency, and also containing other information as mentioned under rule 46.*
- (4) Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially*

numbered, and whether or not containing the address of the recipient of service but containing other information as mentioned under rule 46.

- (5) The provisions of sub-rule (2) or sub-rule (4) shall apply, *mutatis mutandis*, to the documents issued under rule 49 or rule 50 or rule 51 or rule 52 or rule 53.

**55. Transportation of goods without issue of invoice**

- (1) For the purposes of-
- (a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
  - (b) transportation of goods for job work,
  - (c) transportation of goods for reasons other than by way of supply, or
  - (d) such other supplies as may be notified by the Board,
- the consigner may issue a delivery challan, serially numbered not exceeding sixteen characters, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-
- (i) date and number of the delivery challan;
  - (ii) name, address and Goods and Services Tax Identification Number of the consigner, if registered;
  - (iii) name, address and Goods and Services Tax Identification Number or Unique Identity Number of the consignee, if registered;
  - (iv) Harmonised System of Nomenclature code and description of goods;
  - (v) quantity (provisional, where the exact quantity being supplied is not known);
  - (vi) taxable value;
  - (vii) tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee;
  - (viii) place of supply, in case of inter-State movement; and
  - (ix) signature.
- (2) The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:-
- (a) the original copy being marked as ORIGINAL FOR CONSIGNEE;
  - (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
  - (c) the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.
- (3) Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared as specified in rule 138.

- (4) *Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.*
- (5) *Where the goods are being transported in a semi knocked down or completely knocked down condition -*
- (a) *the supplier shall issue the complete invoice before dispatch of the first consignment;*
  - (b) *the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;*
  - (c) *each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and*
  - (d) *the original copy of the invoice shall be sent along with the last consignment.*

**55A. Tax Invoice or bill of supply to accompany transport of goods**

*The person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill under these rules.*

**Relevant circulars, notifications, clarifications issued by Government:**

Annexure to Notification No. 11/2017-Central Tax (Rate) dt.28.06.2017 for scheme of classification of services

Notification 12/2017 – Central Tax dated 28.06.2017 regarding disclosure of HSN in the tax invoice

Notification 45/2017 – Central Tax dated 13.10.2017 Regarding issue of consolidated tax invoice

Notification No. 38/2017 – Central Tax (Rate) dated 13.10.2017 read with Notification No. 10/2018 –Central Tax (Rate) dated 23.03.2018 for exemption of tax payable under Section 9(4) on reverse charge basis

Circular 10/2017 dated 18.10.2017 for clarification where the goods are moved within the state or from the State of registration to another State for supply on approval basis

Circular 38/2018 dated 26.03.2018 regarding issued related to job work

Chapter Thirteen of the compilation of the GST Flyers as issued by the CBIC can be referred to for a gist of the statutory provisions, titled 'Tax Invoice and other such instruments in GST'

**Related provisions of the Statute:**

<b>Section or Rule</b>	<b>Description</b>
Section 2(94)	Definition of Registered person
Section 2(32)	Definition of Continuous supply of goods
Section 2(33)	Definition of Continuous supply of services
Section 2(41)	Definition of Document
Section 2(66)	Definition of Invoice or Tax Invoice
Section 2(86)	Definition of Place of supply
Section 2(96)	Definition of Removal (in relation to goods)
Section 2(98)	Definition of Reverse charge
Section 2(47)	Definition of Exempt supply
Section 9	Levy and collection
Section 10	Composition levy
Section 15	Value of taxable supply
Section 143	Job work procedure
Rule 39	Procedure for distribution of input tax credit by ISD
Section 68	Inspection of goods in movement
Section 74	Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts.
Section 129	Detention, seizure and release of goods and conveyances in transit.
Section 130	Confiscation of goods or conveyances and levy of penalty.
Rule 138-138D	Chapter XVI – E-way Rules
Section 16 of the IGST Act	Zero-rated supply

**31.1 Introduction**

An invoice does not bring into existence an agreement but merely records the terms of a pre-existing agreement (oral or written). An invoice can be understood as a document that is meant to serve a particular purpose. The GST Law requires that an invoice – tax invoice or bill

of supply – is issued on the occurrence of certain event, being a supply, within the prescribed timelines. Therefore, an invoice, among other documents is required to be issued for every form of supply such as sale, transfer, barter, exchange, license, rental, lease or disposal. This chapter provides an understanding of the various documents required to be issued under the GST law, timelines to issue such document and the contents of every such document.

### 31.2 Analysis

**A. Tax invoice on supply of goods or services:** Every registered person is required to issue a tax invoice on effecting a taxable outward supply of goods or services.

a. In order to determine when the tax invoice is to be issued, the supply must be classified into one of these two cases, that is, whether it is case of supply that involves movement or one that does not involve movement of the goods. Timelines for issuance of a tax invoice on the supply of taxable goods:

- i. Where the supply involves movement of goods: Before or at the time of removal of goods;
- ii. Where the supply does not involve movement of goods: Before or at the time of delivery of the goods / making them available to the recipient.

Please refer to chapter regarding time of supply for a detailed discussion about removal and movement of goods, mode and time of delivery of goods and the role of supplier or recipient in determining the answers to these questions.

b. It is crucial for the supplier to determine the point of time at which the service is provided. Service being intangible in nature, would throw several challenges in identifying the point of time at which it can be said to be provided / completed. Timelines for issuance of tax invoice on the supply of taxable services:

- i. Before the provision of the services; or
- ii. After the provision of the services but within 30 days (*or 45 days in case of suppliers of services being an insurer / banking company / financial institution, including a NBFC*) from the date of supply of the service.

c. In terms of **Rule 46** of CGST Rules, 2017, a tax invoice referred to in this section shall be issued by the registered person containing all the particulars specified in the said Rule, as applicable to the transaction.

Notes:

- ✓ Where the registered person is engaged in effecting both taxable and exempt supplies, he may title the document 'Tax invoice cum bill of supply' instead of 'tax invoice', ONLY in respect of supplies effected to an unregistered person.
- ✓ A registered person can issue multiple series of invoices. No application is required to be filed with the Tax office in this regard. However, the suppliers would be required to report the serial numbers (from & to, along with the

number of cancellations during the tax period) of all the series of tax invoices (and other documents covered under this Chapter).

- d. The tax invoice must be prepared in triplicate for goods, and in duplicate for services. Each copy of the tax invoice is required to be marked as follows:

Goods	Services
1. ORIGINAL FOR RECIPIENT	1. ORIGINAL FOR RECIPIENT
2. DUPLICATE FOR TRNSPORTER	2. DUPLICATE FOR SUPPLIER
3. TRIPLICATE FOR SUPPLIER	–

- e. As regards the requirement to quote the HSN of the supplies, the requirement is has been provided on the basis of the annual turnover of the registered person in the previous year: In case of suppliers having annual turnover in the previous year:–

- (i) Upto Rs. 1.5 Crore – No HSN required;
- (ii) Exceeding 1.5 Crore upto Rs. 5 Crore – HSN upto 2 digits required;
- (iii) Exceeding Rs.5 Crore – HSN upto 4 digits required.

Please note that the term 'annual turnover' has not been defined. Therefore, it may be understood, to be the Turnover in the State as defined in Section 2(112) of the Act, computed for the preceding financial year.

It is also relevant to note that there has been no notification issued in respect of services, separately. However, considering that the term 'HSN' has been used commonly in respect of both goods and services, the aforesaid order can be applied even in respect of services, while quoting the code from the scheme of Classification of Services, as provided in the Annexure to Notification No. 11/2017-Central Tax (Rate) dt.28.06.2017.

- f. **Tax Invoices in cases of outward supply of special services**

Sl. No.	Class of supplier of taxable services	Nature of document	Optional	Mandatory All particulars as specified in Rule 46 other than that specified in 'Optional' column
1	Insurer, Banking Company, Financial Institution and NBFC*	Consolidated Tax Invoice or any other similar document	a. Serial no. b. Address of the recipient of services	Consolidation for the supply of services made during the month, at the end of the month

Sl. No.	Class of supplier of taxable services	Nature of document	Optional	Mandatory All particulars as specified in Rule 46 other than that specified in 'Optional' column
2	Goods transport agency (GTA) transporting goods by road	Tax Invoice or any other similar document	None	In addition to those cited in Rule 46; a. Gross weight of consignment; b. Name of the Consignor and Consignee; c. Regn. No. of Vehicle; d. Details of goods transported; e. Origin and destination; f. GSTIN of person liable to pay tax whether as consignor / consignee / GTA.
3	Passenger transport agency*	Tax invoice or ticket	a. Serial no. b. Address of the recipient of services	

\* Equally applicable to the documents: Bill of supply, receipt voucher, refund voucher payment voucher, revised tax invoice, debit notes and credit notes.

g. Specifically in case of export of goods or services, the following may be noted:

(i) The invoice shall carry an endorsement as follows:

1. *Where the supply is effected on payment of IGST:* "Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations on payment of integrated tax" or
2. *Where the supply is effected without payment of IGST:* "Supply meant for export/supply to SEZ unit or SEZ developer for authorised operations under bond or letter of undertaking without payment of integrated tax".

(ii) In lieu of the State name & State code, the details of the country of destination would have to be provided.



- h. Special declaration would have to be made on a tax invoice prominently, containing the words "INPUT TAX CREDIT NOT ADMISSIBLE", where any invoice has been issued when tax has been found to be payable in accordance with the provisions of section 74 or section 129 or section 130.
  - i. Discount provided before or at the time of supply must be reflected on the face of the tax invoice in order to avail a reduction from the taxable value. Trade discounts not reflected on the face of the invoice would not qualify for such benefit, and therefore, tax on that value would also be payable.
  - j. Where an invoice contains multiple goods and / or services, please note that the details would be required to be provided in respect of every line item of the invoice (such as Description, HSN, quantity, unit of measurement, value, discount, increase in value on account of inclusions specified in Section 15(2), taxable value as agreed or as determined in terms of the valuation rules, etc.).
  - k. Exception to the rule that every supply must be supported by a tax invoice: A registered person is not required to issue a separate tax invoice in respect of supply of goods and / or services where the value of supply is lower than Rs200/-, subject to the following conditions:
    - (i) the recipient is not a registered person; and
    - (ii) the recipient does not require such invoice; and
    - (iii) the supplier issues a **consolidated tax invoice** for such supplies at the close of each day in respect of all such supplies.
- B. Revised Tax Invoice:** A revised tax invoice in terms of the GST Law is different from what is construed to be a revised tax invoice in common parlance. Therefore, it is made abundantly clear that there is **NO provision under the GST Law for a registered person to revise a tax invoice** which was issued earlier, on account of errors / mistakes in the original tax invoice.
- a. Why a revised tax invoice?

A person should apply for registration within 30 days of becoming liable for registration under Section 25(1) of the CGST Act. When such an application is made within such time and registration is granted, the effective date of registration is the date on which the person became liable for registration, thereby resulting in a time lag between the date of grant of certificate of registration and the effective date of registration. For supplies made by such person during this intervening period, the law enables issuance of a revised tax invoice, so that ITC can be availed by the recipient on such supplies.
  - b. Accordingly, a revised invoice (carrying the details as specified in Rule 53) may be issued for supplies effected between the effective date of registration and the date of issue of registration certificate.

- c. The GST Law provides for issuance of a consolidated revised tax invoice in case of supplies to unregistered persons (other than in case of inter-State supplies where the value of supply exceeds Rs.2.5 Lakhs), in respect of all taxable supplies made to each recipient, separately.
- d. If issued, it must be issued within one month from the date of registration.

**C. Bill of supply:** A bill of supply is required to be issued in the following cases:

- a. Where the supplier is a registered person who has opted for composition of tax under section 10 of the Act (and shall not charge tax on the bill of supply); or
- b. Where the goods / services being supplied by any registered person are wholly exempted.

The bill of supply is required to contain all the applicable particulars as are specified in **Rule 49** of CGST Rules, 2017.

**D. Documents required to be issued in respect of advances received**

- a. In case of receipt of advance by a registered person, a '**receipt voucher**' is required to be issued, and not a tax invoice, and it is required to contain all the particulars as are prescribed in **Rule 50** of CGST Rules, 2017. Based on this receipt voucher, the registered person will be required to pay tax on the advances received.
- b. Please note that the receipt voucher would also carry the details of tax applicable on the transaction when the advance so received is liable to tax (as in case of services). However, if the following key factors cannot be determined at the time of receipt of advance, then the following rule would apply:
  - (i) Where the rate of tax is not determinable: Rate to be 18%;
  - (ii) Where the nature of supply is not determinable: Nature to be IGST.
- c. In addition to such receipt voucher, the supplier will be required to issue a **tax invoice** on effecting the supply, containing all the particulars as are required in a case where no advance had been received. In this regard, it may be noted that while the receipt voucher may not be significant where the supply takes place in the same month in which the advance is received, *the law does not exempt one from issuing a receipt voucher in such a scenario*.
- d. Whenever a transaction envisages issue of receipt voucher, and the same is not followed by the issuance of a tax invoice, since it does not translate into a transaction of supply, the receipt voucher issued will need to be reversed (meaning without cancellation of the receipt voucher) by issuing a '**refund voucher**' containing similar particulars, as required under **Rule 51** of the CGST Rules, 2017.

**E. Documents required to be issued in respect of supplies liable to tax under reverse charge mechanism**

- a. Where tax is payable on reverse charge basis in terms of Section 9(3) or 9(4), or the corresponding provisions of the IGST Act, 2017, the recipient of supply is required to pay tax on reverse charge basis. In this regard, the following may be noted:

Document to be issued by recipient	Supplier is registered	Supplier is not registered
Tax invoice	Not required	Required
Payment voucher	Required	Required

- b. The law makes a provision for the issuance of a **consolidated tax invoice** for every month, to be issued at the end of the month, where the aggregate value of the supplies liable to tax under reverse charge mechanism exceeds Rs.5,000. This apart, a mirrored set of all the particulars specified under **Rule 46** would be required to be contained in a tax invoice issued by a registered recipient (commonly referred to as 'self-invoice' by trade and industry).
- c. All cases of inward supplies on which tax is payable on reverse charge basis, require the recipient of supply to issue a **payment voucher**, at the time of making payment to the supplier, containing all the applicable particulars specified in **Rule 52** of the CGST Rules, 2017.
- d. It is relevant to note here that payment of tax by registered recipients on effecting inward supplies from unregistered, in terms of Section 9(4) of the Act, has been exempted up to 30.06.2018. (Refer Notification No. 38/2017 – Central Tax (Rate) dated 13.10.2017 read with Notification No. 10/2018 –Central Tax (Rate) dated 23.03.2018.)

**F. Tax Invoice for an Input Service Distributor (ISD):**

- a. An Input Service Distributor (ISD) is entitled to distribute credits in terms of Section 20 of the Act read with Rule 39 of the CGST Rules, 2017. For the purpose of such credit distribution, an ISD Invoice is required to be issued by an ISD (or a credit note where the credit distributed earlier is to be reduced for any reason), and such document is required to contain all the particulars specified in **Rule 54(1)** of the CGST Rules, 2017.
- b. An exception has been carved out for an ISD of a banking company or a financial institution, including a NBFC, wherein the document issued for distribution may or not may not be serially numbered, but must contain all the details as prescribed.
- c. The law provides that a registered person having the same PAN and State code as that of the ISD, may issue an invoice or, as the case may be, a credit or debit note

to transfer the credit of common input services to the ISD (wherein the taxable value shall be the same as the value of the common services), containing the details specified in **Rule 54(1A)**. It may be noted that the said sub-rule has been inserted vide Notification No. 03/2018 dated 23.01.2018. By virtue of this provision, certain loopholes of the ISD provisions have been plugged. E.g. Where a common service is liable to tax under reverse charge basis, another registration in the same State can discharge the liability and pass on such details to the ISD for distribution, considering the an ISD is incapable of discharging any tax liability.

- G. Delivery challan:** Rule 55 of the CGST Rules, 2017 provides for issuance of delivery challan, and also the mandatory contents in a delivery challan. A delivery challan is required to be issued by a registered person every time he moves any goods for any reasons other than by way of supply (say supply for jobwork, goods sent for sale on approval basis, dispatch of demo-goods, disposal by way of gift or free samples, shipment of goods for an exhibition, etc.)
- a. Please note that a delivery challan is a document required for movement of goods, and not “supply of goods”. This means, even where goods that are otherwise chargeable to tax as services, are moved, this document would be required. E.g. Goods moved for works contract purposes, goods sent for hire, etc.
  - b. It has been clarified vide Circular No.10/2017 dated 18.10.2017 that where the goods are removed for line sales or for supply on approval basis, the person removing the goods either for intra-State supplies or inter-State supplies shall raise a delivery challan along with e-way bill (if applicable) since the supplier would be unable to ascertain the actual supply at the time of removal. It is also clarified that the person removing the goods shall carry the invoice book during the movement which shall enable him to issue an invoice once the supply is complete.
  - c. Circular No. 22/2017 dated 21.12.2017 has been issued clarifying the same procedure for removal of goods by artists and supply of such goods by artists from galleries.
  - d. While the law only provides for movement in general, a corollary can be, that a delivery challan may be for movement-outward or / and movement-inward.
  - e. A delivery challan would also be required to be prepared in triplicate, as applicable in case of tax invoices for goods (explained supra).
  - f. The Rules also specifies the nature of other documents to be carried along with the goods under transportation. Please note that this list is illustrative and not exhaustive.

Nature of supply	Mandatory documents	Particulars to be contained in the document
(1) Where tax invoice could not be issued at the time of removal of goods for supply; (2) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known; (3) Transportation of goods for job work; (4) Transportation of goods for reasons other than by way of supply; or (5) Such other supplies notified by the Board	1. The consignor to issue a delivery challan 2. Serially numbered Delivery challan to be issued in lieu of invoice at the time of removal of goods for transportation	(i) Date and number of the delivery challan, (ii) Name, address and GSTIN of the consigner, if registered, (iii) Name, address and GSTIN or UIN of the consignee, if registered, (iv) HSN code and description of goods, (v) Quantity (provisional, where the exact quantity being supplied is not known), (vi) Taxable value, (vii) Tax rate and tax amount – CGST, SGST/ UTGST, IGST or cess, where the transportation is for supply to the consignee, (viii) Place of supply, in case of inter-State movement, and (ix) Signature.

**H. Important note:** The person-in-charge of the conveyance shall carry a copy of the **tax invoice** or the **bill of supply** or **tax invoice cum bill of supply**, as explained in the preceding paragraphs, in a case where such person is not required to carry an e-way bill.

**I. Special cases**

a. **Continuous supply of goods:** In case of a continuous supply of goods as defined in Section 2(32), the tax invoice is required to be issued:

- when the statement or a running-claim is issued; or
- when payment is received.

*Section 2(32) "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;*

- b. **Continuous supply of services:** In case of a continuous supply of services as defined in Section 2(33) of the Act, a tax invoice is required to be issued as follows:
- (i) When payment date **is ascertainable** as per the contract:
    - On or before the due date for payment.
  - (ii) When payment date is **not ascertainable** from the contract:
    - On or before the time when the supplier of services receives the payment.
  - (iii) When payment is **linked to completion of an event:**
    - On or before the date of completion of the event.

2(33) “continuous supply of services” means a 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 services as the Government may, subject to such condition as it may, by notification, specify.

- c. **Goods sent on approval:** Where goods are sent on approval basis, an invoice would not be required at the time of removal of goods, and shall be issued only at the time of receipt of approval from the recipient. However, if the goods so dispatched have neither been accepted nor been returned within 6 months from the date of their removal, the tax invoice is required to be issued on the date immediately succeeding the date on which the 6-month period expires.
- d. **Goods sent on SKD / CKD conditions:** Where the goods are being transported in a semi knocked down (SKD) or completely knocked down (CKD) conditions, the supplier must first issue the complete invoice before the first consignment is moved, and must also issue a copy along with every consignment. All other consignments must be accompanied by a delivery challan in terms of Rule 55 of the CGST Rules, 2017 along with a certified copy of the invoice. It is imperative to note that the original invoice must accompany the last consignment.
- e. **Cessation of service:** On cessation of a contract for supply of services, a tax invoice is required to be issued to the extent of supply effected upto the point of cessation, and due tax shall be remitted thereon.
- f. **Bill-to-ship-to transactions:** Where the place of supply is deemed to be the principal place of business of the person on whose direction the goods are dispatched to another person (as specified in Section 10(1)(b) of the IGST Act, 2017), the transaction would have 2 supplies. While one supply would be from the supplier to the person to whom the invoice is addressed, another supply would be deemed to be effected by the said addressee to the person who receives the goods. In such a case, the person may consider the date of making available of the goods to the ultimate recipient, as the date on which the tax invoice is liable to be issued by him.

- g. **Goods sent to jobworker for the purpose of job work:** Where inputs or capital goods have been sent to the job worker for the purposes of jobwork, and have neither been returned nor been directly dispatched for supply from the place of the jobworker within the timelines specified in Section 19, it shall be deemed that such goods have been supplied by the Principal to the jobworker as on the date of dispatch of such goods to the jobworker (or the date of receipt of goods by the jobworker where the goods were sent to the jobworker's premises without being first received at the place of business of the Principal).

**Special issues concerning Goods sent for Job work:**

Goods sent to a job worker for the purpose of job work is a supply liable to tax under GST. However, as per Section 143 of the CGST Act, the principal may choose to send goods for job work without payment of tax subject to fulfillment of certain conditions. The documents that needs to be issued for movement of goods between the principal and the job worker are as follows:

1. Good sent for job work on payment of tax – The principal shall issue a tax invoice for goods sent for job work. The job worker, if registered, shall return the goods by raising another tax invoice. In case of receipt of goods after job work from an unregistered job worker, the principal will be required to raise an invoice as per Section 9(4) of the CGST Act (which is exempted till 30<sup>th</sup> June, 2018).
2. Goods sent for job work without payment of tax – Circular No.38/12/2018 dated 26<sup>th</sup> March, 2018 has clarified the following:
  - (a) **Where goods are sent by principal to only one job worker:** The principal shall prepare in triplicate, the challan in terms of Rule 45 read with Rule 55 of the CGST Rules, for sending the goods to a job worker. Two copies of the challan may be sent to the job worker along with the goods. The job worker should send one copy of the said challan along with the goods, while returning them to the principal.
  - (b) **Where goods are sent from one job worker to another job worker:** In such cases, the goods may move under the cover of a challan issued either by the principal or the job worker. Alternatively, the challan issued by the principal may be endorsed by the job worker sending the goods to another job worker, indicating therein the quantity and description of goods being sent. The same process may be repeated for subsequent movement of the goods to other job workers.
  - (c) **Where the goods are sent directly by the supplier to the job worker:** In this case, the goods may move from the place of business of the supplier to the place of business/premises of the job worker with a copy of the invoice issued by the supplier in the name of the buyer (i.e. the principal) wherein the job worker's name and address should also be mentioned as the consignee, in terms of Rule 46(o) of the CGST Rules. The principal shall issue the challan

under Rule 45 of the CGST Rules and send the same to the job worker directly in terms of para (a) above. In case of import of goods by the principal which are then supplied directly from the customs station of import, the goods may move from the customs station of import to the place of business/premises of the job worker with a copy of the Bill of Entry and the principal shall issue the challan under rule 45 of the CGST Rules and send the same to the job worker directly.

- (d) **Where goods are returned in piecemeal by the job worker:** In case the goods after carrying out the job work, are sent in piecemeal quantities by a job worker to another job worker or to the principal, the challan issued originally by the principal cannot be endorsed and a fresh challan is required to be issued by the job worker.

### 31.3 Comparative review

Under the erstwhile indirect tax laws, depending upon the taxable event, as to whether it is manufacture or sale or service, excise invoices or tax invoices are raised.

Under service tax regime, a time limit to issue a tax invoice is prescribed having regard to date of completion of such taxable service or receipt of any payment towards the value of such taxable service, whichever is earlier.

The provision to issue revised invoice (from the effective date of registration to the date of issuance of certificate) was not available earlier. This document would be useful for claiming tax credit for supply of goods/services during this period.

Under erstwhile law, invoices or bills of sale etc. can be issued inclusive of tax in certain cases whereas it is mandatory to indicate the amount of tax charged on every transaction in the GST regime.

### 31.4 Issues and Concerns

1. The value of supply and the amount of GST applicable thereon is required to be reflected separately in the tax invoice, in terms of Rule 46. However, a supplier is also permitted to effect supplies for an inclusive value – such as in case of travel agents paying tax on margins. In such cases, the supplier will be required to disclose their margins to the recipient, by virtue of this requirement.
2. Rule 46 of the CGST Rules, 2017 does not specifically provide as to how the details of tax must be reflected in cases of zero-rated supplies. Therefore, where a zero-rated supply has been effected on payment of IGST, the details thereof may be reflected separately on the face of the invoice, by providing a declaration to the effect that the same is not charged to the recipient of supply, given that disclosure of tax details is mandatory. In other cases, the applicable rate of tax can be stated, whereas the tax amount can be shown as '0'.
3. The Law does not specifically provide the manner in which the details of HSN, quantity, etc. must be reflected in cases of composite supply or mixed supply. However, given



that Section 8 regards all composite supplies as the supply of principal supply alone, only those details pertaining to the principal supply must be reflected, while quoting the taxable value applicable to the composite supply as a whole. Whereas, in case of mixed supplies, the supply attracting the highest rate of tax ought to be reflected – what if both the supplies attract the same rate of tax ?

4. While the GST law provides for a supplier to issue a revised tax invoice in respect of supplies made during the time period from the date of application of registration to the date of obtaining the registration, there are no similar provisions found for issuance of revised tax invoice to mention the GSTIN of the recipient, wherein a supply has been effected to a taxable person who has applied for registration, and receives such registration after the tax invoice has been issued by the supplier. Therefore, the recipient of supply may not be entitled to the credits on such inward supplies, unless the tax invoice is cancelled and reissued during the same tax period.
5. Given that all incidental expenses are required to be included in the value of supply, and the value of supply is determined for each of the goods and / services separately, even where all such goods and / or services are included in the same tax invoice, the incidental expenses (say freight, packing, etc.) will be required to be split up as attributable to each supply, separately. This would be a tedious task, and would be practically difficult to reflect it on the face of the invoice. To ensure that no tax is underpaid, the suppliers can adopt a reasonable basis to identify the most suitable rate of tax applicable on the incidental charges, by considering the contents of the invoice.
6. Where an advance has been received and the supplier is unable to determine the nature of tax, the law provides a deeming fiction to treat such supply as an inter-State supply. This provision would however, require a relook, considering that the place of supply is a must, for the purpose of reporting the transaction as an inter-State supply. Further, the law does not provide for closing the loop, as and when the rate of tax or the nature of tax have been ascertained. It appears that the only solution is to issue a refund voucher and reverse the effect of issue of the earlier receipt voucher, and thereafter, issue a tax invoice (where the supply has been effected), or issue a fresh receipt voucher with the correct details (where the supply is yet to be effected).
7. While Rule 54(1A) provides the form in which credits can be distributed by a registered person to its own ISD in the same State, no corresponding provision has been made under the law which specifies that a registered person is entitled to issue an invoice to another registered person (whether ISD / any other person) where there is no underlying taxable supply. However, by virtue of this sub-rule which has been inserted, the intent of the law can be safely inferred that there is no such requirement and the registered persons may make use of this provision to furnish the details of common services to the ISD for the purpose of distribution.

### 31.5 FAQs

- Q1. Can tax invoice be raised for advance payments received for goods or services?

Ans. No, tax invoice is to be raised for advance payments received for goods or services. The recipient of payment would be required to issue a receipt voucher for receipt of payment in advance.

Q2. Is it mandatory to mention the details of tax amount charged in the invoice?

Ans. Yes, the tax invoice should mandatorily mention the details of tax amount charged in the invoice.

Q3. Is it possible to take input tax credit based on the 'bill of supply'?

Ans. No, it is not possible to take input tax credit based on the bill of supply.

Q4. Can a revised invoice be issued for taxable supplies?

Ans. Yes, the registered taxable person can issue revised invoice. Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue revised tax invoices in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Provided that the registered person may issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered under the Act during such period

### Statutory Provisions

#### **32. Prohibition of unauthorised collection of tax**

- (1) *A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.*
- (2) *No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder.*

#### **32.1 Analysis**

Collection of tax is not a statutory right but a contractual obligation. The person collecting taxes, acts as an agent of the Government. As such, no recipient is obliged to reimburse the supplier taxes due on the supply. At the same time, every taxable person (in case of forward charge) remains liable to deposit the applicable tax to the Government.

This provision casts an obligation on each – unregistered person and registered person with regard to collection of tax on supply:

- unregistered person is not to collect tax or any sum 'by way of' tax; and
- registered person is to collect tax only in the manner prescribed

It is important to differentiate between the restriction placed by this provision and the contractual route necessary to recoup tax by the supplier. Only tax that is collected as 'CGST' or 'IGST' or 'SGST-UTGST' is to be paid to the Government. Any other loss recoupment of input tax credit 'foregone or forfeited' does not fall within this restriction.

**Statutory Provisions****33. Amount of tax to be indicated in tax invoice and other documents.**

*Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.*

**33.1 Analysis**

With the non-obstante clause, this provision secures preference over any other provision to the contrary whether in this Act or elsewhere. It states that all documents need to carry these details and that the tax would form part of the price of supply.

This provision therefore holds the price charged to be the 'cum tax' price of the supply. Tax included in the price is that *actually* assessed on the supply.

It means that if the supply price is ₹1000/- which is inclusive of tax then every document must state that "the price of ₹1000 includes – say IGST of ₹180/- or alternatively say supply price is ₹820 and IGST ₹180 total ₹1000.

The GST law presupposes the fact that the tax, even, if not charged is deemed to have been passed on to the recipient unless proved contrary.

**Statutory Provisions****34. Credit and debit notes**

- (1) *Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient a credit note containing such particulars as may be prescribed.*
- (2) *Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed:*  
  
*Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.*

- (3) *Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing such particulars as may be prescribed.*
- (4) *Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted such manner as may be prescribed.*
- Explanation. – For the purposes of this Act, the expression “debit note” shall include a supplementary invoice.*

**Relevant circulars, notifications, clarifications issued by Government:**

Annexure to Notification No. 11/2017-Central Tax (Rate) dt.28.06.2017 for scheme of classification of services

Notification 12/2017 – Central Tax dated 28.06.2017 regarding disclosure of HSN in the tax invoice

Notification 45/2017 – Central Tax dated 13.10.2017 Regarding issue of consolidated tax invoice

Notification No. 38/2017 – Central Tax (Rate) dated 13.10.2017 read with Notification No. 10/2018 –Central Tax (Rate) dated 23.03.2018 for exemption of tax payable under Section 9(4) on reverse charge basis

Circular 10/2017 dated 18.10.2017 for clarification where the goods are moved within the state or from the State of registration to another State for supply on approval basis

Circular 38/2018 dated 26.03.2018 regarding issued related to job work

Chapter Fifteen and Sixteen of the compilation of the GST Flyers as issued by the CBIC can be referred to for a gist of the statutory provisions, titled ‘Credit Note in GST’ and ‘Debit Note in GST’, respectively

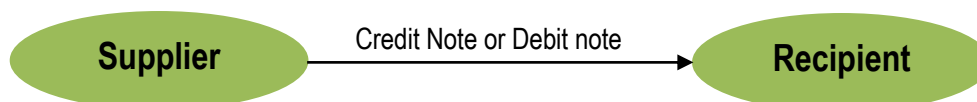
**Related provisions of the Statute**

Section or Rule	Description
Section 2(37)	Definition of Credit note
Section 2(38)	Definition of Debit note
Rule 53	Revised invoice and credit or debit notes
Section 15	Value of taxable supply
Section 31	Tax invoice

Section 74	Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts.
Section 129	Detention, seizure and release of goods and conveyances in transit.
Section 130	Confiscation of goods or conveyances and levy of penalty.

### 34.1 Introduction

To begin with, one must fully unlearn the practices under the erstwhile law in order to clearly understand the concepts of credit note and debit note under the GST Law. A credit note or a debit note, for the purpose of the GST Law, can be issued by the registered person who has issued a tax invoice, i.e., the supplier. **Any such document, by whatever name called, when issued by the recipient to the registered supplier, is not a document recognized under the GST Law.**



### 34.2 Analysis

- (i) Credit note and debit note cause some hardship to quickly understand – who owes whom. Credit note is issued when the issuer ‘OWES’ money to someone, that is, it is issued by the person who owes money. Debit note is issued when the any money is ‘OWED’ to the issuer, that is, it is again issued by the person who is the receiver of money.
  - a. When a cash discount is allowed at the time of collecting payment from a customer in terms of an agreement entered into prior to the supply, then the supplier would issue a credit note to the customer to the extent of such cash discount, to declare that he ‘OWES’ money. Then, the original amount due MINUS the credit note is the revised value of supply that the customer pays the supplier. To this extent the GST thereon would also stand reduced, subject to conditions which have been discussed in the subsequent paragraphs.
  - b. Now, if the supplier charges a penalty for delayed payment of consideration, the supplier would issue a debit note for the amount of penalty, to the customer to declare that money is ‘OWED’ to the supplier. Then, the original amount due PLUS the debit note is the revised value of supply, that the customer pays the supplier. To this extent the GST thereon would also stand increased.
- (ii) The conditions applicable on an issue of credit note are listed below:
  - a. The supplier issues the credit note in respect of a tax invoice which has been issued by him earlier;
  - b. The credit note must not be issued any time after either of the following 2 events (“due date for credit note”):

1. Annual return has been filed for the FY in which the original tax invoice was issued; or
  2. September of the FY immediately succeeding the FY in which the original tax invoice was issued (i.e., for a tax invoice issued in April 2018, as well as a tax invoice issued in March 2019, the relevant credit notes cannot be issued after September 2019);
  - c. The credit note so issued must be declared in the returns for the month in which they are issued, by the supplier and also the recipient, and latest by the due date for credit note as specified above.
  - d. The recipient, on declaring the same, must claim a reduction in his input tax credit if the same had been availed against the original tax invoice;
  - e. A credit note cannot be issued if the incidence of tax and interest on such supply has been passed by him to any other person;
  - f. Every credit note must be linked to specific original tax invoice;
  - g. In case of a credit note issued for a discount, the discount must be provided in terms of an agreement entered into before or at the time of supply, as provided in Section 15(2) of the Act.
  - h. The GST Law provides an exhaustive list of situations under which the registered supplier is entitled to issue a credit note says, 'I OWE' and issues credit note:
    1. Actual value of supply is lower than that stated in the original tax invoice;
    2. Tax charged in the original tax invoice is higher than that applicable on the supply;
    3. Goods supplied are returned by the recipient;
    4. Goods or services supplied are deficient.
  - i. The credit note contains all the applicable particulars as specified in **Rule 53** of the CGST Rules, 2017.
- (iii) The GST Law mandates that a registered supplier shall be required to issue a debit note under the following circumstances:
- a. Actual value of supply is higher than that stated in the original tax invoice;
  - b. Tax charged in the original tax invoice is lower than that applicable on the supply;
  - c. The debit note needs to be linked to the original tax invoice;
  - d. The debit note contains all the applicable particulars as specified in **Rule 53** of the CGST Rules, 2017;
  - e. A debit note issued under Section 74, 129 or 130 would not entitle the recipient to avail credit in respect thereof, and the supplier shall specify prominently, on such debit note the words "INPUT TAX CREDIT NOT ADMISSIBLE";

- f. It may also be noted that no time limit has been prescribed for issuing debit notes. Meaning, a debit note may be raised and uploaded subsequently, with no restriction as to the time period for doing so.
- (iv) A consolidated credit note / debit note cannot be issued for an aggregate value attributable to more than one tax invoice. Additionally, the date and serial number of the original tax invoice is mandatory while reflecting document-level details of credit notes / debit notes in the returns.
- (v) Except in the circumstances specified, credit note or debit note is not permitted to be issued merely because a financial adjustment is required to be made in respect of the receivable or payable. Please note that any credit note / debit note not issued in terms of Section 34 would not be a valid document under the GST Law. For instance, if a credit note has been issued in respect of goods returned after the due date for credit note, a credit note may be issued by the supplier for reduction in the amount payable by the recipient. However, he cannot claim a reduction in tax liability. On the other hand, the recipient of tax may be imposed to reverse the input tax credit that had been availed thereon.

### 34.2 Comparative review

- (i) Rule 9 of CENVAT Credit Rules, 2004 gives details of the documents and accounts which need to be mandatorily adhered to in order to avail the benefit of CENVAT Credit.
- (ii) As per the Rule, CENVAT Credit can be availed based on: -
- (a) An invoice
- (b) Supplementary invoice
- (iii) In the context of excise laws, though credit notes may be issued in situations where taxable value is reduced, typically, no adjustment is made for excise valuation purpose (except when the assessment is provisional). Instead of debit notes for increase in taxable value/tax, supplementary invoices are issued (this is a valid document for taking CENVAT credit). There is no time limit for issuance of credit/debit notes (supplementary invoice).
- (iv) In the context of service tax laws, credit notes may be issued in situations where taxable value is reduced. Adjustment of excess tax paid is permissible in specified situations. Instead of debit notes for increase in taxable value/tax, supplementary invoices are issued (this is a valid document for taking CENVAT credit). While the law stipulates the time limit for issuance of credit note (viz., end of September following the financial year in which the supply was effected or filing of annual return whichever is earlier), there is no time limit for that has been specified for issuance of debit notes (supplementary invoice).

However, credit availed on tax paid on supplementary invoices could be disputed in

circumstances where additional tax was payable by reason of fraud, collusion, wilful mis-statement, suppression of facts, contravention of any of the provisions with intent to evade duty/taxes.

- (v) Most State VAT laws have provisions relating to issue of Credit or Debit notes for difference in value of supply and tax. Time period (usually 6 months from the date of sale) is prescribed for issuance of credit/debit notes for adjustment against taxable value. Some States provide that if the credit has already passed on in the original invoice, the tax component shall not be adjusted by issuance of credit note (this is because the buyer would have taken credit in such cases and the credit is left undisturbed).

### 34.3 Issues and concerns

1. It is a common practice of trade and industry to issue volume discounts / turnover discounts, at the end of a certain period, say a financial year. Clearly, such discounts cannot be provided at the time of supply to reflect the same on the tax invoice. On the other hand, although the discount is a post-supply discount which is established in terms of an agreement entered into before or at the time of supply, the discount cannot be specifically linked to any one invoice. By virtue of this drawback, discounts of such nature would not permit the supplier to claim a reduction in his output tax liability.
2. The GST Law has not provided a scenario whereby a supplier forgoes a certain part of consideration, in full and final settlement of the dues from a recipient, even where such a reduction can be identified with a specific invoice. In other words, the supplier would be required to issue a tax invoice for the agreed value and discharge tax on the whole value, while he collects only a part payment thereof from the recipient and would not be permitted to reduce his output tax liability, since the reduction is not on account of a deficiency in service / goods. Given this anomaly, a reasonable inference can be drawn to say that the reduction is on account of reduction in the value of supply, being the reduction in the amount of consideration received, wherein "price is **in fact** the sole consideration". The tax department in such a situation could – (a) Resort to reverse the input tax credit on a pro-rata basis **and** (b) subject the value of the said credit note to output tax. It is also important to note that if the tax department resorts to such action, the recipient too would not be in a position avail any credits of such tax paid at a later point in time. It will not be out of place to mention that the recipient, in any event, will be subject to reversal of input tax credit to the extent he does not effect payment to the supplier against the original invoice by virtue of the provisions of Section 16(2) of the CGST Act, 2017.

### 34.3 FAQs

Q1. Can credit notes/debit notes be raised without raising an appropriate tax invoice?

Ans. No, credit notes/debit notes have to be raised with reference to specific invoice and not otherwise to get the benefit of tax adjustment.



Q2. Is it mandatory to show the details of credit/debit notes in the periodic returns?

Ans. Yes, the details of debit note and credit note is required to be mentioned in periodic returns. If not shown, it is not considered for adjustment of tax liability.

Q3. Are there any situations where credit note cannot be issued?

Ans. Amongst others, a credit note cannot be issued if the incidence of tax and interest on such supply has been passed by tax payer to any other person.

Q4. Can a supplier who has wrongly charged tax at 18% instead of 12% subsequently issue a credit note only to the extent of the excess tax charged?

Ans. Yes, a credit note can be issued only towards the excess tax charged in an invoice.

#### 34.4 MCQs

Q1. What is the last date by which you need to issue debit/credit note?

- (a) On or before Sept 30, following the end of financial year
- (b) The date of filing of the relevant annual return
- (c) Earlier of the two dates mentioned in (a) and (b) above
- (d) None of the above

Ans. (c) Earlier of the two dates mentioned in (a) and (b) above

Q2. What is the last date by which you need to issue Debit Note?

- (a) On or before Sept 30, following the end of financial year
- (b) The date of filing of the relevant annual return
- (c) Earlier of the two dates mentioned in (a) and (b) above
- (d) None of the above

Ans. (d) None of the above