

Chapter VII

Tax Invoice, Credit and Debit Notes

- 31. Tax invoice
- 32. Prohibition of unauthorized collection of tax
- 33. Amount of tax to be indicated in tax invoice and other documents
- 34. Credit and debit notes

Statutory provision

31. Tax invoice

- (1) *A registered person supplying taxable goods shall, before or at the time of,*
- (a) *removal of goods for supply to the recipient, where the supply involves movement of goods; or*
 - (b) *delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:*
- Provided that the Government may, on the recommendation 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.*
- (2) *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, the 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 taxable 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 goods or services or both supplies 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 made the payment, 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. - The expression "tax invoice" shall include any revised invoice issued by the supplier in respect of a supply made earlier.

Central Government vide Notification No. 12/2017-Central Tax, dt. 28-06-2017 has w.e.f 1st July 2017 notified the following number of digits of Harmonized System of Nomenclature (HSN) Codes which are required to be mentioned in a tax invoice issued by a registered person having prescribed annual turnover:

S. No.	Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code
1.	<i>Upto ₹ 1.5 crore</i>	<i>Nil</i>
2.	<i>More than ₹ 1.5 crore and upto ₹ 5 crores</i>	<i>2</i>
3.	<i>More than ₹ 5 crores</i>	<i>4</i>

Similar requirement for mentioning HSN Codes in tax invoice has been prescribed under IGST Act, 2017 vide Notification No. 05/2017-Integrated Tax, dt. 28-06-2017.

31.1 Introduction

An invoice does not bring into existence an agreement but merely records the terms of a pre-existing agreement. GST requires that an invoice – tax invoice or bill of supply – to be issued on the occurrence of certain event or within a prescribed time. Therefore, an invoice, among others is required to be issued for every other form of supply such as sale, transfer, barter, exchange, license, rental, lease or disposal.

First proviso to Rule 46 of the Central Goods and Services Tax Rules, 2017 provides that the Board may, on the recommendations of the Council, by notification, specify-

- (i) the number of digits of Harmonized 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 Harmonized System of Nomenclature code for goods or services, for such period as may be specified in the said notification

31.2 Analysis

A. Supplier of taxable goods is required to issue a tax invoice:

- Before or at the time of removal of the goods where the supply involves movement of goods; or

- Before or at the time of delivery of the goods to the recipient where the supply does not involve movement of goods.

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

- B.** Supplier of services is required to issue a tax invoice:
- Before provision of the services or
 - After provision of the services but within a specified time.
- 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 the following: -
- (a) name, address and GSTIN 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 GSTIN or UIN, if registered, of the recipient;
 - (e) 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 and where the value of 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 supply of goods or services or both considering 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 State, in 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 authorized representative:

In respect of the particulars relating to HSN code cited in point (f) supra on the recommendations of the Council the Commissioner may, by notification for a specified period and class of registered persons who will be required to specify the number of digits of HSN code for goods or the Accounting Codes for services; The Commissioner is also empowered to specify by way of notification (on the recommendations of the Council the class of registered persons that would not be required to mention the HSN code for goods or the Accounting Codes for services, for such period as may be specified in the said notification:

D. Tax Invoices in cases of special services

Sl. No.	Class of supplier of taxable services	Nature of document	Optional	Mandatory
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	All other particulars cited in clause C supra
2	Goods transport agency transporting goods by road	Tax Invoice or any other similar document	None	a. All other particulars cited in clause C supra b. Gross weight of consignment c. Consignor and Consignee name d. Regn. No. of Vehicle e. Details of goods transported f. Origin and destination details g. GSTIN of person liable to pay tax whether as consignor / consignee or as GTA
3	Passenger transport agency	Tax invoice or ticket	a. Serial no. b. Address of	All other particulars cited in clause C supra

			the recipient of services	
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E. In case of exports 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 tax” 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 tax”, as the case may be, and shall, in lieu of the details specified in clause (c) cited supra, contain the following details:

- (i) name and address of the recipient;
- (ii) address of delivery;
- (iii) name of the country of destination; and

F. Supplies not exceeding ₹200/-

A registered person is not required to issue a tax invoice in accordance with the provisions of clause (b) of sub-section (3) of section 31 i.e. in respect of supply of goods or services or both where the value therein does not exceed a sum of ₹200/- subject to the following conditions, namely: -

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

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

G. Commissioner’s powers

The Commissioner, on the recommendations of the Council, is empowered to specify the class of persons rendering services who can issue any other document which could be construed to be a tax invoice or circumstances when a tax invoice need not be issued.

H. Revised Tax Invoice

Within one month from the date of registration, the taxable person may issue a revised tax invoice for supplies from the effective date of registration till the date of issuance of registration certificate. Such person may also issue a consolidated revised tax invoice in respect of all taxable supplies made to a recipient who is not registered.

In a transaction of inter-State supply where the value of supply does not exceed ₹2.50 lakhs a consolidated revised tax invoice is to be issued separately for each of the recipients in a particular State who are not registered.

- I. A registered person who has opted for composition of tax under section 10 of the Act or one who is supplying exempted goods or services or both is required to issue a bill of supply and not a tax invoice.

J. Bill of supply

As per Rule 49 of CGST Rules, 2017 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:-

- (a) name, address and GSTIN 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 GSTIN or UIN, if registered, of the recipient;
- (e) HSN Code of goods or Accounting Code for 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 authorized representative:

K. Receipt Voucher

As per Rule 50 of CGST Rules, 2017, in case of receipt of advance, a ‘receipt voucher’ be issued and not an invoice (of either kind). A receipt voucher referred to in clause (d) of sub-section (3) of section 31 shall contain the following:

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding sixteen characters 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 GSTIN or UIN, 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 authorized representative.

Whenever a transaction envisages issue of Receipt Voucher, but thereafter does not translate into a transaction of supply will require issue of a refund voucher containing similar particulars cited supra.

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

L. Tax payable on reverse charge and supplies received from unregistered persons

Where tax is payable on reverse charge basis or on receipt of supplies from unregistered persons - the recipient is required to prepare an invoice – tax invoice or bill of supply – to record and confirm facts relating to supplies received from such persons. Such transactions would also require a payment voucher to be issued (on similar basis as a receipt voucher) at the time of making payment.

M. Tax Invoice for an Input Service Distributor (ISD)

An ISD Invoice or credit note issued by an Input Service Distributor shall contain the following particulars in terms of Rule 54 of Central Goods and Service Tax Rules, 2017.

- (a) name, address and GSTIN of the Input Service Distributor;
- (b) a consecutive serial number 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 GSTIN 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 authorized representative:

If 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 prescribed above.

N. Continuous supply of goods

Continuous supply of goods, the invoice – tax invoice or bill of supply – is required to be issued:

- when the statement or a running-claim is issued; or
- when payment is received, whichever is earlier

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;

O. Continuous supply of services

For continuous supply of services, a tax invoice is required to be issued:

- when payment date is ascertainable as per the contract on or before the due date for payment; or
- when payment date is not ascertainable from the contract on or before the time when the supplier of services receives the payment; or
- 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.

P. Cessation of services

On cessation of a contract for supply of services, the invoice is required to be issued to the extent supply is complete prior to cessation.

Q. Goods sent on approval

Invoice in respect of goods sent 'on approval' is required to be issued at the earlier of the end of 6 months from their removal or approval to accept supply is indicated to supplier.

Rule 46A provides for the Invoice-cum-bill of supply in case 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.

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 FAQs

Q1. Is tax invoice required to be raised for advance payments received for goods or services?

Ans. No, tax invoice is not required 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.

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 unauthorized 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 right. 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 applicable tax to the Government.

This provision casts an obligation of each – unregistered person and registered taxable 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 taxable 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-SGST' or 'IGST' or UTGST is to be paid to the Government. Any other loss recoupment of input tax credit foregone or forfeited does not come 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. And it states that all documents need to carry the tax that forms part of the price of supply.

This provision therefore holds that 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.

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.

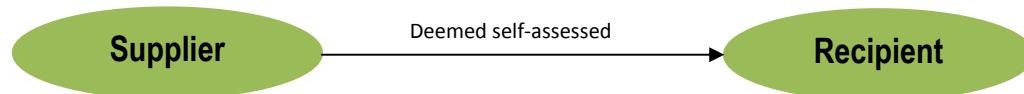
- (3) *Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, 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.

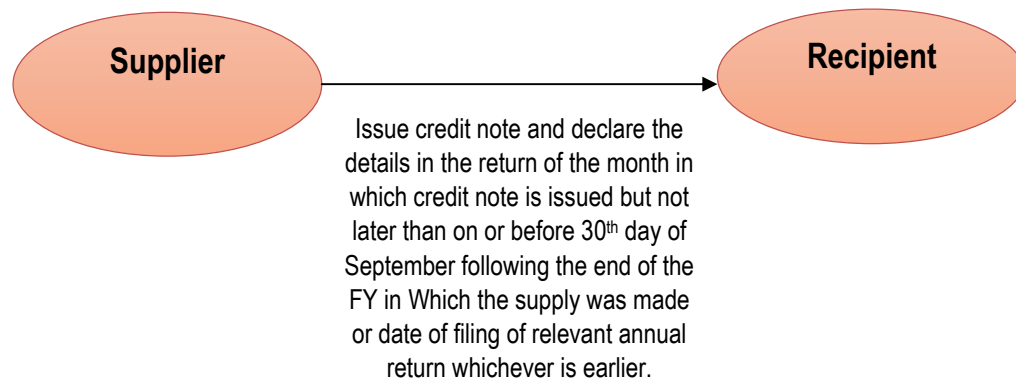
34.1 Analysis

- (a) Credit note and debit note cause some hardship to quickly understand – who owes whom. Credit note is issued when ‘I OWE’ money to someone, that is, it is issued by the person who owes money. Debit note is issued when ‘THEY OWE’ money to me, that is, it is again issued by the person who is the receiver of money. When a cash discount is allowed at the time of collecting payment from a customer, then the issuer of the relevant note is the supplier (not customer) who agrees to reduce the amount due from the customer. So, to the extent of such cash discount, the supplier declares ‘I OWE’ money and when ‘I OWE’ money, the relevant note is a ‘credit note’. And here the supplier issues the credit note to the customer to the extent of the cash discount. Then, the original amount due MINUS the credit note is the revised amount that the customer pays the supplier. Now, if the supplier charges a penalty for delayed payment to the same customer and is accepted, then again, the supplier (not customer) issues the relevant note for the accepted amount of delay penalty. So, to the extent of such delay penalty, the supplier declares that ‘THEY OWE’ money and when ‘THEY OWE’ money, the relevant note is a ‘debit note’. And here the supplier issues the debit note to the customer to the extent of the delay penalty. Then, the original amount due PLUS the debit note is the revised amount that the customer pays the supplier.
- (b) Now, this provision considers four situations where supplier says, ‘I OWE’ and issues credit note:
- actual value of supply is lower than that stated in the tax invoice issued previously
 - Tax charged in that invoice is higher than that correctly applicable on the supply
 - goods supplied are returned by the recipient
 - goods or services supplied are deficient

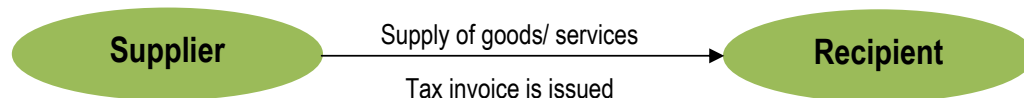
- (c) And it considers two situations where the supplier says, 'THEY OWE' and issues debit note:
- Actual value of supply is higher than that stated in the tax invoice issued previously
 - Tax charged in that invoice is lower than that correctly applicable on the supply
- (d) Credit note and debit note must be considered in the return for the month when it is issued. But, a credit note is required to be issued not later than September of next year or date of furnishing relevant annual return, whichever is earlier, as it involves reducing the tax liability. And where there is such reduction in tax liability by a credit note, the same is permitted with a corresponding responsibility to ensure that the recipient of supply has made a corresponding downward revision in the claim of tax credit.
- (e) 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.
- (f) **Scenario-1 Credit note issue**



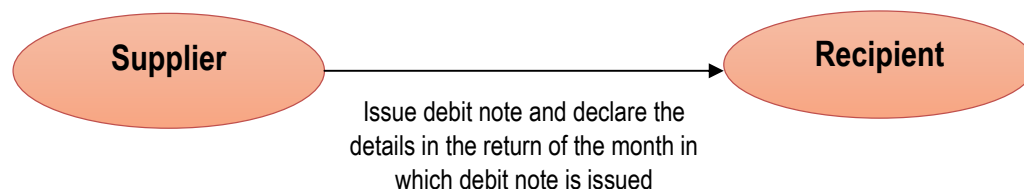
Scenario 1: Tax Charged/ Taxable Value/ Goods returned/ Deficient Services > Tax Charged/ Taxable Value (w.r.t. that supply), then



- (g) **Scenario-2 Debit note issue (include Supplementary invoice)**



Scenario 2: Tax Charged/ Taxable Value < Tax Charged/ Taxable Value (w.r.t. that supply), then



(h) Supplementary tax invoice and credit or debit notes

A revised tax invoice referred to in section 31 and credit or debit note referred to in section 34 shall contain the following particulars -

- (a) The word "Revised Invoice", wherever applicable, indicated prominently;
 - (b) name, address and GSTIN of the supplier;
 - (c) nature of the document;
 - (d) a consecutive serial number 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 GSTIN or UIN, 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 authorized representative:
- (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".

(i) Manner of issue of invoices

Sl. No	Description	Original to	Duplicate to	Triplicate to
1	Invoice to be issued in respect of goods	Recipient	Transporter	Supplier
2	Invoice to be issued in respect of services within 30 days from	Recipient	Supplier	Not required

	date of supply of services			
a.	If the supplier of services is an insurer, banking company, financial institution or a NBFC invoice is to be issued within 45 days from the date of supply of service.			
b.	If the supplier of services is an insurer, banking company, financial institution or a NBFC or a telecom operator or a notified class of supplier of services between distinct persons as per section 25 of the CGST Act (refer entry 2 of schedule I) then an invoice, is to be issued before or at the time the supplier records in his books of account or before expiry of the quarter during which supply is rendered.			

(j) Transportation of goods without issue of invoices – exceptional circumstances

The Rules prescribed lists out certain special circumstances for transportation of goods when tax invoice cannot be issued. In such situations, 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) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known (2) Transportation of goods for job work (3) Transportation of goods for reasons other than by way of supply, or (4) 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 – 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.
Note:		
1. The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner: – (a) ORIGINAL FOR CONSIGNEE;		

- (b) DUPLICATE FOR TRANSPORTER; and
 - (c) TRIPLICATE FOR CONSIGNOR.
2. Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in FORM [WAYBILL].

(k) Where the goods are being transported in a semi knocked down or completely knocked down condition

1. The supplier to issue the complete invoice before dispatch of the first consignment;
2. The supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
3. Each consignment to be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
4. The original copy of the invoice shall be sent along with the last consignment.

(l) Credit/Debit Notes

- (i) No credit note shall be issued if the incidence of tax and interest on such supply has been passed by him to any other person.
- (ii) The details of credit notes/debit notes should be declared (i) in the return for the month during which they are issued or received; or (ii) in the return for any subsequent month. However, such declaration cannot be later than (i) September following the end of the financial year in which the supply was made or (ii) date of filing of the relevant annual return, whichever is earlier.
- (iii) If the details are not shown as above, the credit / debits notes may not be considered for adjustment of tax liability.

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, notes 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). There is no time limit for issuance of credit/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 FAQ's

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. 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.

34.4 MCQ

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