

## Value of taxable supply

### 15. <sup>[1]</sup>Value of taxable supply

<sup>[2]</sup> The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

#### 2. <sup>[3]</sup> The value of supply shall include—

a. any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

b. <sup>[4]</sup> any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

c. incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

d. <sup>[5]</sup> interest or late fee or penalty for delayed payment of any consideration for any supply; and

e. subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

#### 3. <sup>[6]</sup> The value of the supply shall not include any discount which is given—

a. before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

b. after the supply has been effected, if—

i. such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

ii. input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

4. Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed<sup>[7]</sup>.

5. Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed<sup>[8]</sup>.

Explanation.—For the purposes of this Act,—

a. persons shall be deemed to be “related persons” if—

i. such persons are officers or directors of one another’s businesses;

ii. such persons are legally recognised partners in business;

iii. such persons are employer and employee;

iv. any person directly or indirectly owns, controls or holds twenty five per cent or more of the outstanding voting stock or shares of both of them;

- v. one of them directly or indirectly controls the other;
- vi. both of them are directly or indirectly controlled by a third person;
- vii. together they directly or indirectly control a third person; or
- viii. they are members of the same family;
- b. the term “person” also includes legal persons;
- c. persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

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[1] Enforced with effect from 1.7.2017.

[2] Refer rule 27 to 35 of the CGST Act, 2017.

[3] Refer Cir. No. 76/2018- GST, dt. 31.12.2018.

[4] Refer Cir. No. 47/2018- GST, dt. 8.6.2018.

[5] Refer Cir. No. 102/2019- GST, dt. 28.6.2019.

[6] Refer Cir. No. 105/2019- GST, dt. 28.6.2018.

[7] Refer rule 27 to 31 of the CGST Rules, 2017.

[8] Refer rule 32 of the CGST Rules, 2017.