

## **Time of Supply**

### **Q 1. What is time of supply?**

Ans. The time of supply fixes the point when the liability to charge GST arises. It also indicates when a supply is deemed to have been made. The CGST/SGST Act provides separate time of supply for goods and services.

### **Q 2. When does the liability to pay GST arise in respect of supply of goods?**

Ans. Section 12 of the CGST/SGST Act provides for time of supply of goods. The time of supply of goods shall be the earlier of the following namely,

(i) the date of issue of invoice by the supplier or the last date on which he is required under Section 31, to issue the invoice with respect to the supply; or

(ii) the date on which the supplier receives the payment with respect to the supply.

However, vide Notification No. 66/2017-Central Tax dated 15.11.2017, liability to pay tax at the time of receipt of advance has been relaxed in case of goods.

### **Q 3. When does the liability to pay GST arise in respect of supply of services?**

Ans. Section 13 of the CGST/SGST Act provides for time of supply of services. The time of supply of services shall be the earlier of the following namely,

(a) the date of issue of invoice by the supplier if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment whichever is earlier; or

(b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment whichever is earlier.

(c) the date on which the recipient shows the receipt of services in his books of account, in case where the provisions of clause (a) and (b) do not apply.

### **Q 4. What is time of supply in case of supply of vouchers in respect of goods and services?**

Ans. The time of supply of voucher in respect of goods and services shall be;

a) the date of issue of voucher, if the supply is identifiable at that point; or

b) the date of redemption of voucher in all other cases.

### **Q 5. Where it is not possible to determine the time of supply in terms of sub-section 2, 3, 4 of Section 12 or that of Section 13 of CGST/SGST Act, how will time of supply be determined?**

Ans. There is a residual entry in Section 12(5) as well as 13 (5) which says that if periodical return has to be filed, then the due date of filing of such periodical return shall be the time of supply. In other cases, it will be the date on which the CGST/SGST/IGST is actually paid.

**Q 6. What does “date of receipt of payment” mean?**

Ans. It is the earliest of the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account.

**Q 7. Suppose, part advance payment is made or invoice issued is for part payment, whether the time of supply will cover the full supply?**

Ans. No. The supply of services shall be deemed to have been made to the extent it is covered by the invoice or the part payment. However, for goods payment of tax will need to be made upon date of issue of invoice, irrespective of the fact whether or not advance or part payment is received.

**Q 8. What is the time of supply of goods in case of tax payable under reverse charge?**

Ans. The time of supply will be the earliest of the following dates:

- a) date of receipt of goods; or
  - b) date on which payment is made; or
  - c) the date immediately following 30 days from the date of issue of invoice by the supplier.
- Where it is not possible to determine the time of supply under the above three clauses, the time of supply shall be the date of entry in the books of account of the recipient of supply.

**Q 9. What is the time of supply of service in case of tax payable under reverse charge?**

Ans. The time of supply will be the earlier of the following dates:

- a) date on which payment is made; or
- b) the date immediately following sixty days from the date of issue of invoice by the supplier.

**Q 10. What is the time of supply applicable with regard to addition in the value by way of interest, late fee or penalty or any delayed payment of consideration?**

Ans. The time of supply with regard to an addition in value on account of interest, late fee or penalty or delayed consideration shall be the date on which the supplier received such additional consideration.

**Q 11. Is there any change in time of supply, where supply is completed prior to or after change in rate of tax?**

Ans. Yes. In such cases provisions of Section 14 will apply.

**Q 12. What is the time of supply, where supply is completed prior to change in rate of tax?**

Ans. In such cases time of supply will be

(i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; (However, for supply of goods payment of tax need to be made only at the time of issue of invoice in terms of notification 66/2017-Central Tax dated 15.11.2017) or

(ii) where the invoice has been issued prior to change in rate of tax but the payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or

(iii) where the payment is received before the change in rate of tax, but the invoice for the same has been issued after the change in rate of tax, the time of supply shall be the date of receipt of payment; (However for supply of goods payment of tax need to be made only at the time of issue of invoice in terms of notification 66/2017-Central Tax dated 15.11.2017)

**Q 13. What is the time of supply, where supply is completed after the change in rate of tax?**

Ans. In such cases time of supply will be

(i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; (However for supply of goods payment of tax need to be made only at the time of issue of invoice in terms of notification 66/2017-Central Tax dated 15.11.2017) or

(ii) where the invoice has been issued and the payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or; (However for supply of goods payment of tax need to be made only at the time of issue of invoice in terms of notification 66/2017-Central Tax dated 15.11.2017)

(iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice

**Q 14. Let's say there was increase in tax rate from 18% to 20% w.e.f.1.9.2017. What is the tax rate applicable when services provided and invoice issued before change in rate in July, 2017, but payment received after change in rate in September, 2017?**

Ans. The old rate of 18% shall be applicable as services are provided prior to 1.9.2017.

**Q 15. Let's say there was increase in tax rate from 18% to 20% w.e.f. 1.9.2017. What is the tax rate applicable when goods are supplied and invoice issued after change in rate in September, 2017, but full advance payment was already received in July, 2017?**

Ans. The new rate of 20% shall be applicable as goods are supplied and invoice issued after

1.9.2017.

**Q 16. What is the time period within which invoice has to be issued for supply of Goods?**

Ans. As per Section 31 of CGST/SGST Act a registered taxable person shall issue a tax invoice showing description, quantity and value of goods, tax charged thereon and other prescribed particulars, before or at the time of

(a) removal of goods for supply to the recipient, where supply involves movement of goods or

(b) delivery of goods or making available thereof to the recipient in other cases.

**Q 17. What is the time period within which invoice has to be issued for supply of Services?**

Ans. As per Section 31 of CGST/SGST Act a registered person shall, before or after the provision of service, but within a period of 30 days from the date of supply of service, issue a tax invoice showing description, value of goods, tax payable thereon and other prescribed particulars. For Banking and Insurance companies, this period is 45 days. For inter-state self-supplies made by bank, insurance and telecom companies, invoices can be issued 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. Further a registered person liable to pay tax on reverse charge basis is also required to issue invoice on the date of receipt of goods or services or both.

**Q 18. What is the time period within which invoice has to be issued in a case involving continuous supply of goods?**

Ans. 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.

**Q 19. What is the time period within which invoice has to be issued in a case involving continuous supply of services?**

Ans. 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 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.

**Q 20. What is the time period within which invoice has to be issued where the goods being sent or taken on approval for sale?**

Ans. The invoice in respect of goods sent or taken on approval for sale or return shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

**Q 21. What is the time of supply in respect of supply by an associate enterprise, located outside India?**

Ans. An associated enterprise is defined in section 2(12) of the CGST Act, 2017 as having same meaning as assigned in section 92A of the Income-tax Act, 1961. An enterprise which participates, either directly or indirectly, through one or more intermediaries, in the management, or control or capital of the other enterprise is an associated enterprise.

In the context of GST, associated enterprise is particularly relevant in the case of supply of services, where the supplier is located outside India. In such cases, the time of supply will be the earlier of date of entry in the books of account of the recipient of supply or the date of payment – thus, the levy under GST is attracted once such book entries are made even if no actual payment takes place or no invoice is issued. (Second proviso to section 13(3) of CGST Act, 2017)

**Q 22. What is the time of supply in case of continuous supply of services?**

Ans. There is no separate provision for time of supply in respect of continuous supply of services. The time of supply will be the date by which the invoice is actually issued or is required to be issued under section 31 of the CGST Act, 2017 or the date of receipt of payment (earlier of entry in books of account / credit in bank account), whichever is earlier.

**Q 23. Normally the service provider does not issue invoice in Government jobs. The Sectional/departmental engineers prepare the measurement books and records the details of work done on a subsequent date. Hence, how time of service will be reckoned since the service provider does not raise the invoice?**

Ans. Time of supply of services has been explained in Sec13 of the CGST Act. The supplier of services will have to issue a tax invoice within 30days of supply of service (the measurement is finalized by the departmental engineers or service provider whichever is earlier.) In case of RCM, Govt. Deptt will raise invoice accordingly (refer sec 13(3)) In the opinion of authors, if the payment is linked to the measurement, then the invoice should be raised on or before when the measurement is finalized.

**Q 24. In construction work, after raising of the invoice, physical verification of the same is done by the Engineers of the Client and this work is delayed abnormally. In**

**some instances the period taken goes up to two months, then how the time of service will be determined?**

Ans. Time of supply of services has been explained in sec 13 of the CGST Act. The date of issue of invoice will be the time of supply.

**Q 25. Is it practically feasible that service provider submits and invoice after execution of work and the principal employer makes arrangement for payment of the bill after 3 months whereas as per point of service rule, the time of service stands for 30days from the date of issue of raise invoice or services whichever is earlier and the service provider has to pay GST @ 18% on value of work done although he has not received any payment from the client till date?**

Ans. Time of supply of services has been explained in sec 13 of the CGST Act. The terms for payment do not decide the taxability of a particular transaction. So even if payment for a particular supply has not been received it will still be liable for GST.