Time of Supply for goods & services under Goods & Services Tax

April 24, 019

Supply consists of elements that can be separated in time, like purchase order/agreement, despatch (of goods), delivery of goods or provision or performance of service, an entry in the records payment and entry of payment in the records or deposit in the bank.

So, at which of these points of time will GST become payable?

The Act provides separate provisions for time of supply for goods and services vide Sections 12 and 13.

Section 12

Section 12 must be read with Section 31, which prescribes in detail the date on which the tax invoice must be issued in various situations.

Section 12(2) read with Section 31(1), (4) and (7)

Time of supply of goods under forward charge is earliest of:

- Date of issue/due date of issue of tax invoice under Section 31.
- Date of recording of payment in the book of accounts
- Date on which payment is credited in the bank account of the supplies.

Section 12(3)

The time of supply of goods on which GST is payable on reverse charge basis under Section 9(3) and 9(4) of the Act is determined in terms of Section 12(3)(a), (b)and(c).

The time of supply of such goods will be the earliest of the following dates:

- the date of the receipt of goods; or
- the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.

If it is not possible to determine the time of supply by using these parameters, then the time of supply will be the date of entry of goods in the books of account of the recipient of supply.

**Section 12(4)**

Vouchers are instruments that can be exchanged as payment for good and services of the designed value.

Time of supply of vouchers exchangeable for goods is:
- the date of issue of voucher, if the supply is identifiable at that point; or
- the date of redemption of voucher, in all other cases.

**Section 12(5)**

If the situation is not covered by any of the provisions, the time of supply is fixed under Section 12(5), in the following manner:
- Due date for filing of the periodical return, or
- In any other case, date on which GST is paid.

**Section 12(6)**

It prescribes that time of supply in case of addition in value by way of interest/late fee/penalty for delayed payment of consideration of goods is date on which the supplier receives such addition in value.

**Section 13**

**Section 13(2) read with Section 31(2), (5) and(6) and Rule 47 of CGST Rules**

Time of supply of services under forward charge is determined as:

1. Invoice issued within the time period prescribed under Section 31(2):
   - Earliest of the following:
     1. Date of issue of invoice by the supplier,
     2. Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier).
2. Invoice not issued within the time period prescribed under Section 31(2):

- Earliest of the following:
  1. Date of provision of service,
  2. Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier).
  3. When the above events are unascertainable:

- Date on which the recipient shows the receipt of services in his books of account.

  **Section 13(3)**
  The time of supply of service on which GST is payable on reverse charge basis (except on services received from associated enterprises located outside India) under Section 9(3) and 9(4) of the Act is determined in terms of Section 13(3)(a) and(b).
  The time of supply of such goods will be the earliest of the following dates:

  - the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
  - the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:
  If it is not possible to determine the time of supply by using these parameters, then the time of supply will be the date of entry of goods in the books of account of the recipient of supply.

  **Section 13(4)**
  Time of supply of vouchers exchangeable for services is:

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

  **Section 13(5)**
  If the situation is not covered by any of the provisions, the time of supply is fixed under Section 13(5), in the following manner:

  - Due date on which periodical return for the period is required to be filed, or
• In any other case, date on which GST is paid.

Section 13(6)

It prescribes that time of supply in case of addition in value by way of interest/late fee/penalty for delayed payment of consideration for a service is the date on which the supplier receives such addition in value.