

ATHENA NEWSLETTER



GST 10-point Series

A quick and efficient mode to understand important aspects of the biggest tax reform in India

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01

TIME OF SUPPLY OF GOODS

*Liability to pay CGST/ SGST on any supply of goods and/ or services shall arise at the “**time of supply**” as determined in terms of Section 12 (Time of Supply of **Goods**) or Section 13 (Time of Supply of **Services**) of the CGST/ SGST Act.*

02

Further as per Section 27 of the IGST Act, time of supply of goods and/ or services, made in the course of inter-state trade or commerce, is also to be determined in terms of Section 12 and Section 13 of the CGST/ SGST Act.

03

*As mentioned above, there are separate sections dealing with determination of “**time of supply of goods**” and “**time of supply of service**”.*

If any transaction involves both supply of goods and supply of services (composite supply except which are deemed as either supply of goods or supply of services vide Schedule II) without any bifurcation of consideration, then there is no clarity about which section would apply - in our view it would be determined based on dominant nature test.

04

Even if actual supply of goods/ services has taken place, there is no liability of payment of GST to the government unless time of supply has occurred. Time of supply may or may not coincide with the actual supply.

05

Time of supply of goods, shall be the earliest of the following:

- a. **date of removal** of goods by the supplier for supply – where goods are required to be removed
- b. date on which goods are **placed at the disposal of recipient** – where the goods are not required to be removed (goods are not capable of being moved, goods are supplied in installed/ assembled form, goods are supplied by supplier to his agent/ principle);
- c. Date of which **invoice** is issued;
- d. Date on which supplier receives the payment i.e. when the payment is entered into the books of account; or credited to bank account, whichever is earlier;
- e. date on which receipt of goods entered in books of accounts

- 06 In case of **continuous supply of goods**, time of supply shall be expiry of the period to which successive statement of accounts or successive payments relate. If no successive statements of account, date of issue of invoice or date of receipt of payment whichever earlier.
- 07 In case tax is required to be paid under **reverse charge**, point of supply, shall be the earliest of the following 4 dates:
- date of receipt of Goods;
 - date on which payment is made i.e. when the payment is entered into the books of account of the recipient; or debited in his bank account, whichever is earlier;
 - date of receipt of invoice
 - date of debit in the books of accounts
- 08 Central Government/ State Government on recommendation of council, by notification, specify categories of the supply of goods on which tax is required to be paid on reverse charge basis.
- 09 Where goods are removed before it is known that supply will take place or not (sent or taken on approval or similar terms), time of supply shall be the earlier of the following:
- Time when it has become known that the supply has taken place;
 - six months from the date of removal
- 10 **Residuary rule** - In cases where time of supply is not determinable by the aforementioned rules, time of supply shall be –
- ☒ The date of filing of the periodic return, where such return is required to be filed;
 - ☒ In all other cases, date when CGST / SGST is paid

ABOUT THIS PUBLICATION

This publication forms part of 10-point series by Athena Law Associates, to help readers quickly understand key provisions of the Model Goods & Services Tax (GST) law proposed to be implemented in India, starting April 2017.

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