

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 SERVICES

Rules for determining “**time of supply of services**” are contained in Section 13 of the CGST/ SGST Act. Even for the purpose of determining time of supply of services, made in the course of inter-state trade or commerce, Section 13 of the CGST/ SGST Act would be applied.

02

Section 13 is *pari materia* to the Point of taxation Rules, 2011 as contained in the service tax law.

03

Time of supply of service shall be:

- a. If **invoice is issued within the prescribed period**, the earliest of:
 - date of issue of invoice; or
 - date of receipt of payment
- b. If **invoice is not issued within the prescribed period**, the earliest of:
 - date of completion of provision of service; or
 - date of receipt of payment

In cases where (a) & (b) does not apply, the date when recipient shows the receipt of service in his books of accounts.

04

Where “time of supply” is linked to the invoice or payment, the supply shall be deemed to have been made to the extent covered by such invoice or payment

05

“Date of receipt of payment” shall be the earlier of the following events:

- date on which the payment is entered in the books of accounts of the supplier or
- date on which the payment is credited to his bank account

06

In case of **continuous supply of services**, time of supply shall be:

- a. Where due date of payment is ascertainable from the contract – date on which payment is liable to be made by the recipient
- b. Where due date of payment is not ascertainable from contract, earlier of –

- Each receipt of payment by supplier;
- Each issuance of invoice
- c. Where payment is linked to completion of an event –
 - Time of completion of that event

07

Although “continuous supply of services” is defined in Section 2(31) of the CGST Act but for the purpose of the above provision that definition does not apply. Central Government/ State Government, on recommendation of council, would notify the services that shall be treated as “continuous supply of services”.

08

In case tax is payable under **reverse charge**, time of supply shall be earliest of following:

- date of receipt of services;
- date on which payment is made;
- date of receipt of invoice;
- date of debit in the books of accounts

09

Where supply of **service ceases before its completion** as per the contract, time of supply shall be the time when such supply cease

10

Residuary rule - if time of supply is not determinable from the aforementioned sub-clauses, the 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.

Refer to our website <http://www.gstlawindia.com/> or contact us for more details about this topic.

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