

Supply, Deemed Supply, Time of Supply under GST

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This presentation covers-

- ✓ *Meaning of Supply*
- ✓ *Time of Supply of Goods*
- ✓ *Time of Supply of Services*

Meaning of Supply

Supply

- Meaning and scope of term supply [Section 3]
 - It includes all kinds of supply like
 - sale,
 - barter,
 - exchange,
 - license,
 - rental,
 - lease or
 - Disposal
 - made or agreed to made for consideration by a person in the course of furtherance of business.

Deemed supply (without consideration)

- Importation of service even if without consideration
- Supplies specified in Schedule I made or agreed to be made without consideration. This schedule includes:-
 - Permanent transfer/disposal of business assets.
 - Promotional distributions
 - Free disposal of scrap or other business assets
 - Temporary application of business assets to a private or non-business use.
 - Cars etc used by the Directors/Employees during non office hours – may be stated to be temporary use for non business purpose
 - Services put to a private or a non-business use.

Contd...

- Assets retained after deregistration
- Supply of goods and services by a taxable person to another taxable or non taxable person in the course or furtherance of business
 - Giving materials / services for job work
 - Use of word **“license” will require us take a look at “the TBU arrangements.”**
 - Branch transfers

Time of supply of Goods

TIME OF SUPPLY OF GOODS (Section 12)

- The liability to pay CGST/SGST on the goods shall arise at the time of supply of goods.
- Time of supply of goods shall be earliest of the following dates:
 - :
 - Date of removal of goods, where goods are required to be removed
 - Date on which the goods are made available to the recipient, where goods are not required to be removed.
- Date of issue of invoice;
- Date of receipt of payment (i.e. when the payment is entered into the books of account; or credited to bank account, whichever is earlier);
- Recipient Shows the receipt of goods in its books of account.

Contd...

Explanation 1

- Situations— where goods are not required to be removed:
 - Physically not capable of being removed;
 - Supplied in assembled or installed form;
 - supplier to his agent or his principal.

Explanation 3

- In cases 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.

Contd...

Continuous Supply of goods

- Where successive statement of accounts or successive payment are involved
 - Time of supply shall be the date of expiry of the period to which such statement or payment relates.
- Where no successive statement of accounts
 - Time of supply shall be the earliest of the following:
 - Invoice (or any other document) is issued;
 - Payment is received

Contd...

Reverse Charge

- Where the payment of tax is to be made on reverse charge basis, time of supply shall be earliest of following 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 the date on which payment is debited in his bank account)
 - Date of receipt of invoice;
 - Date of debit in the books of accounts

Contd...

- Where the supply of goods is subject to approval or allows return or other similar terms, the time of supply shall be earliest of the following –
 - When the goods are approved, completing the supply;
 - Six months from the date of removal.
- Sub-section (7) prescribes the residuary clause for cases where the point of taxation is not determinable from the aforementioned sub-clauses. In such circumstances, the date of liability shall be the following date –
 - 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.

Time of supply of services

TIME OF SUPPLY OF SERVICES (Section 13)

- The liability to pay CGST/SGST on services shall arise at the time of supply of service.
- If invoice is issued within the prescribed period, time of supply of service shall be the earliest of:
 - Date of issue of invoice; or
 - Receipt of payment
- If invoice is not issued within the prescribed period, time of supply of service shall be the earliest of:
 - Completion of provision of service; or
 - 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.

Contd...

Continuous Supply of Service

- A. Where due date of payment is ascertainable from the contract
 - Time of supply shall be the date on which payment is to be made, irrespective of whether invoice is issued or payment actually received;
- B. Where due date of payment is not ascertainable from contract, time of supply shall be **earlier of** each such time when supplier
 - received payment;
 - Issue invoice
- C. Where payment is linked to completion of event
 - Time of completion of that event
- Further, power has been granted to Central Government / State Government to prescribe by way of notification, on the recommendation of the Council, the supplies which would be considered as continuous supply of services.

Contd...

Reverse Charge

- Where the payment of tax is to be made on reverse charge basis, time of supply shall be earliest of following dates:
 - Date of receipt of services;
 - Date of payment
 - Date of receipt of invoice;
 - Date of debit in the books of accounts.

When supply ceases before completion

- Sub-section (6) provides for the deemed point of taxation in cases where the supply ceases under a contract before the completion of supply, which would be the time when such supply ceases.

Contd...

- Sub-section (7) prescribes the residuary clause for cases where the point of taxation is not determinable from the aforementioned sub-clauses. In such circumstances, the date of liability shall be the following date :
 - 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.

THANK YOU

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