CHAPTER 5

TIME OF SUPPLY



The section numbers referred to in the Chapter pertain to the CGST Act, 2017, unless otherwise specified. Examples/illustrations/Questions and Answers given in the Chapter are based on the position of GST law existing as on 30.04.2026.

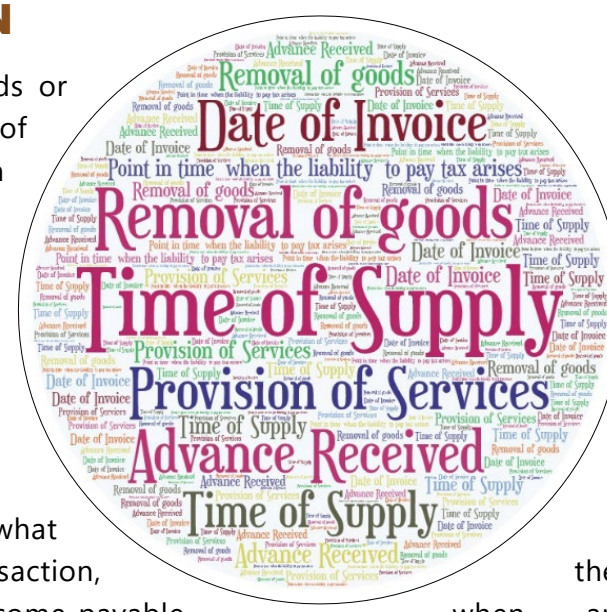
LEARNING OUTCOMES

After reading this Chapter, you will be able to

- identify the point in time when the liability to pay GST arises -
  - on supply of goods or services where GST is payable under forward charge
  - on supply of goods or services where GST is payable under reverse charge
  - on supply of goods and services in residual cases
  - in case of enhancement of value of supply on account of interest, late fee/penalty paid for delay in payment of consideration
- pinpoint the applicable rate of GST in case there is a change in rate of GST in respect of supply of goods or services
- apply the concepts relating to time of supply of goods and/or services in problem solving

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1. INTRODUCTION



GST is payable on supply of goods or services. A 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, entry in the records, payment, and entry of the payment in the records or deposit in the bank.

So, the question that arises is - at what point of time in the aforesaid transaction, the GST becomes payable? Does it become payable when an agreement to supply goods or services is made, or when the goods are shipped or the services are provided, or when the invoice is issued or when payment is made? What if the goods are shipped over a period of time? What if the service is provided over a period of time?

Provisions relating to **'time of supply'** provide answers to all such and other questions that arise with respect to the time when the liability to pay CGST and SGST/UTGST (intra-State supply) or IGST (inter-State supply) arises. In other words, time of supply indicates the point in time when the liability to pay tax arises. It is important to note here that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due dates prescribed with reference to the said 'time of supply'. For instance, if time of supply of a given supply is 25th May, the tax leviable thereon would be payable latest by 20th June, which is the due date prescribed in the CGST Act for suppliers filing GST return on monthly basis.[1]

The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13 respectively. Section 14 provides for the method of determining the time of supply in case there is a change in the rate of tax on

[1] *Provisions relating to due date for payment of tax have been discussed in Chapter 11: Payment of Tax in Module 2 of this Study Material.*

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supply of goods or services. Sections 12 and 13 employ provisions of section 31 relating to issue of tax invoice as a reference point. Therefore, it will be useful to read this Chapter in conjunction with the provisions relating to tax invoice discussed in detail in *Chapter 9: Tax Invoice, Credit and Debit Notes in Module 2 of this Study Material*.

Events like issuing of invoices, receipt of payment, provision of service, receipt of services as recorded in books of account need to be analysed to determine the time of supply when the tax on supply is payable under forward charge. When the tax on supply is payable under reverse charge, events like date of receipt of goods or services, date of making payment, date of issue of invoice etc. need to be analysed to determine the time of supply. The provisions relating to time of supply essentially fix the tax collection event to the earliest possible time.



In the subsequent pages of this Chapter, sections 12, 13 and 14 are extracted, followed by their analysis, to understand how to determine the time of supply of goods and services respectively. When studying the statutory provisions, the definitions (extracted first) must also be referred to simultaneously, so as to understand the precise meaning of the terms used.

Provisions of time of supply under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

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2. RELEVANT DEFINITIONS

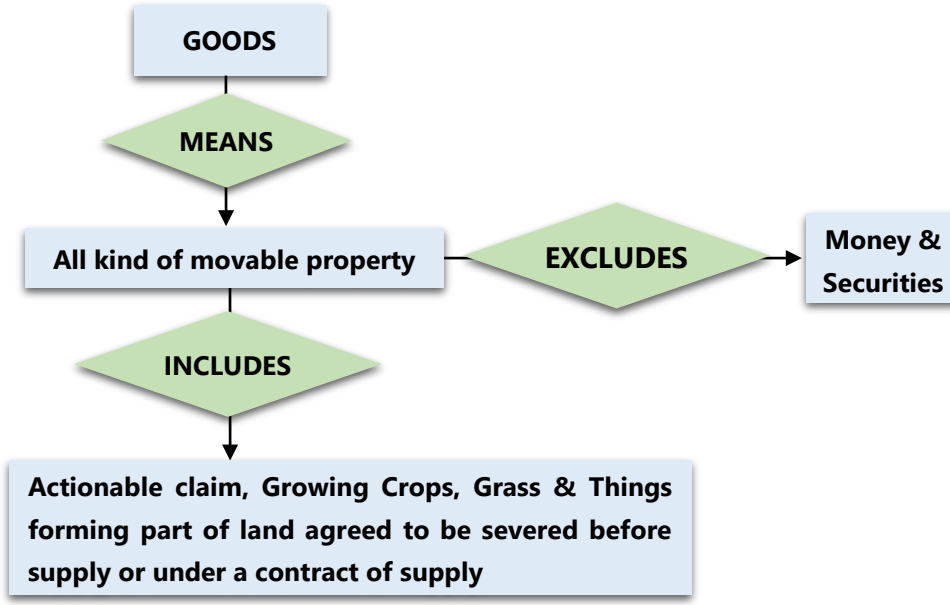
- **Associated enterprises** shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961 [Section 2(12)].

  Broadly, an associated enterprise in relation to another enterprise, means an enterprise which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise. *[The detailed definition of associated enterprise may be referred to from the Study Material of Paper 4: Direct Tax Laws and International Taxation.]*

- **Document** includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000 [Section 2(41)].

- **Invoice** or **tax invoice** means the tax invoice referred to in section 31 [Section 2(66)].

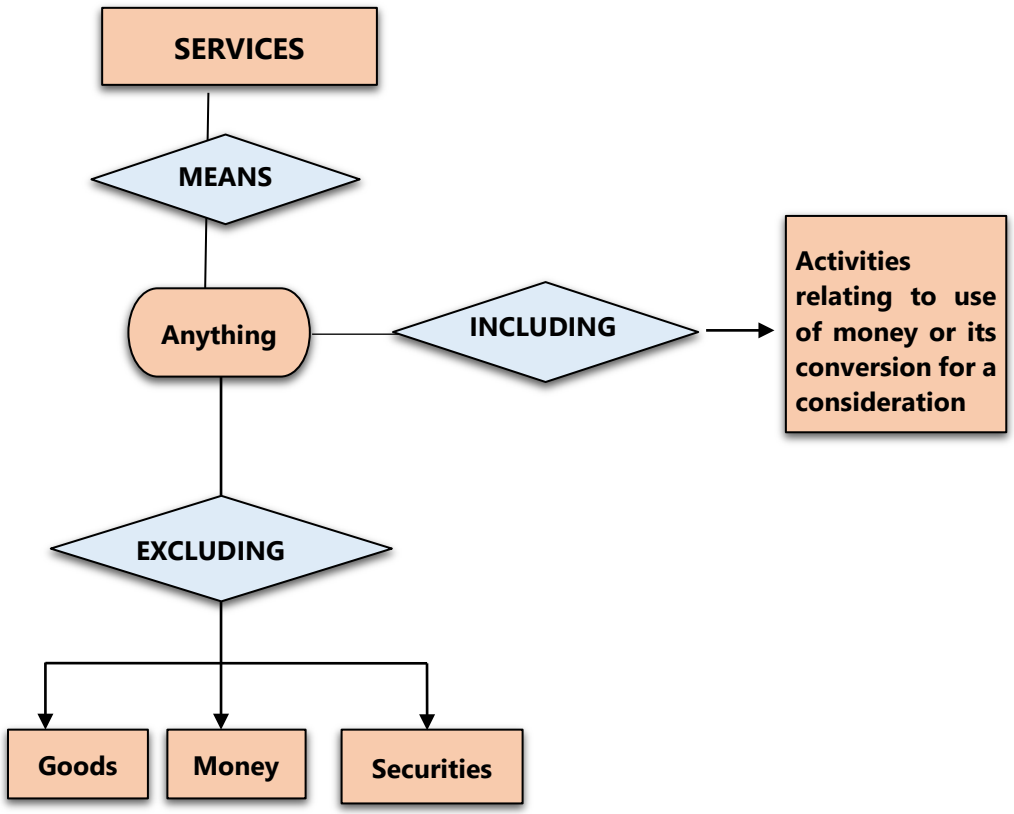
- **Goods** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply [Section 2(52)].



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❖ **Services** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination to another form, currency or denomination for which a separate consideration is charged.

Explanation––For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities [Section 2(102)].



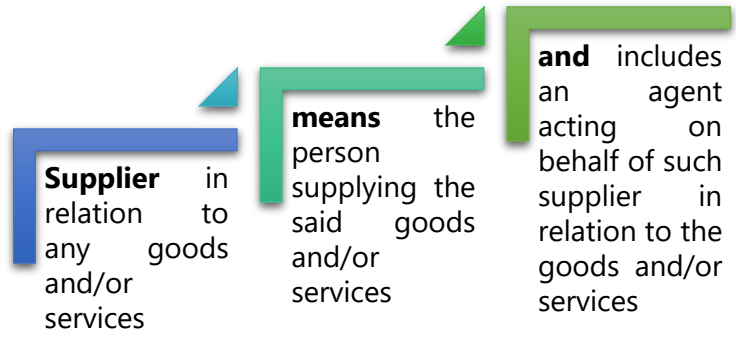
❖ **Prescribed** means prescribed by rules made under this Act on the recommendations of the Council [Section 2(87)].

❖ **Reverse charge** means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or sub- section (4) of section 5 of the Integrated Goods and Services Tax Act [Section 2(98)].

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❖ **Supplier** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

However, a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims. [Section 2(105)].



❖ **Recipient** of supply of goods or services or both, means—

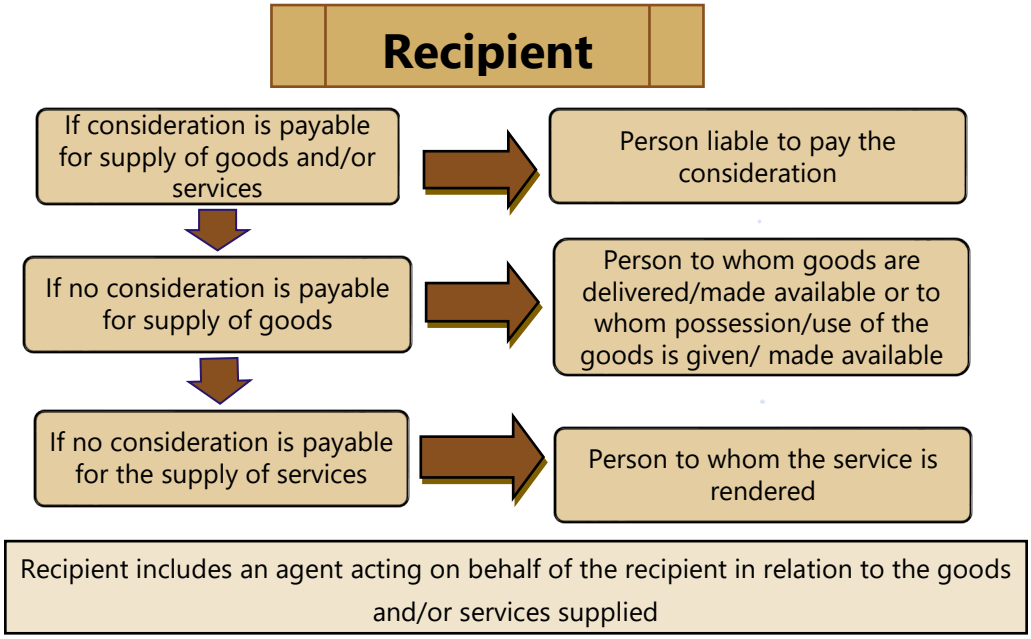
(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;

(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and

(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93)].

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3. TIME OF SUPPLY OF GOODS [SECTION 12]

STATUTORY PROVISIONS

Section 12	*Time of supply of goods*	
Sub-section	*Clause*	*Particulars*
(1)	*The liability to pay tax on goods shall arise at the time of supply as determined in terms of the provisions of this section.*	
(2)	*The time of supply of goods shall be the earlier of the following dates, namely:-*	
	(a)	*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*

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	(b)	*the date on which the supplier receives the payment with respect to the supply[2]:*
	Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.	
	Explanation 1. For the purposes of clauses (a) and (b), the "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.	
	Explanation 2. For the purpose of clause (b), "the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.	
(3)	*In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:*	
	(a)	*the date of the receipt of the goods, or*
	(b)	*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*
	(c)	*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:*
	Provided that where it is not possible to determine the time of supply under clause (a), (b), or (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.	

[2] *Practically, in case of goods, the date of receipt of payment by the supplier is no longer a criterion for determination of time of supply for payment of tax. Refer the 'Analysis' of section 12 given in the ensuing pages for detailed discussion in this regard.*

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(5)	*Where it is not possible to determine the time of supply under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall—*	
	(a)	*in a case where a periodical return has to be filed, be the date on which such return is to be filed; or*
	(b)	*in any other case, be the date on which the tax is paid.*
(6)	*The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.*	
Section 31 (Relevant Extract)	***Tax invoice (to the extent relevant to the time of supply of goods)***	
(1)	*A registered person supplying taxable goods shall, before or at the time of,—*	
	(a)	*removal of goods for supply to the recipient, where the supply involves movement of goods; or*
	(b)	*delivery of goods or making available thereof to the recipient, in any other case,*
	issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:	
	Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.	
(4)	*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.*	

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(7)	*Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.*



Section 12 must be read with section 31, which prescribes in detail the date on which tax invoice for a supply of goods must be issued in various situations.



ANALYSIS

Section 12 provides for the determination of time of supply in the following situations:

- ➔ Supply of goods under forward charge;
- ➔ Supply of goods under reverse charge;
- ➔ Residual cases
- ➔ Addition to value of supply of goods by way of interest or late fee or penalty for delayed payment.

We consider below how the time of supply is determined in each of these situations.

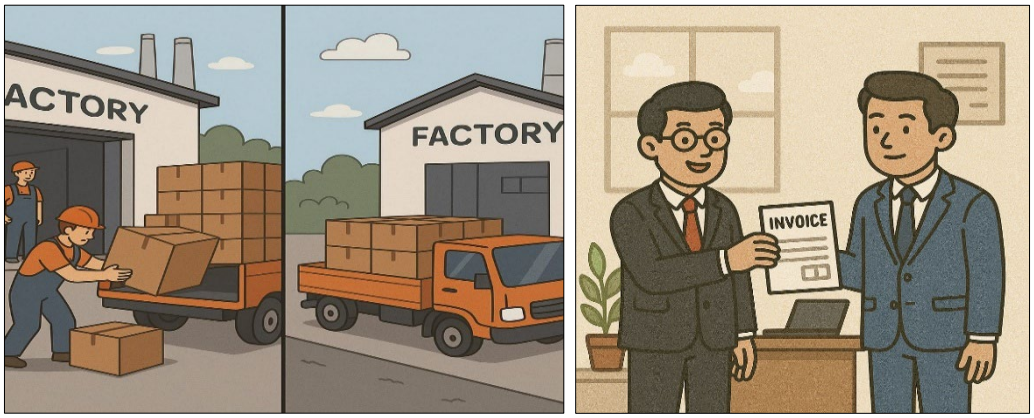
(i) Time of supply of goods under forward charge [Section 12(2) read with section 31]

As per section 12(2), the time of supply of goods that are taxable under forward charge, is the earlier of the following two dates:

- ➢ Date of issue of invoice by the supplier or the last date on which the invoice ought to have been issued in terms of section 31, to the extent the invoice covers the supply of goods; or
- ➢ Date of receipt of payment by the supplier, to the extent the payment covers the supply of goods.

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No tax payable at the time of receipt of advance for supply of goods – Special procedure for payment of tax in case of supply of goods



In exercise of the powers conferred by section 148[3], the Central Government, on the recommendation of the GST Council, has issued *Notification No. 66/2017 CT dated 15.11.2017* to specify that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31, including in the situations attracting the provisions of section 14.

In simple words, all taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued. **Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31.**

[3] *Section 148 provides that the Government may, on the recommendations of the Council, and subject to such conditions and safeguards as may be prescribed, notify certain classes of registered persons, and the special procedures to be followed by such persons including those with regard to registration, furnishing of return, payment of tax and administration of such persons. The same is discussed in Chapter 24 - on Miscellaneous Provisions of Module 3 of this Study Material.*

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The relief of not paying GST on receipt of advance is available only in case of supply of goods and not for supply of services.

Meaning of "Date of receipt of payment"

"Date of receipt of payment" in the above situation refers to the date on which the payment is recorded in the books of account of the entity (supplier of goods) that receives the payment, or the date on which the payment is credited to the entity's bank account, whichever is earlier.

Significance of "to the extent the invoice or payment covers the supply of goods"

Suppose a part of the consideration is paid in advance or invoice is issued for part payment, in such cases the time of supply will not cover the full supply. The supply shall be deemed to have been made only to the extent it is covered by the invoice or the part advance payment.

However, it may be noted that in case of goods (except for composition supplier and registered persons making supply of specified actionable claims), tax is payable only on the basis of issuance of invoice/last date for the purpose of issuance of invoice even if any advance or part payment has been received before the issuance of invoice/last date for the purpose of issuance of invoice.

(1) A Ltd. enters into an agreement with B Ltd. to supply 100 kg of raw material. However, A Ltd. supplies only 80 kg of raw material and issues the invoice for the same.

Here, the supply would be deemed to have been made in respect of 80 kg of raw material, i.e. to the extent covered by the invoice. Therefore, the provisions relating to time of supply will only be applicable to supply of 80 kg of raw material and not for entire 100 kg of raw material.

The provisions relating to time of supply of goods as contained in section 12 in case of forward charge read with *Notification No. 66/2017 CT dated 15.11.2017*, have been depicted by way of a diagram given at a subsequent page.

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Time limit for issuance of invoice for supply of goods under section 31

Section 12(2) refers to the last date on which a supplier is required to issue the invoice under section 31. Following are the relevant provisions of section 31 in this regard:

- As per section 31(1), the invoice needs to be issued either **before** or **at the time** of removal of goods (where supply involves movement of goods) or delivery of goods/ making goods available to recipient (in any other case).
- In case of continuous supply of goods, the invoice should be issued **before** or **at the time** of issuance of periodical statement/receipt of periodical payment [Section 31(4)].

  Continuous supply of goods is a supply of goods provided or agreed to be provided continuously or on recurring basis, under a contract, and for which the supplier issues an invoices to the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify [Section 2(32)].

  The said term has been discussed in Chapter 9: Tax Invoice; Credit and Debit Notes in Module 2 of this Study Material.
- In case of goods sent or taken on approval for sale or return, invoice should be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier [Section 31(7)].



(2) B Ltd. sells goods to C Ltd. on 10th June. The invoice for the same is issued on the same day. Payment for the goods is received on 20th June.

Time of supply of goods for the purpose of payment of tax is 10th June being the date of issue of invoice in terms of section 31.

(3) B Ltd. sells goods to C Ltd. on 10th June. The invoice for the same is issued on 10th June. Payment for the goods is received on 5th June.

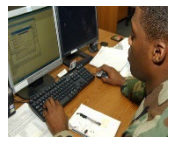
Time of supply of goods for the purpose of payment of tax is 10th June being the date of issue of invoice in terms of section 31.

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TIME OF SUPPLY OF GOODS UNDER FORWARD CHARGE AS PER SECTION 12



→ **Date of issue of invoice / Last date of issue of invoice under section 31**



→ **Date on which the payment is recorded in the books of account of the supplier *[presently irrelevant for the purpose of payment of tax]***



→ **Date on which the payment is credited to the supplier's bank account *[presently irrelevant for the purpose of payment of tax]***

Whichever is earlier

SPECIAL PROCEDURE[4] FOR PAYMENT OF TAX IN CASE OF GOODS

GST to be paid at the time of supply → **As specified in section 12(2)(a)**



→ **Date of issue of invoice / Last date of issue of invoice under section 31**

Effectively, in case of goods, no GST is payable at the time of receipt of advance for supply of goods.

[4] *under section148 of the CGST Act*

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(4) B Ltd. sells goods to C Ltd. on 10th June. The invoice for the same is issued on 12th June. Payment for the goods is received on 20th June. Time of supply of goods for the purpose of payment of tax is 10th June being the last date on which invoice ought to have been issued in terms of section 31.



(5) B Ltd. enters into a contract with C Ltd. for supply of goods over a period of one year starting from the month of January. As per the contract, C Ltd. makes payment on 10th day of each month. B Ltd. issues the invoice on the same day. Time of supply of the goods for the purpose of payment of tax will be 10th day of each month.



(6) B Ltd. sends goods to C Ltd. for sale on approval basis on 10th January. C Ltd. approves the goods on 15th August. B Ltd. should issue the invoice on 10th July as the supply gets fructified after six months from the date of removal. Time of supply of the goods for the purpose of payment of tax is 10th July being the last date on which invoice ought to have been issued in terms of section 31.

Excess payment upto ₹ 1000: Option of taking invoice date as time of supply

In terms of the proviso to sub-section (2) of section 12, for a payment of up to ₹ 1,000 received in excess of the value of the goods invoiced, the supplier can choose to take the date of invoice issued with respect to such excess amount as the time of supply of goods for such excess value. Since GST on supply of goods is payable only on the basis of issuance of invoice[5], this provision is practically irrelevant for supply of goods.

If neither the date of invoice nor the date of payment is available, the time of supply is determined in terms of the residual provisions under sub-section (5) of section 12 [discussed under point (iii)].

[5] as per *Notification No. 66/2017 CT dated 15.11.2017*

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(ii) Time of supply of goods under reverse charge [Section 12(3)]

The time of supply of goods on which GST is payable on reverse charge basis under sub-sections (3) and (4) of section 9 of CGST Act is determined in terms of section 12(3)(a), (b) and (c), as follows:



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

- Date on which the goods are received, or
- Date on which payment is recorded in the books of account of the recipient, or the date on which the same is debited in his bank account, whichever is earlier, or
- Date immediately following 30 days from the date of issue of invoice (or document by some other name in lieu of invoice) 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.

The provisions relating to time of supply of goods in case of reverse charge are depicted by way of a diagram given at a subsequent page.



The relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment).

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(7) B Ltd. sells goods to C Ltd. on 4th June. The goods are taxable under reverse charge. Invoice for the same is issued on 4th June. C Ltd. receives the goods on 12th June.

C Ltd. records the payment in the books of account on 30th June and the same is debited from the bank account of C Ltd. on 2nd July.

Time of supply of the goods is 12th June being the earliest of the **three** stipulated dates namely:

- date of receipt of goods,
- date of payment and
- date immediately following 30 days of issuance of invoice.

(8) B Ltd. sells goods to C Ltd. on 4th June. The goods are taxable under reverse charge. Invoice for the same is issued on 4th June. C Ltd. receives the goods on 6th July.

C Ltd. records the payment in the books of account on 21st July and the same is debited from the bank account of C Ltd. on 31st July.

Time of supply of the goods is 5th July being the earliest of the three stipulated dates namely, date of receipt of goods, date of payment and date immediately following 30 days of issuance of invoice.

(9) B Ltd. sells goods to C Ltd. on 4th June. The goods are taxable under reverse charge. Invoice for the same is issued on 4th June. C Ltd. receives the goods on 27th June.

C Ltd. records the payment in the books of account on 10th June and the same is debited from the bank account of C Ltd. on 2nd July.

Time of supply of the goods is 10th June being the earliest of the three stipulated dates namely, date of receipt of goods, date of payment and date immediately following 30 days of issuance of invoice.

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TIME OF SUPPLY OF GOODS UNDER REVERSE CHARGE



Date on which goods are received



Date on which the payment is recorded in the books of account of the recipient of goods



Date on which the payment is debited in the bank account of the recipient of goods





st DAY

31st day from the issue of invoice by the supplier

Whichever is earlier

If it is not possible to determine the time of supply through above parameters,
THEN
TIME OF SUPPLY WILL BE



Date on which goods are recorded in the books of account of the recipient of supply

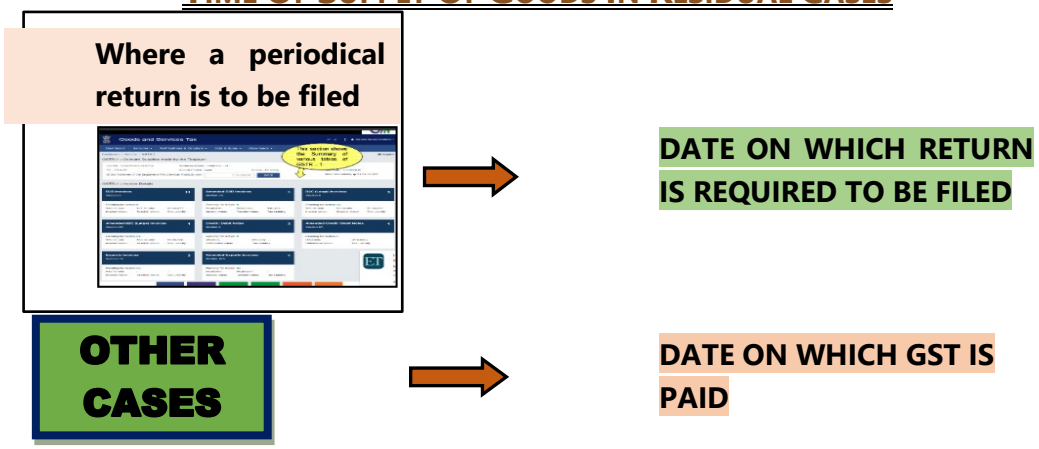
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(iii) Time of supply of goods in residual cases [Section 12(5)]

If the situation is not covered by any of the provisions discussed above, the time of supply is fixed under sub-section (5) of section 12, in the following manner:

- Due date for filing of the periodical return, or
- In any other case, date on which GST is paid.

TIME OF SUPPLY OF GOODS IN RESIDUAL CASES



(iv) Time of supply in case of enhancement in value on account of interest/late fee etc. for delayed payment of consideration [Section 12(6)]

Commercially, most of the contracts of supplies stipulate payment of interest/late fee/penalty etc. in case of payment of consideration beyond the agreed time period. Such interest/late fee/penalty etc. is includible in value of taxable supply *[This concept has been discussed in detail in Chapter 6 - Value of Supply in this Module of the Study Material]*. So, the point to consider here is that when the liability to pay GST would arise in such cases of addition in value.

Section 12(6) prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value.

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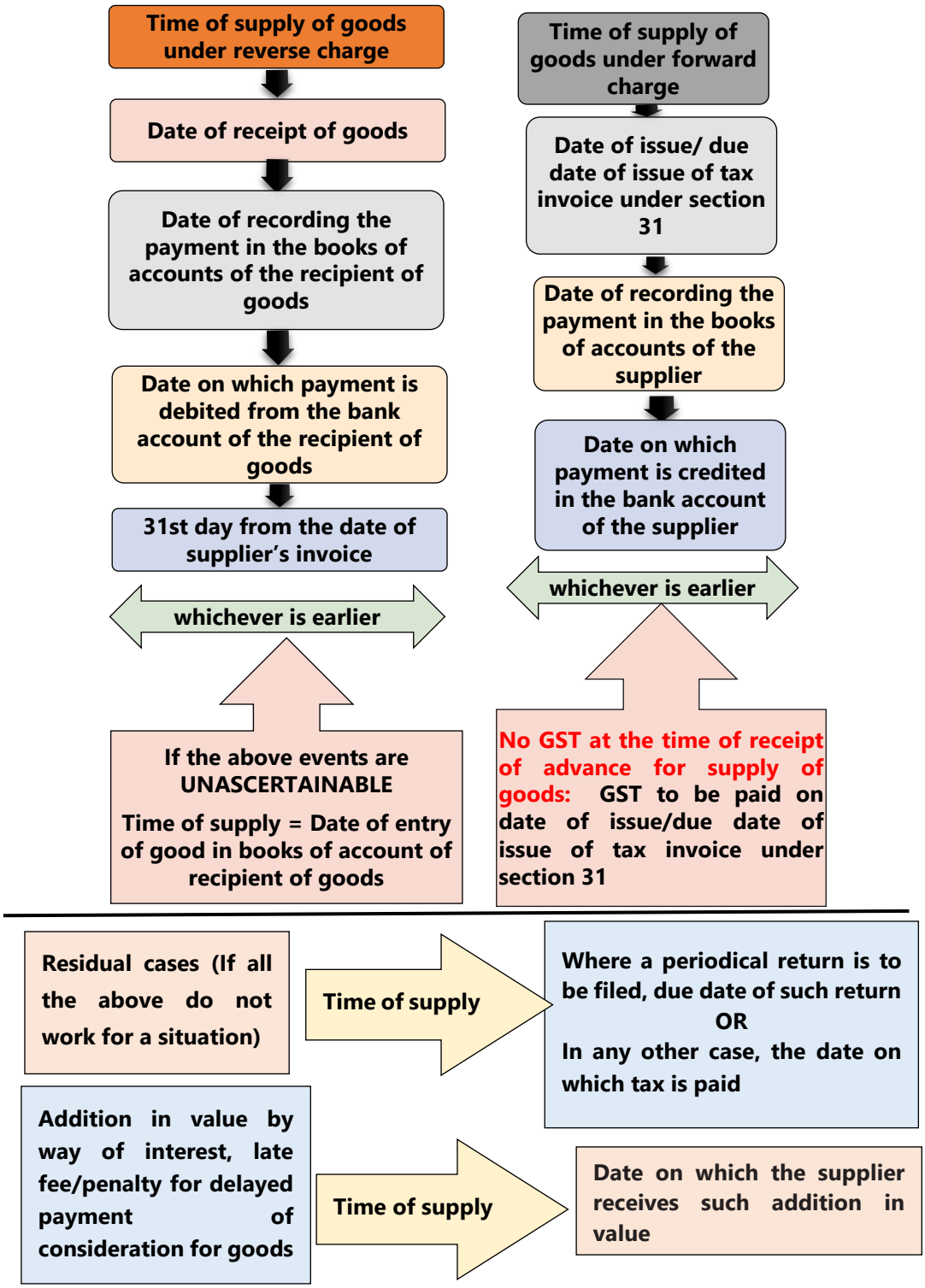


(10) A Ltd. sold goods to B Ltd. on 6th June with a condition that interest @ 2% per month will be charged if B Ltd. failed to make payment within 15 days of the delivery of the goods. Goods were delivered as also the invoice was issued on 6th June.

B Ltd. paid the consideration for the goods on 6th July along with applicable interest. Time of supply for the goods sold is the date of issue of invoice, i.e. 6th June and the time of supply for addition in value by way of interest is the date when such addition in value is received by A Ltd., i.e. 6th July.

The provisions relating to time of supply of goods as contained in section 12 are summarised in the diagram given on next page.

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4. TIME OF SUPPLY OF SERVICES [SECTION 13]

STATUTORY PROVISIONS

Section 13	Time of supply of services	
Sub-section	**Clause**	**Particulars**
(1)		The liability to pay tax on services shall arise at the time of supply, as determined in terms of the provisions of this section.
(2)		The time of supply of services shall be the earliest of the following dates, 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; or
	(c)	the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply:
		Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.
		Explanation - For the purposes of clauses (a) and (b) -
	(i)	the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

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	(ii)	*"the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.*
(3)	*In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely-*	
	(a)	*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*
	(b)	*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:*
	(c)	*the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.*
	Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:	
	Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.	
(5)	*Where it is not possible to determine the time of supply of services under the provisions of sub-section (2) or sub-section (3) or sub-section (4), the time of supply shall*	
	(a)	*in a case where a periodical return has to be filed, be the date on which such return is to be filed; or*
	(b)	*in any other case, be the date on which the tax is paid.*
(6)	*The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment*	

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	of any consideration shall be the date on which the supplier receives such addition in value.		
Section 31	***Tax invoice (to the extent relevant to time of supply of services)***		
(2)	*A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:*		
	Provided that the Government may, on the recommendations of the Council, by notification,—		
	(a)	*specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;*	
	(b)	*subject to the condition mentioned therein, specify the categories of services in respect of which—*	
		(i)	*any other document issued in relation to the supply shall be deemed to be a tax invoice; or*
		(ii)	*tax invoice may not be issued.*
(3)	*(f)*	*a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall within the period as may be prescribed issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both*	
(5)	*Subject to the provisions of clause (d) of sub-section (3), 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 the due date of payment;*	

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	(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.*
(6)	*In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.*	
Chapter VI: Tax Invoice, Credit and Debit Notes of CGST Rules		
Rule 47	**Time limit for issuing tax invoice**	
	The invoice referred to in rule 46, in case of taxable supply of services, shall be issued within a period of thirty days from the date of supply of service:	
	Provided that where the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the period within which the invoice or any document in lieu thereof is to be issued shall be forty five days from the date of supply of service:	
	Provided further that an insurer or a banking company or a financial institution, including a non- banking financial company, or a telecom operator, or any other class of supplier of services as may be notified by the Government on the recommendations of the Council, making taxable supplies of services between distinct persons as specified in section 25, may issue the invoice 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.	
Rule 47A	*Notwithstanding anything contained in rule 47, where an invoice referred to in rule 46 is required to be issued under clause (f) of sub-section (3) of section 31 by a registered person, who is liable to pay*	

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	tax under sub-section (3) or sub-section (4) of section 9, he shall issue the said invoice within a period of thirty days from the date of receipt of the said supply of goods or services, or both, as the case may be.

ANALYSIS

Section 13 must be read with section 31 and rule 47 and 47A of CGST Rules, which prescribe in detail the date on which tax invoice for a supply of service must be issued in various situations.

Section 13 provides for the determination of the time of supply in the following situations:

- ➔ Supply of service taxable under forward charge,
- ➔ Supply of service taxable under reverse charge,
- ➔ Residual cases,
- ➔ Addition to value of supply of services by way of interest or late fee or penalty for delayed payment.



Below we shall consider these in detail.

(i) Time of supply of services under forward charge [Section 13(2) read with section 31 and rule 47 of CGST Rules]

For supply of service on which the supplier is liable to pay tax, the time of supply will be the earlier of the dates arrived at by methods (A) and (B), as follows:

(A) Date of issue of invoice or date of receipt of payment (to the extent the invoice or payment covers the supply of services), whichever is earlier, if the invoice is issued within the time prescribed under section 31;

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(B) Date of provision of service or date of receipt of payment (to the extent the payment covers the supply of services), whichever is earlier, if the invoice is not issued within the time prescribed under section 31,

If the above two methods [(A) and (B)] are not applicable, the time of supply will be the date on which the recipient of service shows receipt of the service in his books of account.

Meaning of "date of receipt of payment"

"Date of receipt of payment" in the above situation refers to the date on which the payment is recorded in the books of account of the supplier that receives the payment, or the date on which the payment is credited to the supplier's bank account, whichever is earlier.

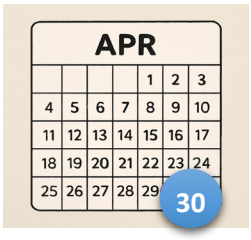
Significance of "to the extent the payment covers the services"

Suppose a part of the consideration is paid in advance or invoice is issued for part payment, the time of supply will not cover the full supply. The supply shall be deemed to have been made to the extent it is covered by the invoice or the part payment and time of supply shall be determined accordingly.

Time limit for issuance of invoice for supply of services under section 31

The criteria to determine the time of supply of services depend upon whether the invoice is issued within the time prescribed under section 31.

Following are the relevant provisions in this regard:



As per section 31(2) read with rule 47, the tax invoice needs to be issued either before the provision of service or within 30 days (45 days in case of **insurance companies/ banking companies/ financial institutions including NBFCs**) from the date of supply of service.



In case of insurance companies/ banking companies/ financial institutions including NBFCs/ telecom companies/ notified supplier of services making

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taxable supplies between distinct persons as specified in section 25[6], invoice may be issued before or at the time of recording such supply in the books of account or before the expiry of the quarter during which the supply was made [Second proviso to rule 47].

In case of continuous supply of services, the invoice should be issued either:



(i) on/ before the due date of payment - where the due date of payment is ascertainable from the contract or



(ii) before/ at the time when the supplier of service receives the payment - where the due date of payment is not known

(iii) on/ before the date of completion of the milestone event - where the payment is linked to completion of an event [Section 31(5)].

Continuous supply of services are provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding 3 months with periodic payment obligations and includes supply of such services as the Government may notify [Section 2(33)]. *The said term has been discussed in Chapter 9: Tax Invoice; Credit and Debit Notes in Module 2 of this Study Material.*



[6] *Concept of distinct persons has been discussed in Chapter 1: Supply under GST in this Module of the Study Material.*

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Cessation of supply of services

In case of cessation of supply of services before completion of supply, the invoice should be issued at the time when the supply ceases to the extent of the supply made before such cessation. [Section 31(6)].

Clarification on time of supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highways Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model[7]

Issue: Under the Hybrid Annuity Mode (HAM) model of National Highways Authority of India (NHAI), the concessionaire has to construct the new road and provide Operation & Maintenance of the same which is generally over a period of 15-17 years and the payment of the same is spread over the years. What is the time of supply for the purpose of payment of tax on the said service under the HAM model?

Clarification: Under the Hybrid Annuity Model (HAM) of concession agreements, the highway development projects are under Design, Build, Operate and Transfer model (DBOT), wherein the concessionaire is required to undertake new construction of Highway, as well as the Operation and Maintenance (O&M) of Highways. The payment terms for the construction portion as well as the O&M portion of the contract are provided in the agreement between National Highways Authority of India (NHAI) and the concessionaire.

A HAM contract is a single contract for construction as well as operation and maintenance of the highway. The payment terms are so staggered that the concessionaire is held accountable for the repair and maintenance of the highway as well. The contract needs to be looked at holistically based on the services to be performed by the concessionaire and cannot be artificially split into two separate contracts for construction and operation and maintenance, based on the payment terms. The concessionaire is bound contractually to complete not only the construction of the highway but also to operate and maintain the same.

[7] *Circular No. 221/15/2024 GST dated 26.06.2024*

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In HAM contract, the payment is made spread over the contract period in installments and payment for each installment is to be made after specified periods, or on completion of an event, as specified in the contract. **The same appears to be covered under the 'continuous supply of services' as defined under section 2(33).**

Accordingly, as per section 13(2) read with section 31(5), time of supply of services under HAM contract, including construction and O&M portion if the invoice is issued on or before the specified date or the date of completion of the event specified in the contract, as applicable, would be **EARLIER** of the following dates:-

(a) date of issuance of such invoice, or

(b) date of receipt of payment

However, in cases, where the invoice is not issued on or before the specified date or the date of completion of the event specified in the contract, as per section 13(2)(b), time of supply should be **EARLIER** of the following dates:-

(a) date of provision of the service (i.e., the due date of payment as per the contract), or

(b) date of receipt of payment.

In case of continuous supply of services, the date of provision of service may be deemed as the due date of payment as per the contract, as the invoice is required to be issued on or before the due date of payment as per the provisions of Section 31(5) of CGST Act.

It is also clarified that as the installments/annuity payable by NHAI to the concessionaire also includes some interest component, the amount of such interest shall also be includible in the taxable value for the purpose of payment of tax on the said annuity/installment in view of the provisions of section 15(2)(d) of the CGST Act, 2017[8].

[8] *Section 15 shall be discussed in detail in Chapter-6: Value of supply of this Study material.*

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(11) A Ltd. provides services to B Ltd. on 10th June. A Ltd. issues the invoice for the services on 15th June. Payment is received in the bank account of A Ltd. on 20th June and is recorded in the books of account of A Ltd. on 30th June. Date of receipt of payment is 20th June being the earlier of two stipulated dates namely, date on which the payment is recorded in the books of account of the supplier and date on which the payment is credited to the supplier's bank account.

Since the invoice is issued within 30 days from the date of supply of service, time of supply of services is 15th June being the earlier of the two stipulated dates namely, date of issuance of invoice and date of receipt of payment.

(12) A Ltd. provides services to B Ltd. on 10th June. A Ltd. issues the invoice for the services on 7th July. Payment is received in the bank account of A Ltd. on 20th June and is recorded in the books of account of A Ltd. on 30th June.

Date of receipt of payment is 20th June being the earlier of two stipulated dates namely, date on which the payment is recorded in the books of account of the supplier and date on which the payment is credited to the supplier's bank account.

Since the invoice is issued within 30 days from the date of supply of service, time of supply of services is 20th June being the earlier of the two stipulated dates namely, date of issuance of invoice and date of receipt of payment.

(13) A Ltd. provides services to B Ltd. on 10th June. A Ltd. issues the invoice for the services on 15th July. Payment is received in the bank account of A Ltd. on 20th June and is recorded in the books of account of A Ltd. on 30th June.

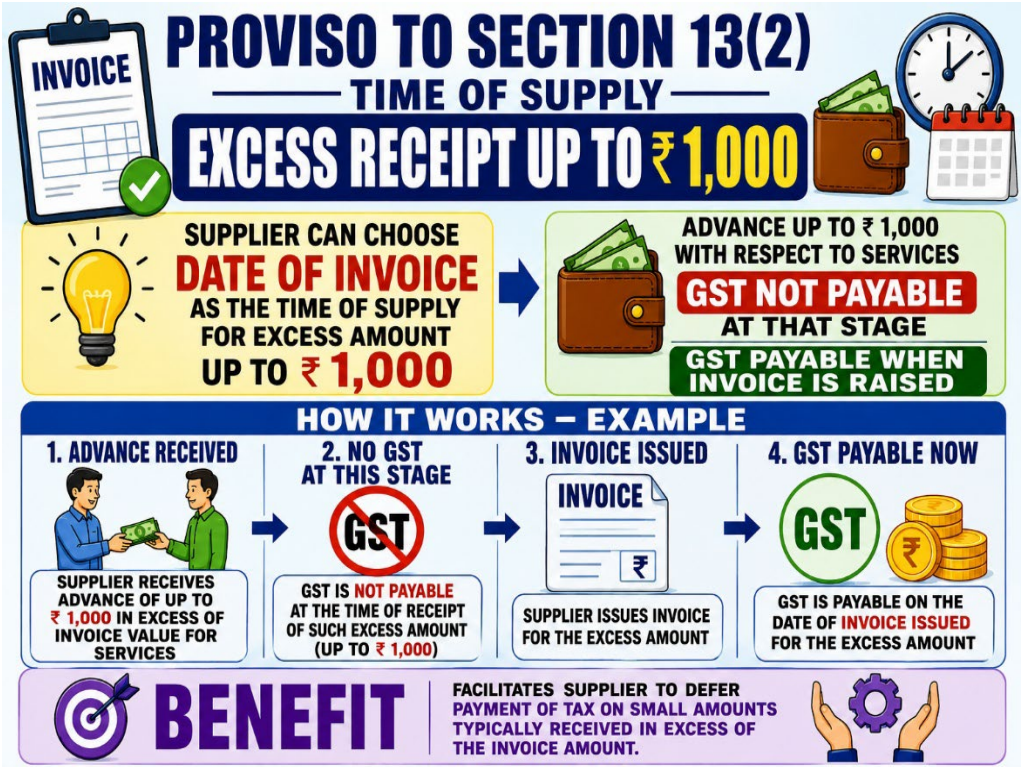
Here, invoice is not issued within 30 days of provision of service. Therefore, time of supply of services is 10th June being the earlier of the two stipulated dates namely, date of provision of service and date of receipt of payment.

Excess payment upto ₹ 1,000: Option of taking invoice date as time of supply

In terms of the proviso to sub-section (2) of section 13, for a payment of up to ₹ 1,000 received in excess of the invoice value, the supplier can choose to take the date of invoice issued with respect to such excess amount as the time of supply of services in relation to this excess value. In other words, if

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advance upto ₹ 1,000 is received with respect to any services, GST is not payable at that stage; GST will be payable when invoice is raised. This provision facilitates the supplier to defer payment of tax on small amounts typically received by him in excess of the invoice amount.



This provision has been made as in case of monthly/periodical bills like telephone bills or electricity bills, customers often pay slightly higher amounts than bill amounts. It would have been very cumbersome to pay GST on such petty advances and adjust them later, as legally, 'receipt voucher' is required to be issued under GST when advance against services is received.

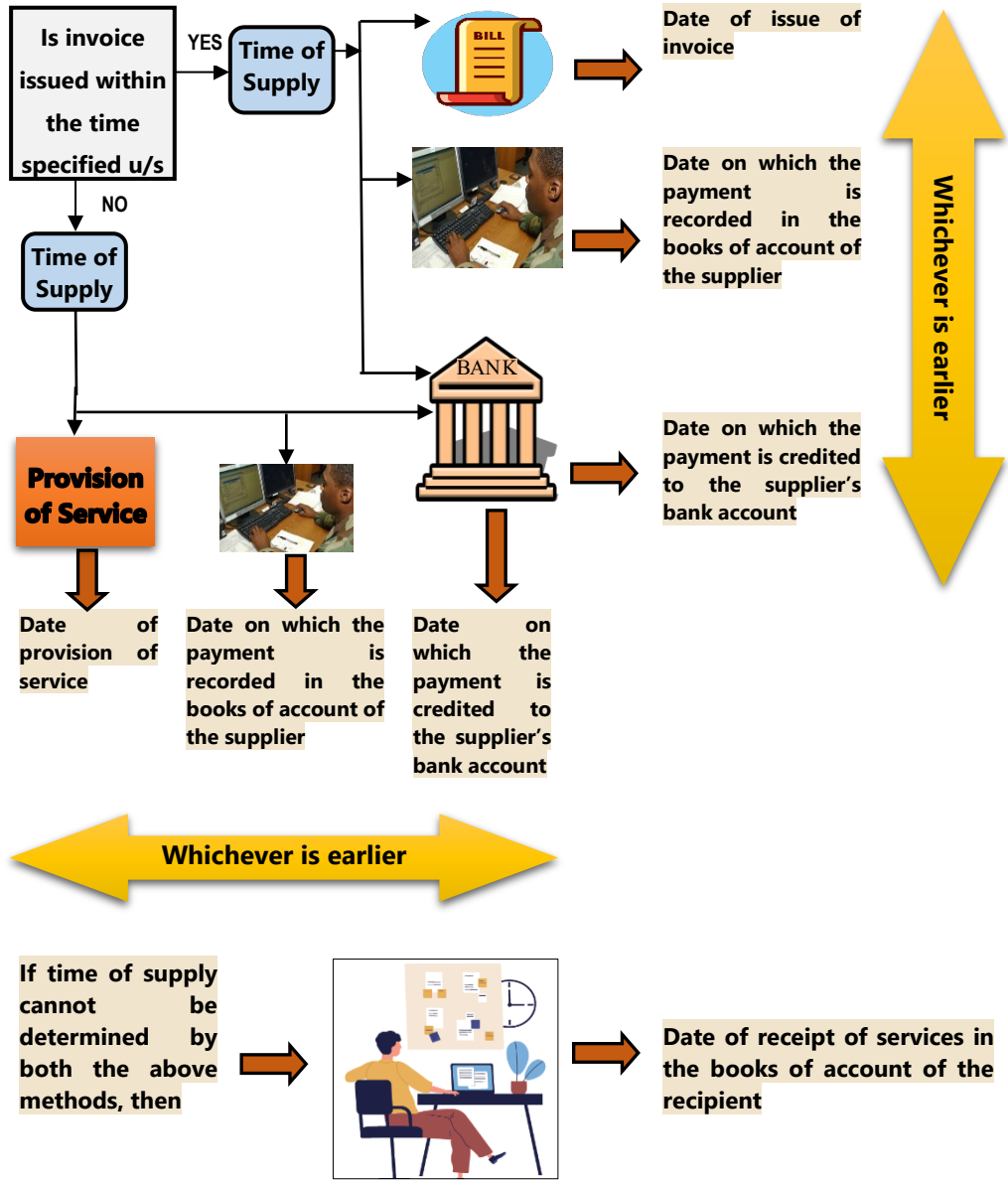
(14) A telephone company receives ₹ 5000 against an invoice of ₹ 4800. The excess amount of ₹ 200 can be adjusted against the next invoice.

The company has the option to take the date of the next invoice as the time of supply of service in relation to the amount of ₹ 200 received in excess against the earlier invoice.

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The provisions relating to time of supply of services in case of forward charge can be depicted by way of a diagram given hereunder.

TIME OF SUPPLY OF SERVICES UNDER FORWARD CHARGE



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(ii) Time of supply of services taxable under reverse charge [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 sub-sections (3) and (4) of section 9 is determined in terms of section 13(3)(a) and (b) *and (c)* as follows:

The time of supply for such service will be the earlier of the following:

- Date of payment, or
- Date immediately following 60 days from the date of issue of invoice (or any other document in lieu of invoice) by the supplier, in cases where invoice is required to be issued by the supplier
- Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

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 the service in the books of account of the recipient of supply.

Meaning of "Date of payment"



"Date of payment" in the above situation refers to the date on which the payment is recorded in the books of account of the recipient of service, or the date on which the payment is debited from the recipient's bank account, whichever is earlier.

Time limit for issuance of invoice by recipient for supply of services in case of reverse charge mechanism [Section 31(3)(f) read with rule 47A]

Where an invoice referred to in rule 46 is required to be issued under section 31(3)(f) by a registered person, who is liable to pay tax under section 9(3)/(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

Thus, invoice is to be issued within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

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Clarification on time of supply of services of spectrum usage and other similar services under GST[9]

Under the spectrum[10] allocation model followed by Department of Telecommunications (DoT), bidder (the telecom operator) bids for securing the right to use spectrum offered by the Government. Here, service provider is the Government of India (through DoT) and service recipient is the bidder/telecom operator. The GST is to be discharged on the supply of spectrum allocation services by the recipient of services (the telecom operator) on reverse charge basis[11].

In case where full upfront payment is made by the telecom operator, GST would be payable when the payment of the said upfront amount is made or is due, whichever is earlier.

In case where deferred payment is made by the telecom operator in specified installments, same shall be considered as 'continuous supply of services' as defined under section 2(33), since the supply of services (spectrum usage) is agreed to be provided by the supplier (DoT) to the recipient (telecom operator) continuously for a period which is exceeding three months with periodic payment obligations.

Further, in the given case, since the date of payment to be made by the telecom operator to DoT is clearly ascertainable from the relevant documents, invoice shall be issued in accordance with the provisions of section 31(5)(a). As per this section, in cases of continuous supply of services, where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before such due date of payment. Accordingly, tax invoice will be required to be issued in respect of the said supply of services, on or before such due date of payment as per the option exercised by the telecom operator. Thus, in this case, GST would be payable as and when the payments are due or made, whichever is earlier.

It is also clarified that the similar treatment regarding the time of supply, may apply in other cases also where any natural resources are being allocated by the Government to the successful bidder/ purchaser for right to use the said natural resource over a period of time, constituting continuous supply of services, with the

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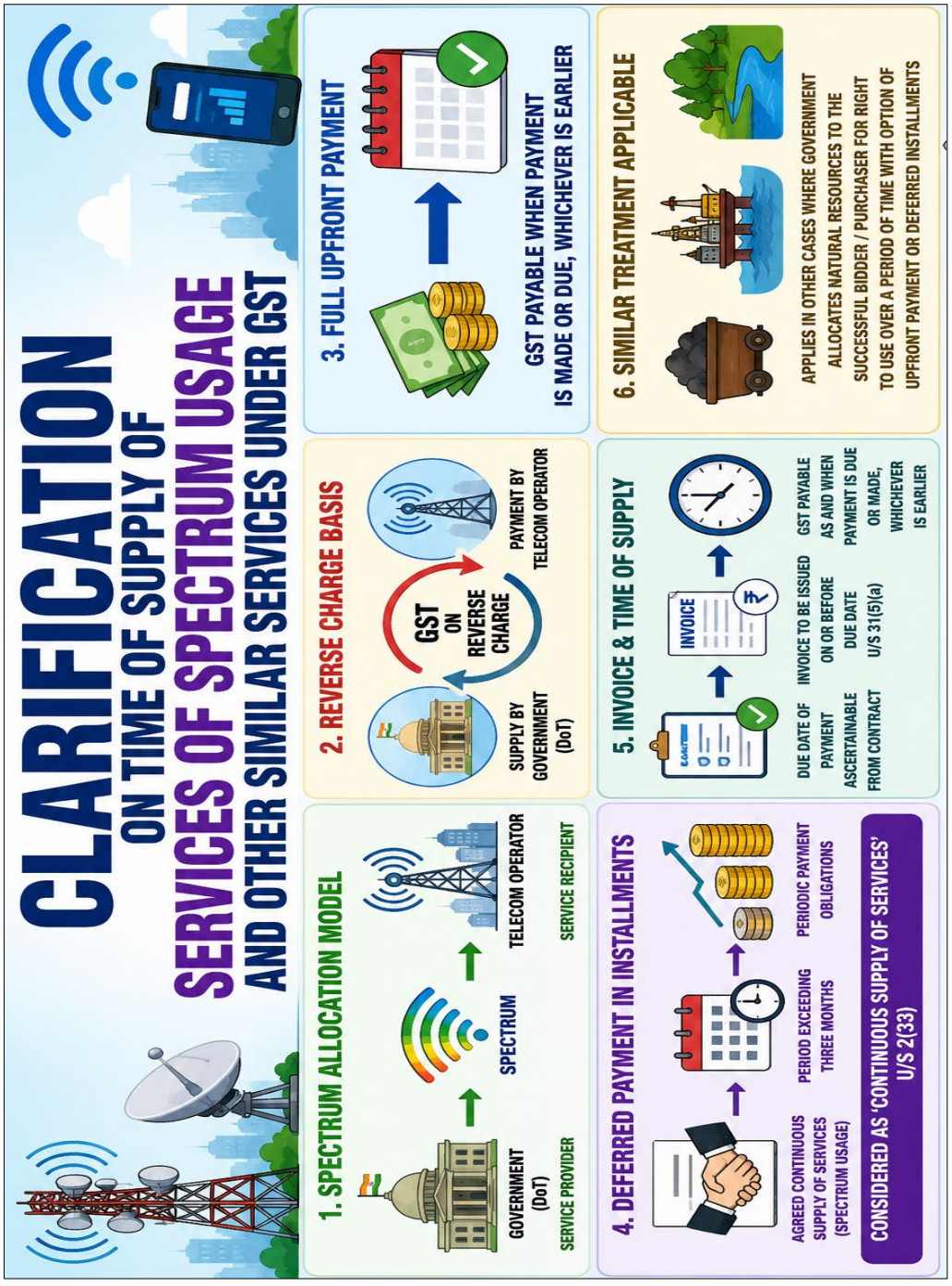
[9] *Circular No. 222/16/2024 GST dated 26.06.2024*

[10] *Spectrum services refer to services that use radio waves, or "spectrum," to send data wirelessly. This includes services like mobile phone networks, Wi-Fi, TV broadcasts, and radio.*

[11] *Vide entry 5 of Notification No. 13/2017 CT(R) dated 28.06.2017*

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option of payments for the said services either through an upfront payment or in deferred periodic installments over the period of time.



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Import of services between associated enterprises

In the case of service received from an associated enterprise[12] located outside India, the time of supply will be the date of payment for the service, or the date of entry of the service in the books of account of the recipient, whichever is earlier. The provisions relating to time of supply of services in case of reverse charge can be depicted by way of a diagram given on next page.



(15) A Ltd. provides services to B Ltd. on 10th June. The services are taxable under reverse charge. A Ltd. issues the invoice for the services on 15th June. Payment is debited from the bank account of B Ltd. on 20th June and is recorded in the books of account of B Ltd. on 30th June.

Time of supply of services is 20th June being the earliest of the three stipulated dates namely, date on which payment is recorded in the books of account of recipient of services, date on which payment is debited from the bank account of the recipient of services and date immediately following 60 days since issue of invoice.

(16) A Ltd. provides services to B Ltd. on 10th June. The services are taxable under reverse charge. A Ltd. issues the invoice for the services on 15th June. Payment is debited from the bank account of B Ltd. on 20th September and is recorded in the books of account of B Ltd. on 15th September.

Time of supply of services is 15th August being the earliest of the three stipulated dates namely, date on which payment is recorded in the books of account of recipient of services, date on which payment is debited from the bank account of the recipient of services and date immediately following 60 days since issue of invoice.

(17) A Inc., a foreign company, and B Ltd., an Indian company, are associated enterprises. A Inc. provides technical services to B Ltd. Vide an email dated June 4th, A Inc. informs B Ltd. the cost of technical services provided to it. B Ltd. transfers the payment to A Inc. on 12th August.

Time of supply of services is 12th August being the date of payment as there is no prior entry of the amount in the books of account of B Ltd.

[12] *Associated enterprises shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961. Broadly, an associated enterprise in relation to another enterprise, means an enterprise which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.*

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TIME OF SUPPLY OF SERVICES UNDER REVERSE CHARGE



Date on which the payment is recorded in the books of account of the recipient.

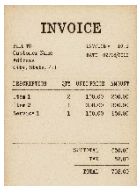


Date on which the payment is debited from the bank account of the recipient of services





61st day from issue of invoice by the supplier, in cases where invoice is required to be issued by the supplier



Date of issue of invoice by the recipient, in cases where invoice is required to be issued by the recipient i.e. within 30 days of receipt of services.

Whichever is earlier

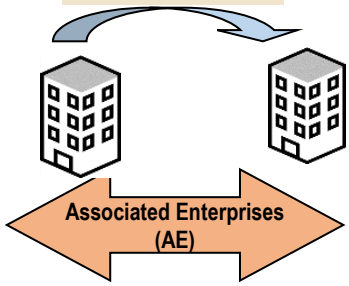
If it is not possible to determine the time of supply through above parameters, THEN TIME OF SUPPLY WILL BE

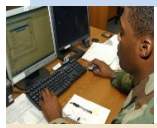


Date of entry of service in the books of account of the recipient of supply

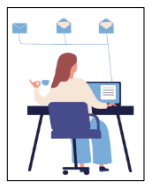
TIME OF SUPPLY IN CASE OF IMPORT OF SERVICES FROM ASSOCIATED ENTERPRISES

Supply of services from AE located outside India





Date of payment for the service



Date of entry of service in books of account of recipient

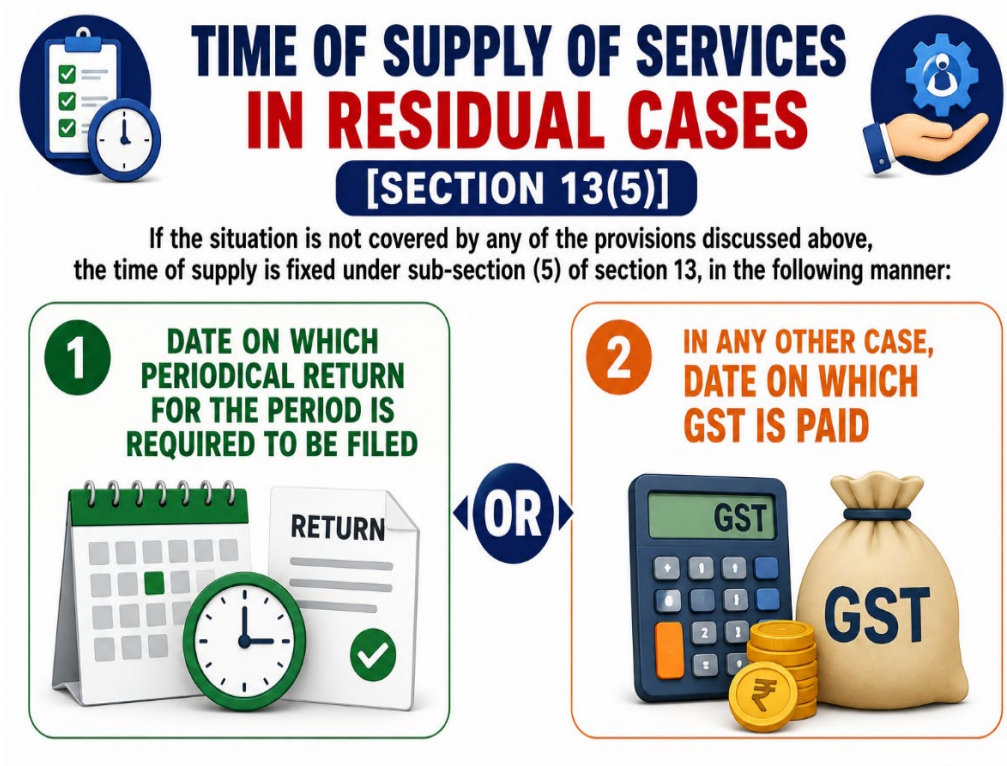
Whichever is earlier

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(iii) Time of supply of services in residual cases [Section 13(5)]

If the situation is not covered by any of the provisions discussed above, the time of supply is fixed under sub-section (5) of section 13, in the following manner:

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



(iv) Time of supply in case of enhancement of value on account of interest/late fee etc. for delayed payment of consideration [Section 13(6)]

The provisions for time of supply in case of addition in value by way of interest, late fee/penalty for delayed payment of consideration are same for goods and services.

Section 13(6) 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.

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5. CHANGE IN RATE OF TAX IN RESPECT OF SUPPLY OF GOODS OR SERVICES [SECTION 14]

STATUTORY PROVISIONS

Section 14	Change in rate of tax in respect of supply of goods or services	
Clause	Particulars	
Notwithstanding anything contained in section 12 or section 13, the time of supply, where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely:––		
(a)	*in case the goods or services or both have been supplied before the change in rate of tax,––*	
	(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; or*
	(ii)	*where the invoice has been issued prior to the change in rate of tax but 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 has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;*
(b)	*in case the goods or services or both have been supplied after the change in rate of tax,––*	
	(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; or*

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	(ii)	*where the invoice has been issued and 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*
	(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:*

Provided that the date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after four working days from the date of change in the rate of tax.

Explanation — For the purposes of this section, "the date of receipt of payment" shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.



ANALYSIS



When there is a change in effective rate of tax, we have to identify -

- ***the date of change in rate of tax,***
- ***the date of supply of goods or services,***
- ***the date of issue of invoice, and***
- ***the date of receipt of payment***

The time of supply is determined according to a combination of these dates.

When the rate of tax is changed before, and a transaction of supply of goods or services gets completed in all its documentary and financial aspects, the law makes specific provisions for ascertaining the time of supply of the goods or service for the purpose of payment of tax.

The three markers for identifying time of supply are actual supply, invoice and payment. These can occur in differing sequences. Their occurrence before and after the change of effective rate of tax determines the time of supply of the service.

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Of the three markers (supply, invoice, payment), -

- if issue of invoice and receipt of payment are both before the change in rate, the time of supply is the date of the earlier of these two events;
- if supply and issue of invoice are before the change in rate, the date of issue of invoice is the time of supply;
- if supply and receipt of payment are before the change in rate, the date of receipt of payment is the time of supply.
- If supply and receipt of payment are after the change in rate, the date of receipt of payment is the time of supply;
- If issue of invoice and receipt of payment are after the change in rate, the date of the earlier of these two events is the time of supply;
- If supply and issue of invoice are after the change in rate, the date of issue of invoice is the time of supply.

It can be seen from a study of these provisions, that the timing of two out of the three markers (supply, invoice, payment) determines the time of supply. If any two of them occur before the change in rate of tax, the time of supply will fall in the period prior to change in rate of tax i.e., old rate will be applicable. However, if any two of them occur after the change in rate of tax, the time of supply will fall in the period after the change in rate of tax i.e., new rate will be applicable.

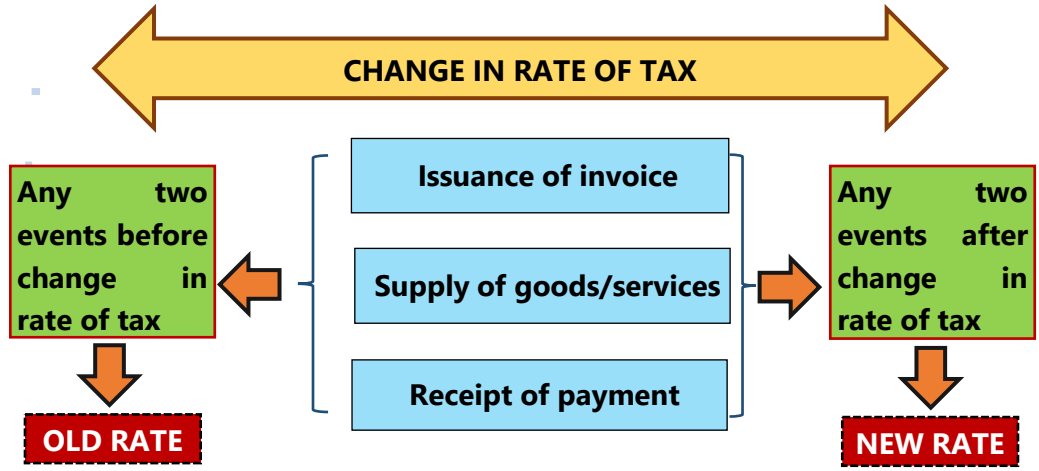
Further, it may be noted that for supply of goods by a registered person (excluding composition supplier and registered persons making supply of specified actionable claims), GST is to be paid on the outward supply of goods on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 - *Notification No. 66/2017 CT dated 15.11.2017 (Refer point (i) of Analysis under Heading 3: Time of Supply of Goods [Section 12]).*

Meaning of "Date of receipt of payment"

Here, "date of receipt of payment" refers to 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 in his bank account, whichever is earlier.

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(18) Mr. A, an interior decorator, designs and renovates the office of XYZ in June. The invoice is to be raised after approval of the work. In the meantime, the rate of tax is changed on 5th July. Invoice is raised and payment made later in July. Here, the time of supply is after the change in rate of tax, though the service was completed prior to the change.

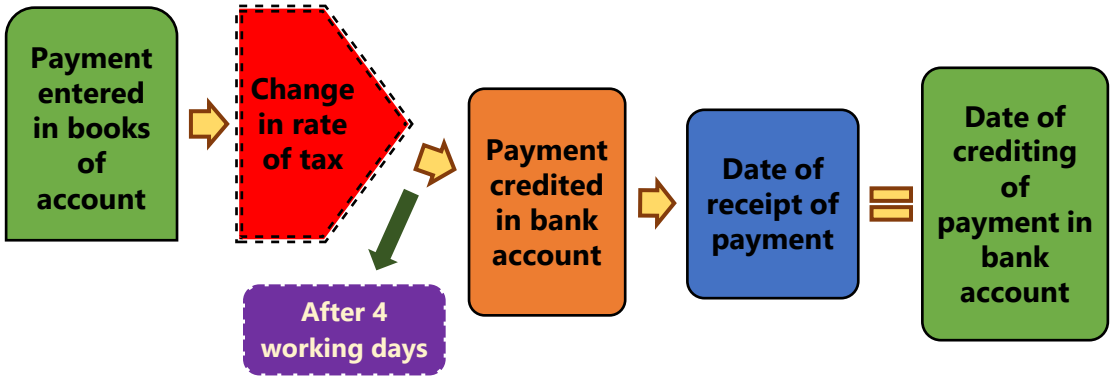


(19) A Ltd. makes custom-made precision tools for which it takes full advance with the purchase order. One such order is received on 13th April and full amount is paid with the order. The tools are manufactured and delivered on 22nd May. Invoice is also issued on the same day. In the meanwhile, rate of tax was increased on the tools of this description from 20th May onwards. Here, increased rate of tax will be applicable as goods are supplied and invoice issued after 20th May.

Date of crediting of payment in bank account to be the "date of receipt of payment" if such crediting takes place after 4 working days of change in rate of tax

Where the payment is credited in the bank account after 4 working days from the date of change in the rate of tax, the date of receipt of payment will be the date of credit in the bank account. In other words, in such a case, the date of recording the payment in the books of account will not be considered as the date of receipt of payment even though if the same precedes the date of crediting of payment in the bank account.

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(20) Rate of tax is changed on 10th July. Receipt of payment is recorded in the books of account of the supplier on 8th July. The payment is credited in the supplier's bank account on 15th July. The Bank was open all days between 10th and 15th July. Here, the date of receipt of payment is 15th July.

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LET US RECAPITULATE

The provisions relating to time of supply of goods and services can be better understood if the same are studied simultaneously appreciating the similarities and differences between the two. Therefore, such provisions have been summarised by way of a comparison table to help students remember and retain the provisions in a better and effective manner:

TIME OF SUPPLY WHERE TAX IS PAYABLE UNDER FORWARD CHARGE

Time of supply of goods [Section 12(2)]	Time of supply of services [Section 13(2)]
Earliest of the following: → Date of **issue of invoice** by the supplier or the **last date on which he is required under section 31, to issue the invoice** under section 31(1) with respect to the supply → Date on which the supplier **receives the payment** (entering the payment in books of account or crediting of payment in bank account, whichever is earlier) with respect to the supply – *presently irrelevant for purpose of payment of tax* **No GST at the time of receipt of advance for supply of goods:** In case of supply of goods by a registered person under forward charge (excluding composition supplier and registered persons making supply of	**(a) Invoice issued within the time period prescribed under section 31** **Earliest of the following:** → Date of issue of invoice by the supplier → Date of receipt of payment (entering the payment in books of account or crediting of payment in bank account, whichever is earlier) **(b) Invoice not issued within the time period prescribed under section 31** **Earliest of the following:** → Date of provision of service → Date of receipt of payment (entering the payment in books of account or crediting

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specified actionable claims), GST is to be paid on the outward supply of goods on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 [*Notification No. 66/2017 CT dated 15.11.2017*].	of payment in bank account, whichever is earlier) **(c) When the above events are unascertainable** → Date on which the recipient shows the receipt of services in his books of account

TIME LIMIT FOR RAISING INVOICES

Supply of goods [Section 31(1)]	Supply of services [Section 31(2)]
Before or at the time of,- **(a) removal of goods** for supply to the recipient, where the supply involves movement of goods, or **(b) delivery of goods or making available thereof to the recipient**, in any other case	**Before or after the provision of service** but within 30 days [45 days in case of insurance companies/banking and financial institutions including NBFCs] from the date of supply of services

TIME OF SUPPLY WHERE TAX IS PAYABLE UNDER REVERSE CHARGE

Time of supply of goods [Section 12(3)]	Time of supply of services [Section 13(3)]
Earliest of the following: → Date of **receipt of goods**, or → Date of **payment** as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or	**Earliest of the following:** → Date of **payment** as entered in the books of account of the recipient or the date on which the payment is debited from his bank account, whichever is earlier, or → **61st day from the date of issue of invoice by the supplier, in cases where invoice is required to be issued by the supplier**

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→ **31st day from the date of issue of invoice by the supplier**	→ Date of issue of invoice by the recipient, in cases where invoice is required to be issued by the recipient. [Invoice is to be issued **within 30 days from the date of receipt of services**.]
Where the above events are not ascertainable, the time of supply shall be the date of entry in the books of account of the recipient of supply	
	Import of service from associated enterprise Date of entry in the books of account of the recipient or the date of payment, whichever is earlier

TIME OF SUPPLY OF GOODS AND SERVICES IN RESIDUAL CASES

Supply of goods and services in residual cases [Sections 12(5) and 13(5)] i.e where it is not possible to determine the time of supply under the other provisions

(a) Where a periodical return is required to be filed

→ Due date of filing such return

(b) Other cases

→ Date of payment of tax

TIME OF SUPPLY FOR ADDITION IN VALUE BY WAY OF INTEREST/ LATE FEE/PENALTY FOR DELAYED PAYMENT OF CONSIDERATION

Addition in value by way of interest, late fee/penalty for delayed payment of consideration

Time of Supply →Date on which the supplier receives such addition in value

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CHANGE IN RATE OF TAX

In case of change in rate of tax, determination of rate of tax depends upon three events namely,-

- Date of supply of goods or services,
- Date of invoice; and
- Date of receipt of payment

If any two of the above events occur before the change of rate, the time of supply is before the change of rate. If any two of them occur after the change of rate, the time of supply is after the change of rate and the new rate becomes applicable to the supply. However, in case of supply of goods by a registered person (excluding composition supplier and registered persons making supply of specified actionable claims), GST is to be paid on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 [*Notification No. 66/2017 CT dated 15.11.2017*].

Using this principle, time of supply of services, in case of change in rate of tax, can be determined as under:

Supply	Issue of invoice	Receipt of payment	Time of supply
BEFORE	**BEFORE**	**AFTER**	Date of issue of invoice
BEFORE	**AFTER**	**BEFORE**	Date of receipt of payment
BEFORE	**AFTER**	**AFTER**	Date of issue of invoice or date of receipt of payment, whichever is earlier
AFTER	**AFTER**	**BEFORE**	Date of issue of invoice
AFTER	**BEFORE**	**AFTER**	Date of receipt of payment
AFTER	**BEFORE**	**BEFORE**	Date of issue of invoice or date of receipt of payment, whichever is earlier

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The provisions relating to time of supply of goods falling in the residual category are same as that of the time of supply of services falling in the residual category. Also, the provisions relating to time of supply for addition in value by way of interest, late fee/penalty for delayed payment of consideration are same for goods and services.

Furthermore, concepts like meaning of "Date of receipt of payment", significance of words "to the extent the invoice or payment covers the supply" are also same for goods and services.

Furthermore, concepts like option of taking invoice date as time of supply in case of receipt of excess payment upto ₹ 1000, meaning of "Date of receipt of payment", significance of words "to the extent the invoice or payment covers the supply" are also same for goods and services.

Students may make a note of the above points as it will help them in understanding and remembering the provisions in a better manner.

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TEST YOUR KNOWLEDGE

1. *Kanchenjunga Pvt. Ltd. supplies taxable goods to Sutlej Pvt. Ltd. for ₹ 2,50,000 on 23rd June and issues the invoice on 25th June. Payment for the goods is made by Sutlej Pvt. Ltd. on 15th July.*

   Determine the time of supply of goods for the purpose of payment of tax.

2. *I buy a set of modular furniture from a retail store. Invoice is issued to me and I make the payment. The furniture is to be delivered to me later in the week when a technician is available to assemble and install it. The next day the rate of tax applicable to modular furniture is revised upward, and the store sends me a supplementary invoice with the delivery note accompanying the furniture to collect the differential amount of tax.*

   Is this correct on store's part? Explain.

3. *An online portal, Best Info, raises invoice for database access on 21st February on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, which is received and entered in the accounts of Best Info on 28th February. Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March. In the meanwhile, the rate of tax is changed from 1st March.*

   Determine the time of supply of the service of database access by Best Info.

4. *Trust Industries Ltd. has entered into a contract with VST Ltd. to supply gas by a pipeline to VST Ltd. for a period of one year. As per the terms of the contract-*

   (i) VST Ltd. shall make monthly payments [Payment for a month shall be made by 7th day of the next month]

   (ii) Every quarter, Trust Industries Ltd. shall issue a statement of account showing the quantity and value of goods dispatched, payments received and payment due.

   (iii) The differential amount, if any, as mentioned in the statement of account shall be paid by VST Ltd.

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The details of the various events are:

August 5, September 5, October 6	*Payments of ₹ 2 lakh made in each month for the quarter July-September*
October 3	*Statement of accounts for the quarter July – September issued by the supplier showing amount of ₹ 2,56,000 as unpaid*
October 17	*Balance payment of ₹ 56,000 received by supplier for the quarter July – September*

Determine the time of supply of goods for the purpose of payment of tax.

5. *Renudhoot Ltd. enters into a contract with XYZ Ltd. on 2nd July 2025 for a period of 2 years for construction of a new building - to be used for commercial purposes - for a total consideration of ₹ 150 lakh. As per the terms of contract, Renduhoot Ltd. is required to make payment at different stages of completion of the building namely, 50%, 75% and 100%.*

Determine the time of supply using relevant details given as under:

Stage	***Date of various stages***	***Date of issuance of invoice***	***Date of payment***	***Amount paid (₹)***
Initial booking	*02.07.2025*	*02.07.2025*	*02.07.2025*	*15 lakh*
50% completion of building	*15.03.2026*	*22.03.2026*	*29.03.2026*	*60 lakh*
75% completion of building	*20.06.2026*	*24.07.2026*	*23.07.2026*	*35 lakh*
100% completion of building	*30.09.2026*	*30.09.2026*	*20.09.2026*	*40 lakh*

6. *Mint Industries Ltd., a registered supplier, imports business support services from Green Inc. of USA on 13th August. The self-invoice is raised for the*

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transaction by Mint Industries Ltd. on 28th August. Mint Industries Ltd. makes the payment against the said invoice as follows:

Case I	*22nd September*
Case II	*27th August*

Determine time of supply in each of the aforesaid cases.

7. *Kothari Ltd., Mumbai, holds 51% of shares of Wilson Inc., a USA based company. Wilson Inc. provides business auxiliary services to Kothari Ltd. From the following details, determine the time of supply of service provided by Wilson Inc:*

Agreed consideration	*US $1,00,000*
Date on which services are provided by Wilson Inc.	*16th June*
Date on which invoice is issued by Wilson Inc.	*19th August*
Date of debit in the books of account of Kothari Ltd.	*30th September*
Date on which payment is made by Kothari Ltd.	*23rd December*

8. *Basis the following information, determine the time of supply:*

S. No.	***Event***	***Date***
(1)	*Commencement of provision of service*	*05th June*
(2)	*Completion of service*	*10th October*
(3)	*Invoice issued*	*20th October*
(4)	*Payment received by cheque and entered in the books*	*15th October*
(5)	*Amount credited in Bank account*	*18th October*
(6)	*Rate changed from 12% to 18%*	*16th October*

Note: Assume that all the days covered in the above case are working days.

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9. *KLM Ltd., a publishing and printing house registered in Maharashtra, is engaged in supply of books, letter cards, envelopes, guides and reference materials. The following information is provided by the company:*

Event	***Printing of books***	***Printing of envelopes***
Date of entering into printing contract	*16th March*	*20th March*
Date of receipt of advance	*20th March*	*25th March*
Date of completion of printing	*10th April*	*5th April*
Date of issue of invoice	*15th May*	*10th April*
Date of removal of books and letter heads to buyer	*13th May*	*7th April*
Date of receipt of balance payment	*31st May*	*30th April*

In respect of printing of books, content was supplied by the author. For printing of envelopes, the design and logo were supplied by the buyer.

Determine the time of suppl(ies) for the purpose of payment of tax.

10. *Andes Pvt. Ltd., a registered supplier, manufactures product 'A' and 'B'. While 'A' is taxable under forward charge, 'B' is taxable under reverse charge. The following details are provided in relation to two individual supplies of products 'A' and 'B' made by the company:*

S. No.	***Date***	***Event***
(i)	*10th February*	*Payment of ₹ 1,00,000 made by buyer for supply of 'A' to be delivered in the month of March*
(ii)	*13th February*	*Receipt of ₹ 1,00,000 [as mentioned in point (i) above]*
(iii)	*17th February*	*Payment of ₹ 2,00,000 made by buyer for supply of 'B' to be delivered in the month of March*
(iv)	*20th February*	*Receipt of ₹ 2,00,000 [as mentioned in point (iii) above]*

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(v)	*5th March*	*Product 'A' manufactured and removed*
(vi)	*6th March*	*Receipt of product 'A' [as mentioned in point (v) above] by the buyer*
(vii)	*10th March*	*Product 'B' manufactured and removed*
(viii)	*23rd March*	*Receipt of product 'B' [as mentioned in point (vii) above] by the buyer*
(ix)	*4th March*	*Invoice for ₹ 2,00,000 issued for supply of 'A'*
(x)	*11th March*	*Invoice for ₹ 4,00,000 issued for supply of 'B'*
(xi)	*25th March*	*Payment made by the buyer of 'A'*
(xii)	*31st March*	*Payment [as mentioned in point (xi) above] received*
(xiii)	*1st April*	*Payment made by the buyer of 'B'*
(xiv)	*4th April*	*Payment [as mentioned in point (xiii) above] received*

Determine the time of suppl(ies) of goods for the purpose of payment of tax.

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ANSWERS

1. In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, *Notification No. 66/2017 CT dated 15.11.2017* specifies that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(1), invoice for supply of goods should be issued before or at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Therefore, time of supply of goods is 23rd June being the last date on which invoice ought to have been issued and not 25th June when the invoice is actually issued.

2. No, the store is not correct in issuing supplementary invoice with revised rate of tax. The revised rate of tax is not applicable to the transaction, as the issuance of invoice as well as receipt of payment occurred before the supply. Therefore, in terms of section 14(b)(ii), the time of supply is earlier of the two events namely, issuance of invoice or receipt of payment, both of which are before the change in rate of tax, and thus, the old rate of tax remains applicable.

3. As issuance of invoice and receipt of payment (entry of the payment in Best Info's accounts) occurred before the change in rate of tax, the time of supply of service by the online portal is earlier of the date of issuance of invoice (21st February) or date of receipt of payment (28th February) i.e., 21st February. This would be so even though the service commences after the change in rate of tax [Section 14(b)(ii)].

4. As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms

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of section 31. As per section 31(4), in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received.

Therefore, invoices should be issued for ₹ 2 lakh each on or before August 5, and September 5, when monthly payments of ₹ 2 lakh are received. Further, invoice should also be issued for differential payment of ₹ 2,56,000 on or before October 3, when statement of account is issued

Thus, assuming that the invoice is issued on August 5, September 5 and October 3, the time of supply for the purpose of payment of tax will be August 5 and September 5 respectively for goods valued at ₹ 2 lakh each and October 3 for the goods valued at ₹ 2,56,000.

5. As per section 13, the time of supply of services is the earlier of the dates arrived at by methods (A) and (B), as follows:

(A) Date of invoice or date of receipt of payment (to the extent the invoice or payment covers the supply of services), whichever is earlier, if the invoice is issued within the time prescribed under section 31;

(B) Date of provision of service or date of receipt of payment (to the extent the payment covers the supply of services), whichever is earlier, if the invoice is not issued within the time prescribed under section 31

Since in the present case, the construction services are provided under a contract for a period exceeding three months with periodic payment obligations, such services would fall within the ambit of term "continuous supply of services" as defined under section 2(33).

As per section 31(5), in case of continuous supply of services, the invoice should be issued either (i) on/ before the due date of payment or (ii) before/ at the time when the supplier of service receives the payment, if the due date of payment is not known (iii) on/ before the date of completion of the milestone event when the payment is linked to completion of an event [Section 31(5)].

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Accordingly, the time of supply with respect to each of the stages of completion is as follows:

Stages of completion	Time of supply
Initial booking	Since invoice is issued within the prescribed time limit, earlier of the date of issue of invoice or date of receipt of payment is the time of supply. However, date of issuance of invoice (02.07.2025) and date of receipt of payment (02.07.2025) are the same. Therefore, time of supply is 02.07.2025.
50%	Since invoice has not been issued on or before the date of 50% completion, earlier of date of provision of service (15.03.2026) or date of receipt of payment (29.03.2026), i.e. 15.03.2026 is the time of supply.
75%	Since invoice has not been issued on or before the date of 75% completion, earlier of date of provision of service (20.06.2026) or date of receipt of payment (23.07.2026), i.e. 20.06.2026 is the time of supply.
100%	Since invoice is issued within the prescribed time limit, earlier of the date of issue of invoice (30.09.2026) or date of receipt of payment (20.09.2026), i.e. 20.09.2026 is the time of supply.

6. In case of services supplied by any person located in a non-taxable territory to any person other than non-taxable online recipient, tax is payable under reverse charge by the person located in the taxable territory *[Notification No. 10/2017 IT (R) dated 28.06.2017]*. Hence, in the given case, since the business support services are provided by Green Inc (located in non-taxable territory) to Mint Ltd. (person other than non-taxable online recipient and located in taxable territory), tax is payable under reverse charge by Mint Ltd. Further, since Green Inc. is not registered in India, invoice has been issued by recipient, i.e. Mint Industries Ltd.

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The time of supply of services taxable under reverse charge is the earlier of the following:

- Date of payment, or
- Date of issue of invoice by the recipient, since invoice is issued by the recipient.

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 the service in the books of account of the recipient of supply.

In view of the aforesaid provisions, the time of supply in each of the given cases will be as under:

CASE	Time of supply
CASE I	The time of supply is earlier of the date of payment, i.e. 22nd September or date of issue of invoice, i.e. 28th August, i.e. 28th August.
CASE II	The time of supply is earlier of the date of payment, i.e. 27th August or date of issue of invoice, i.e. 28th August, i.e. 27th August.

7. Since Kothari Ltd. holds 51% shares of Wilson Inc., Kothari Ltd. and Wilson Inc. are 'associated enterprises' as per section 92A of the Income-tax Act, 1961. As per second proviso to section 13(3), in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply is the earlier of the following two dates:

Date of entry in the books of account of the recipient of supply [which is Kothari Ltd. in the present case]	30th September
OR	OR
Date of payment [by Kothari Ltd. in the present case]	23rd December

Thus, time of supply is 30th September.

8. The explanation to section 14 lays down that the date of receipt of payment is the date on which the payment is entered in the books of account of the

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supplier or the date on which the payment is credited to his bank account, whichever is earlier. However, the date of receipt of payment is the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

In the given case, the payment has been credited in the bank account within 4 working days from the date of change in the rate of tax. Therefore, the date of receipt of payment is 15th October being the date of entry in the books of account of the supplier which is earlier than the date of credit of the payment in the bank account (18th October).

As per section 14(a)(iii), in case of change in rate of tax, if the service is supplied before the change in rate of tax and the invoice is issued after the change in rate of tax but the payment is received before such change in rate of tax, the time of supply is the date of receipt of payment.

Therefore, applying the provisions of section 14(a)(iii) to the given case, the time of supply is 15th October.

9. As per *Circular No. 11/11/2017 GST dated 20.10.2017,* in case of printing of books where only content is supplied by the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore, such supplies would constitute **supply of service.**

In case of supply of printed envelopes by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods, predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore, such supplies would constitute **supply of goods.**

Accordingly, the time of supply of books and envelopes will be governed by sections 12 and 13 respectively.

In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, *Notification No. 66/2017 CT dated 15.11.2017* specifies that a registered person (excluding composition supplier

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and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(1), invoice for supply of goods should be issued before or at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Therefore, in the given case, the last date by which invoice ought to have been issued is 7th April. Thus, the time of supply of envelopes for the purpose of payment of tax is 7th April.

As per section 13, the time of supply of services is the earlier of the dates arrived at by methods (A) and (B), as follows:

(A) Date of invoice or date of receipt of payment (to the extent the invoice or payment covers the supply of services), whichever is earlier, if the invoice is issued within the time prescribed under section 31;

(B) Date of provision of service or date of receipt of payment (to the extent the payment covers the supply of services), whichever is earlier, if the invoice is not issued within the time prescribed under section 31.

Since in the given case, invoice for the services is not issued within 30 days, the time of supply for the advance received is the date of receipt of payment, i.e. 20th March being earlier than the date of provision of service. However, the time of supply for the balance payment is the date of provision of service, i.e. 10th April being earlier than the date of receipt of balance payment.

10. In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, *Notification No. 66/2017 CT dated 15.11.2017* specifies that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

Also, it is important to note that the relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is

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payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment) [Section 12(3)].

Therefore, time of supply of product 'A', which is taxable under forward charge, is 4th March being the date of issue of invoice. However, time of supply of product 'B', which is taxable under reverse charge, is 17th February to the extent of ₹ 2,00,000 paid as advance being the earliest of the three stipulated dates namely, date of receipt of goods (23rd March), date of payment (17th February) and date immediately following 30 days of issuance of invoice (11th April). For balance ₹ 2,00,000, the time of supply of product 'B' is 23rd March being the earliest of the three stipulated dates namely, date of receipt of goods (23rd March), date of payment (1st April) and date immediately following 30 days of issuance of invoice (11th April).

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