

“Time isn't the main
thing. It's the only
thing.”

– Miles Davis



Time of Supply

Krishnan R, SIES College ASCS

What is TOS? [Sec. 12 of CGST]

- **Time of supply** means the **time** when goods/services are considered as actually **'supplied'**.
- The seller can identify due date for payment of taxes only when he knows the **'time'** of supply.
- Place and value of **supply** is required for determining the right tax to be charged on the invoice, i.e. IGST or CGST/SGST/UTGST.

Goods

**Invoice [Sec. 31 of CGST]
(Forward Charge)**

Normal Supply

Movement of Goods

**Before or at the time
of removal**

**No Movement of
Goods**

**Before or at the time
of delivery OR made
available thereof**

Continuous Supply

**Before or at the time
of
- Each such statement
- Each such payment**

**Goods on Approval
Basis**

**Before or at the time
of supply
OR
6 months from the
date of removal**

TOS - Forward Charge [Sec 12(2)]

Time of supply of goods is **earliest of:**

(Notification No. 66/2017 dated 15-11-2017)

1. Date of issue of invoice. **OR**
2. Last date on which invoice should have been issued.
(as per Sec. 31) **OR**
3. Date of receipt of payment.*

Note: (a) For 3, the date on which the payment is entered in the books OR the date on which the payment is credited to bank account.

(b) Date of advance received is not considered.

(c) Not applicable to non - Composition dealers.

* Irrelevant for non composition dealers.

Eg. Ms. Mamata (WB) dispatches goods to Mr. Amit (GJ) from his premises on 20-03-2019. The transportation is initiated on 22-03-2019 and goods reached the premises of Mr. Amit on 26-03-2019.

TOS: Earlier of the actual date of invoice or the due date of invoice (Sec 31). In this case, Ms. Mamata has to ideally issue invoice while dispatching the goods, i.e. On 20-03-2019. So, TOS will be **20-03-2019**.

Eg. Mr. Nair (KL) gets an order from Mr. Reddy (TL) for supply of 20 Aquaguard machines on 18-03-2019. The date of invoice being the same day. The delivery service company picked up the goods from Mr. Nair on 21-03-2019 and delivered to Mr. Reddy on 26-03-2019.

TOS: Earlier of the actual date of invoice or the due date of invoice (Sec 31). In this case, Mr. Nair is invoicing on 18-03-2019 but due date for invoice is 21-03-2019 (date of removal of goods). Since, date of actual invoicing is earlier, TOS will be **18-03-2019**.

Eg. Mr. Patel (GJ) gets an order from Mr. Singh (PB) for supply of 30 washing machines on 18-03-2019. The date of invoice being the next day. The delivery service company picked up the goods from Mr. Patel on 21-03-2019 and delivered to Mr. Singh on 26-03-2019.

TOS: Earlier of the actual date of invoice or the due date of invoice (Sec 31). In this case, Mr. Patel is invoicing on 19-03-2019 but due date for invoice is 21-03-2019 (date of removal of goods). Since, date of actual invoicing is earlier, TOS will be **19-03-2019**.

Eg. Mr. Nayak sold goods to Mr. Nalayak worth Rs. 2,00,000. He issued invoice on 15-11-2019, for which payment was received on 30-11-2019. The goods were actually dispatched on 20-11-2019.

TOS: Earlier of the actual date of invoice or the due date of invoice (Sec 31). In this case, we will ignore the date of payment. We will consider earliest of 15-11-2019 (date of invoice) or 20-11-2019 (due date of invoice – removal). So, TOS will be **15-11-2019**.

Eg.

Date of Removal of goods	Date of Invoice	Date of delivery of goods	Receipt of payment	TOS	Reason
1-10-2019	2-10-2019	3-10-2019	15-11-2019	1-10-2019	Due date of invoice
3-10-2019	1-10-2019	4-10-2019	25-11-2019	1-10-2019	Actual date of invoice
4-11-2019	4-11-2019	6-11-2019	1-10-2019	4-11-2019	Actual date of invoice
28-11-2019	30-11-2019	2-12-2019	25-11-2019	28-11-2019	Due date of invoice

Eg. A machine has to be supplied at a site. It is done by sourcing various components from vendors and assembling the machine at a site. Details are as follows:

17-10-2019 – Purchase order with an advance of Rs. 50,000 received for goods worth Rs. 4,00,000 and entry made in seller's books of accounts.

20-10-2019 – The machine is assembled, tested at site and accepted by the buyer.

23-10-2019 – Invoice raised by the seller.

04-11-2019 – Balance payment of Rs. 3,50,000 received.

TOS: Earlier of the actual date of invoice or the due date of invoice (Sec 31). In this case, 23-10-2019 is the actual date of invoice and 20-10-2019 is the due date of invoice (goods made available), where 20-10-2019 is earlier. Hence, TOS will be **20-10-2019**.

Eg. Continuous Supply

Date of Invoice	Date of Removal of Goods	Statement of Accounts	Date of Receipt of Payment	TOS	Reason
1-12-2019	15-11-2019	5-12-2019	2-12-2019	1-12-2019	Actual Invoice Date
21-1-2020	18-1-2020	5-12-2019	10-12-2019	5-12-2019	Due Date of Invoice

Eg. Sale on Approval Basis

Date of Invoice	Date of Removal of Goods	Accepted by Recipient	Date of Receipt of Payment	TOS	Reason
15-12-2019	1-12-2019	5-12-2019	25-12-2019	5-12-2019	Date of Acceptance
25-7-2019	1-12-2018	25-7-2019	20-7-2019	2-6-2019	6 months from the date of removal

TOS - Reverse Charge Mechanism [Sec 12(3)]

For the recipient of goods, the time of supply under RCM will be earliest of:

1. Date of receipt of goods by the recipient.

OR

2. Date on which payment is entered in the books or the date when the payment is debited from the bank a/c.

OR

3. Date immediately following 30 days / 31st day from the date of issue of invoice or any legal document supporting the transaction.

Note: In absence of above information, TOS will

Eg. Mr. Kajukar, an agriculturist supplies 100 kgs of unpeeled cashew to M/s. Fridgewasi, a registered farsan dealer.

1-4-2019: Placement of order.

10-4-2019: M/s Fridgewasi receives the goods.

15-4-2019: Mr. Kajukar issues a bill of supply.

20-4-2019: M/s Fridgewasi makes payment and records in his books of accounts.

25-4-2019: Amount deducted from M/S Fridgewasi's account.

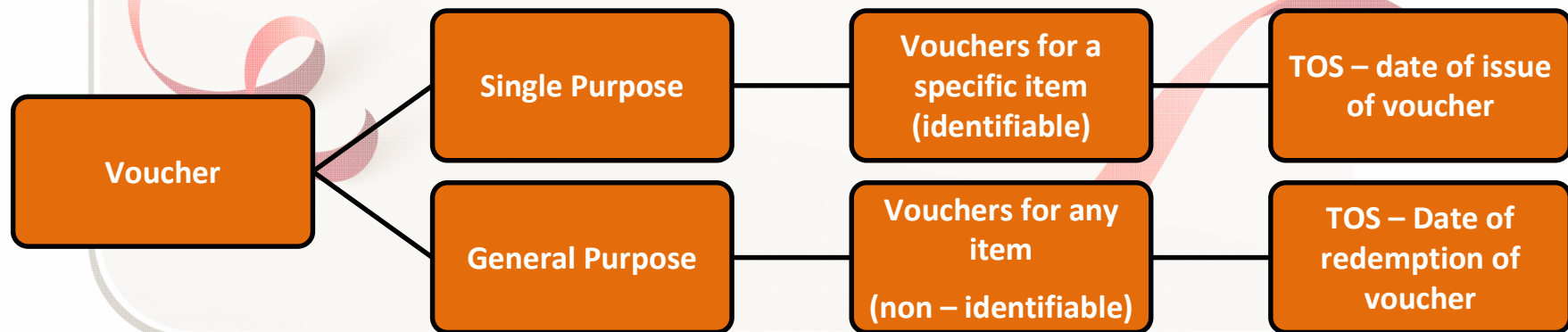
TOS: Earlier of date of receipt of goods or payment or 31st day from date of invoice.

In this case, earliest of 10-4-2019 / 20-4-2019 / 16-5-2019. **TOS will be 10-4-2019.**

Date of Invoice	Date of Receipt of Goods	Date of Payment in the books	Date of Payment debited in Bank A/c	TOS	Reason
1-10-2019	5-10-2019	10-10-2019	12-10-2019	5-10-2019	Date of Receipt of Goods
1-10-2019	15-10-2019	10-10-2019	12-10-2019	10-10-2019	Date of Payment in Books
1-10-2019	15-10-2019	12-10-2019	10-10-2019	10-10-2019	Date of Payment debited in Bank A/c
1-10-2019	15-11-2019	18-11-2019	20-11-2019	1-11-2019	Date after 30 days from issue of invoice

TOS - Voucher for goods [Sec 12(4)]

Voucher - a small printed piece of paper that entitles the holder to a discount, or that may be exchanged for goods including terms and conditions.



TOS – Residual Cases [Sec 12(5)]

For cases not covered under any of the provisions of Sec 12 (2), (3) and (4), TOS will be:

1. Due date of filing of periodical return.

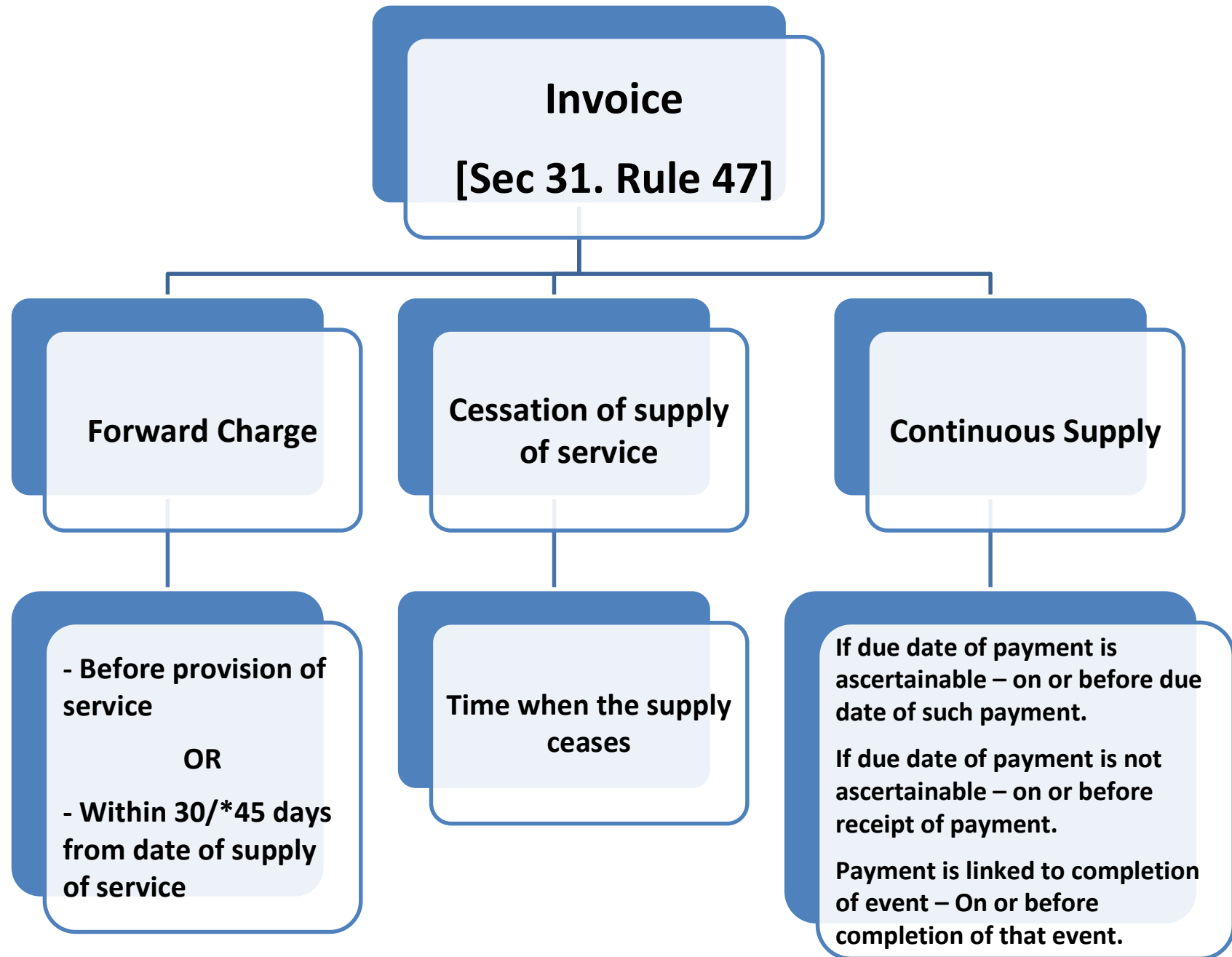
OR

2. Date of GST payment for other cases.

TOS – Interest, Late Fees, etc. [Sec 12(6)]

TOS for such cases will be the **date on which the supplier receives such additional value.**

Services



***45 days for Banking, Insurance and NBFCs**

TOS – Services under forward charge [Sec 13(2)]

Time of supply of services is **earliest of:**

Case I: If invoice is issued in time

1. Date of Invoice

OR

2. Date of receipt of payment

Whichever is earlier

Case II: If invoice is not issued in time

1. Date of completion of service.

OR

2. Date of receipt of payment.

Case III: Others

Date when recipient shows the receipt of service in his books of accounts.

TOS – Reverse Charge Mechanism [Sec 13(3)]

Time of supply of services is **earliest of:**

1. Date of recording payment in the books of the recipient of services.

OR

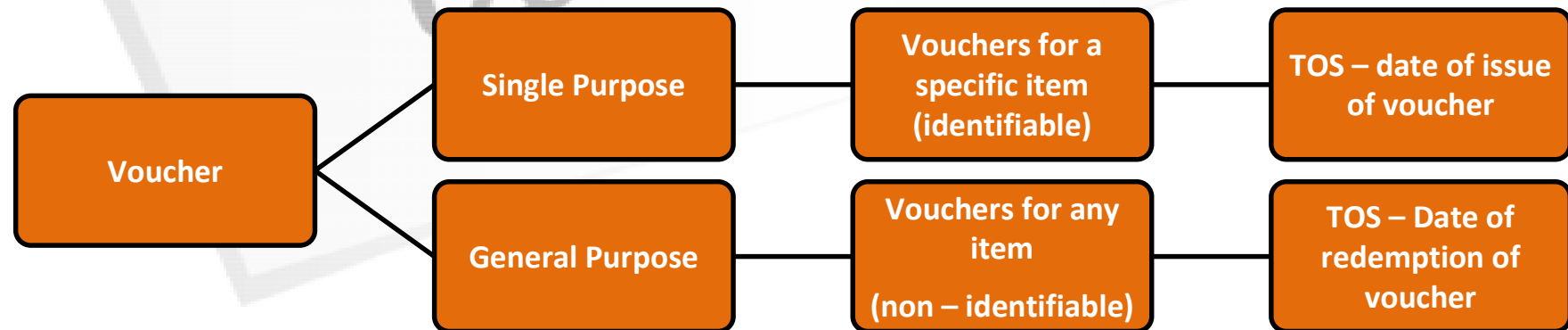
2. Date on which payment is debited from the recipient's bank account.

OR

3. 61st day from the supplier's invoice.

TOS - Voucher for services [Sec 13(4)]

Voucher - a small printed piece of paper that entitles the holder to a discount, or that may be exchanged for services including terms and conditions.



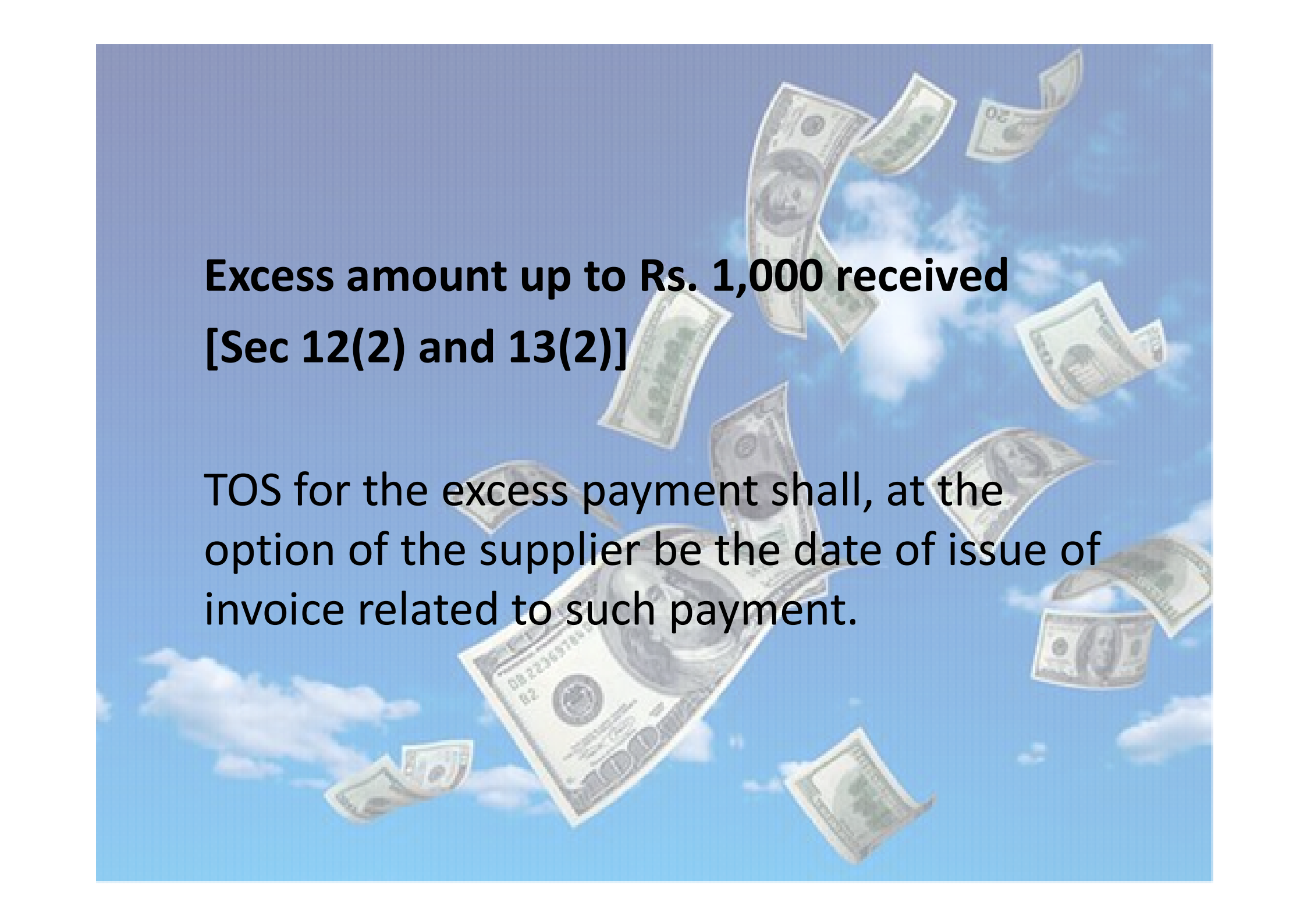
TOS – Residual Cases [Sec 13(5)]

For cases not covered under any of the provisions of Sec 13 (2), (3) and (4), TOS will be:

1. Due date of filing of periodical return.
- OR**
2. Date of GST payment for other cases.

TOS – Interest, Late Fees, etc. [Sec 13(6)]

TOS for such cases will be the **date on which the supplier receives such additional value.**

The background of the slide is a blue sky with white clouds. Numerous US dollar bills of various denominations, including \$100, \$50, and \$20 bills, are shown falling from the top of the frame, creating a sense of money being dispersed or received.

**Excess amount up to Rs. 1,000 received
[Sec 12(2) and 13(2)]**

TOS for the excess payment shall, at the option of the supplier be the date of issue of invoice related to such payment.

