

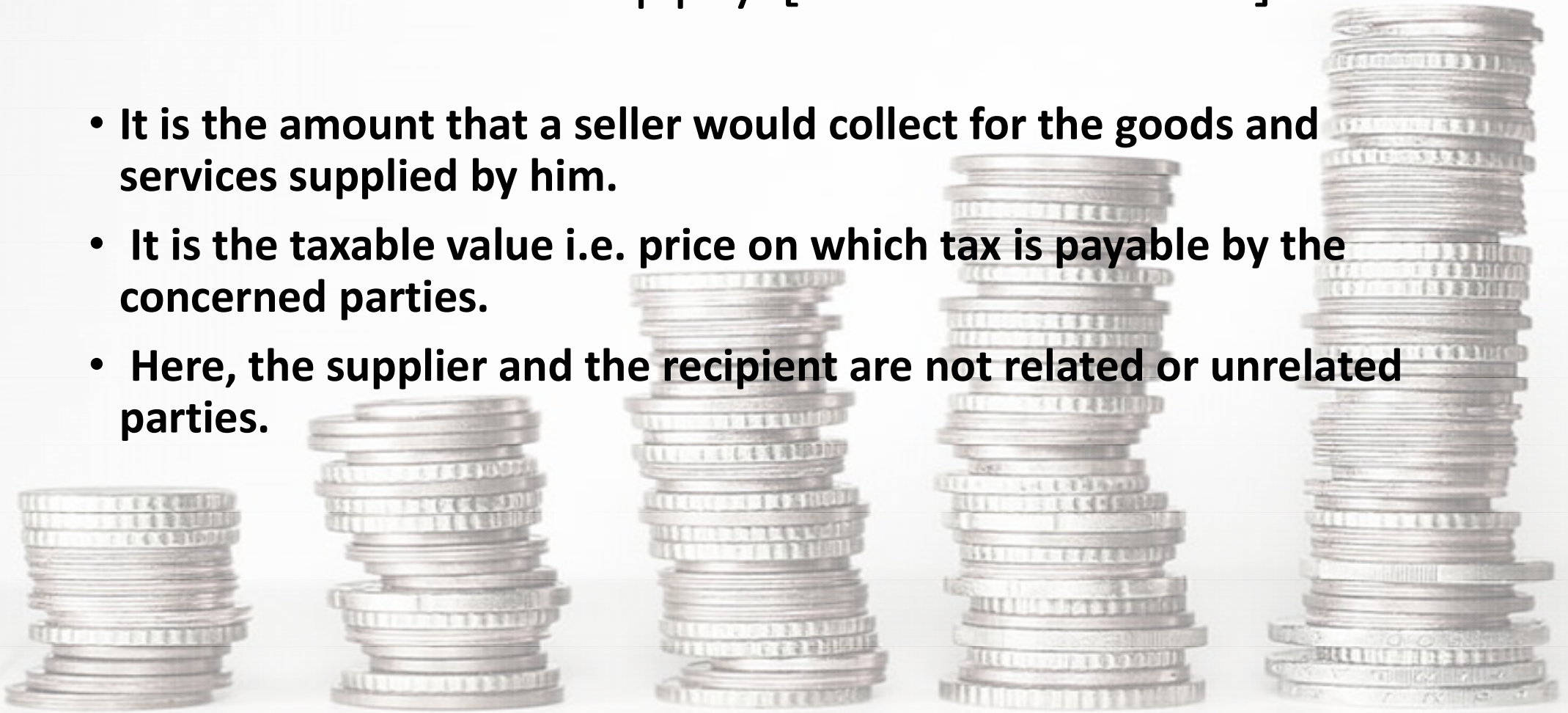
A detailed landscape painting featuring a majestic mountain range with snow-capped peaks and rugged, rocky slopes. In the foreground, a calm lake reflects the surrounding scenery, bordered by lush greenery and several tall, dark evergreen trees. The sky is filled with soft, white clouds, and a bright light source creates a dramatic lens flare effect across the upper portion of the scene. The overall atmosphere is serene and majestic.

*“A value becomes a value
only when its value is valued”*

- Bryan Dyson

Value of Supply [Sec 15 of CGST]

- It is the amount that a seller would collect for the goods and services supplied by him.
- It is the taxable value i.e. price on which tax is payable by the concerned parties.
- Here, the supplier and the recipient are not related or unrelated parties.



Compulsory Inclusions

- Any taxes, fees, charges levied under any law other than GST law.
- Expenses incurred by the recipient on behalf of the supplier.
- Incidental expenses like commission, inspection, packing and freight incurred by the supplier.
- Interest or late fees or penalty for delayed payment.
- Direct subsidies (except government subsidies) are required to be added to the price (if not already added) to arrive at the taxable value.

Exclusions

- Any discount which is duly recorded in the invoice and given before the time of supply is required to be excluded from the value of taxable supply.
- Any discount which is given after the supply where the recipient has reversed the input tax credit on the value of discount

When value cannot be determined as per the provisions

[Chapter IV of CGST Rules]

Value of taxable supply where the consideration is not wholly in money (Rule 27)

- ✓ Open market value
- ✓ If the open market value is not available, then the sum total of consideration in money and any further amount in money as is equivalent to the consideration not in money.
- ✓ If the value of supply is not determinable as per above points then, the value of supply of goods or services of similar kind and quality.
- ✓ If the value of supply is not determinable as per above points then the value of supply of goods or services will be calculated as per rules 30, that means the consideration in money plus money equivalent of the non money consideration plus 10% mark up or
- ✓ As per rule 31 other reasonable methods.

Value of taxable supply where supply between distinct or related persons other than agent (Rule 28)

- ✓ Open market value.
- ✓ If the open market value is not available then the value of supply of goods or services of similar kind and quality.
- ✓ If the value of supply is not determinable as per above points then the value of supply of goods or services will be calculated as per rules 30 or 31.

However if the goods are as such supplied by the recipient then the supplier has an option to take 90% of the price charged by the recipient from his unrelated customers as value of goods.

Value of taxable supply where supply made through an agent (Rule 29)

- ✓ Open market value of goods.
- ✓ Or supplier has an option to take 90% of the price charged for the supply of goods of similar kind and quality by the recipient from his unrelated customers as value of goods.
- ✓ If the value of supply is not determinable as per above points then the value of supply of goods or services will be calculated as per rules 30 or 31.

The background of the slide is a dark, textured surface with numerous question marks of varying sizes and colors (gold, white, and dark grey) scattered across it. A large, prominent white question mark is centered in the left half of the image.

Value of supply as per rule 30

Value shall be 110% of

- ✓ Cost of production
- ✓ Cost of acquisition
- ✓ Cost of provision of such service

However service provider has an option to take rule 31 by passing rule 30.

Value of supply as per rule 31

- ✓ Reasonable means with the principles and general provisions of section 15 and the provisions of the chapters.

XYZ is a wholesaler selling tools like drills, polishers, spades etc. XYZ now sells the power drill to a trader TDR for Rs. 4,000 offering a 1% discount.

XYZ incurs Rs. 150 packing charges

To encourage prompt payment, XYZ offers additional 0.5% discount if WHL pays within 7 days.

Power Drill	4,000
Packing charges	150
Discount @1% (on sale value)	(40)
Subtotal	4,110
Add: CGST @9%	370
Add: SGST @9%	370
Total	4,850

Discount of 0.5% is not deducted in the invoice because it will be given at the time of payment. However, this discount was known at the time of supply, and can be linked to this specific invoice, the discount amount can be reduced from the transaction value.

For this, XYZ Ltd will issue a credit note to TDR for Rs 20 (0.5% of Rs 4,000 = Rs 20+ GST@ 18% on Rs 20 = Rs 3.60), and this must be linked to the relevant tax invoice.

Here, discount has been given after supply. But it was agreed upon at the time of supply and can be traced to the relevant invoice. So it will be allowed to be deducted from the transaction value.

Here, discount has been given after supply. But it was agreed upon at the time of supply and can be traced to the relevant invoice. So it will be allowed to be deducted from the transaction value.

Thank You