CHAPTER - 6

Time of Supply

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01. General Questions:-

MCQ 06.01.01.00

What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance? [CA Final MTP Oct 21] [Study Mat]

(a) 5%, inter-State supply

(b) 5%, intra-State supply

(c) 18%, inter-State supply

(b) 18%, intra-State supply

[Hint:- Refer proviso to rule 50-CBIC]

02. Sec 31:- Time limit to issue invoice in different cases

MCQ 06.02.02.00

Kutch Refineries supplies LPG to XYZ Ltd. by a pipeline under a contract. The terms of contract are: (i) Monthly payment of ₹ 2 lakh to be made by the recipient on fifth day of the month. (ii) A quarterly statement of the goods dispatched and payments made will be issued by seventh day of the month succeeding the relevant quarter.

August 5, September 5, October 5	Payments of ₹ 2 Lakh made in each month
October 7	Statement of accounts issued by supplier for the quarter july-September
October 17	Differential payment of ₹ 56,000 received by supplier for the quarter July-September as per statement of accounts

Which of the following statements is true?

(a) Invoice will be issued on August 5, September 5, October 5 and October 7.

(b) Invoice will be issued on August 5, September 5 and October 5.

(c) Invoice will be issued on August 5, September 5, October 5, October 7 and October 17

(d) None of the above

[Hint:- Refer sec 2(32) & sec 31(4) - here, last date to issue invoice is each date of payment received ₹2 lakhs & 7th OCT also for ₹ 56000]

03. Sec 12(2):- TOS of goods under Forward Charge read with N/No. 66/2017

MCQ 06.03.03.00

What shall be the time of supply of lottery for the supplier dealing in specified actionable claim ?

(a) Date of issue of invoice

(b) Date of receipt of consideration by the supplier

(c) Later of (a) or (b)

(d) Earlier of (a) or (b)

[Hint :- N/No. 66/2017 is N.A. to supplier of specified actionable claim & thus, TOS can arise on receipt basis also]

MCQ 06.03.04.00

Lalla (Pedewala) owns a famous sweets shop located and registered under GST in Vrindavan, Uttar Pradesh. He received an order for 100 kg of sweets on 2nd May from Parindey Travels (P) Ltd., located in same locality of Vrindavan and registered under GST, for a total consideration of ` 50,000. Complete order of sweets was delivered to Parindey Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Lalla was on leave on that day. However, the invoice was raised for the same on 6 th May, when the accountant joined the office after leave. Payment in full was made on 7 th May.

Determine the time of supply of goods in this case. [Similat to study Mat] [CA Final RTP Nov 23] [CA Final MTP Series 2 Nov 23]

a) 2nd May b) 5th May

c) 6th May d) 7th May

[Hint :-:- Refer Sec 12(2) read with N/No. 66/2017 – TOS is earlier of 5th May (last date to issue invoice u/s 31(1) or 6th May (invoice date)]

04. Sec 13(2):- TOS of Services under Forward Charge

MCQ 06.04.05.00

M/s. Tanatan received testing services from Aquarian Solution (P) Ltd. on 10-May-20XX. The payment was entered in the books of account of M/s. Tanatan on 16-May-20XX and was credited in the bank account of supplier on 19-May-20XX. In the meantime, supplier issued invoice on 18-May-20XX. What will be the time of supply in this case?

a. 10-May-20XX b. 18-May-20XX

c. 16-May-20XX d. 19-May-20XX

[Hint:- Refer sec 13(2)(a) - date of payment credited in bank a/c of supplier is relevant & not entry date in recipient's (M/s Tanatan) book]

MCQ 06.04.06.00

Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of ₹ 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s Hanumant Fabricators and paid in advance the total consideration of ₹ 25.00 lakh, received by M/s Hanumant Fabricators on 10th August. M/s Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract. M/s Hanumant Fabricators raised an invoice of ₹ 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September. State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below: [Study Mat]

a) 10th August b) 7th September

c) 15th September d) 16th September

[Hint:- Refer Sec 13(2)(a) – TOS is earlier of 10th Aug (payment date) or 15th Sep (invoice date)]

05. Proviso to Sec 12(2)/ Proviso to Sec 13(2): TOS of Goods/ Services for excess amount received upto ₹ 1000

MCQ 06.05.07.00

Mr. A, who has opted for composition levy, supplies goods worth ₹ 24,300 to Mr. B and issues an invoice dated 25.09.20XX for ₹ 24,300 and Mr. B pays ₹ 25,000 on 1.10.20XX against such supply of goods. The excess ₹ 700 (being less than ₹ 1,000) is adjusted in the next invoice for supply of goods issued on 5.10.20XX. Identify the time of supply and value of supply:

(a) ₹ 25,000 – 1.10.20XX

(b) For ₹ 24,300 – 25.09.20XX and for ₹ 700 – 1.10.20XX

(c) For ₹ 24,300 – 25.09.20XX and for ₹ 700 – 5.10.20XX.

(d) (b) or (c) at the option of supplier

[Hint:- N/No. 66/2017 is N.A. to composition dealer - Refer sec 12(2) for ₹ 24,300 (TOS = invoice date) & proviso to sec 12(2) for Rs. 700 (TOS= payment date or invoice date at option of supplier)]

06. Sec 12(5)/13(5): TOS in Residual Cases

MCQ 06.06.08.00

What is the time of supply of goods in residuary cases, in case where a periodical return has to be filed?

a. Date on which return is to be filed

b. Actual date of filing of return

c. Date of payment of tax

d. Date of collection of tax

[Hint:- Refer sec 12(5) for goods & 13(5) for services]

07. Sec 12(6)/13(6): Enhancement in value on account of interest/late fee/penalty on delayed payment of consideration

MCQ 06.07.09.00

Mr. A entered into a contract with Mr. C & agreed to make the payment by 30th September, 20XX. If the payment is not made in time, then he shall pay late fees @ ₹ 100/day. No payment of late fees has been made so far. What shall be the time of supply in respect of the late fees due on Mr. A?

a. September ,20XX

b. October, 20XX

c. Time of supply has not arisen

d. None of the above

[Hint:- Refer sec 12(6) for goods & 13(6) for services - no late fee received then no TOS.]

08. Sec 14:- TOS in case of Change in Effective Rate of Tax (CERT) of Goods or Services

MCQ 06.08.10.00

If 9% of the work is complete before the change in rate of tax but invoice can be raised or payment can be made only after completion of supply, then what is the rate of tax to be applied?

a. New tax rate b. Old tax rate

c. Either (a) or (b) d. None of the above

[Hint:- Refer sec 14(a)(1) - here, TOS is determined for supply to the extent of 9% of work only].

MCQ 06.08.11.00

Mr. Tommy entered into a contract for supply of service of exploration of petroleum crude on 15 - Jan-20XX. He raised the invoice on 20-Jan-20XX and received the payment via cheque on 24-Jan-20XX which he presented to bank for clearance on the same day. On 25-Jan-20XX, the rate of tax on this service changed from 18% to 5%. The payment was credited in his bank account on 31-Jan-20XX, assuming 27-Jan-20XX, 28-Jan-20XX, 29-Jan-20XX, and 30-Jan-20XX to be working days. The service was rendered to the recipient on 1-Feb-20XX. What will be the rate of tax and time of supply in this case?

a. 18%, 20-Jan-20XX b. 18%, 24-Jan-20XX

c. 5%, 31-Jan-20XX d. 5%, 1-Feb-20XX

[Hint:- 1) Sec 14(b) gets applied as supply is after CERT & one of the event among payment date & invoice date is before CERT

2) as per proviso to sec 14- date of credit in bank a/c will be date of payment if such credit is after 4 working days from CERT

3) Refer sec 14(b)(i) for TOS = earlier of payment date (31st Jan) or supply date (1st Feb)]

MCQ 06.08.12.00

An online portal, Best Info, raises invoice for database access on 21st February, 20XX on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, 20XX which is received and entered in the accounts of Best Info on 28th February, 20XX. Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March, 20XX. In the meanwhile, the rate of tax is changed from 1st March 20XX. What is the time of supply of the service of database access by Best Info?

a. 25th February, 20XX b. 28th February, 20XX

c. 21st February, 20XX d. 3rd March, 20XX

[Hint:- 1) Refer sec 14(b)(ii) for TOS as supply is after CERT & both payment date & invoice date are before CERT.

2) as per explanation to sec 14, date of receipt of payment = earlier of book entry (28th Feb) or credit in bank a/c (3rd Mar)

3) TOS = earlier of 28th Feb (payment date) or 21st Feb (invoice date)].

09. Case Study

MCQ 06.09.13.00

Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January.

In the meanwhile, on 10th January, the rate of tax on cement was reduced from 40% to 18%.

On inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out property and received rent for the month of January from Pakija (P) Ltd. on 10th January. However, as per the contract entered, the payments should have been received by 7th of every month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1.to iv. as follows:- [Study Mat]

i. What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?

(a) 5th January; 40% (b) 7th January; 40%
(c) 14th January; 18% (d) 15th January; 18%
[Hint:- Refer sec 14(a)(ii) read with N/no. 66/2017- TOS shall be the Invoice date]

ii. In the above case, other facts remaining the same, what will be the time of supply and rate of tax to be charged if the payment is credited into bank account on 12th January?

(a) 5th January; 40%
(b) 7th January; 40%
(c) 12th January; 40%
(d) 12th January; 18%
[Hint:- Refer sec 14(a)(ii) read with N/no. 66/2017- TOS shall be the Invoice date]

iii. What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. and Pakija (P) Ltd. and Gajab & Sons?

(a) Delhi, Punjab (b) Punjab, Gujarat
(c) Haryana, Punjab (d) Haryana, Gujarat
[Hint:- Refer sec 10(1)(b) of IGST Act for transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. - POS shall be the place where the principal place of business of Pakija (P) Ltd. is located. Refer sec 10(1)(a) for transaction between Pakija (P) Ltd. and Gajab & Sons - POS shall be the place where movement of goods terminates for delivery to Gajab & Sons]

iv. Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?

(a) 10th January (b) 7th January
(c) Either (a) or (b), whichever is earlier.
(d) Either (a) or (b), whichever is later.
[Hint:- Refer sec 31(5)- last date to issue invoice for continuous supply of service where due date of payment is ascertainable is the due date of such payment]

Answer:-

06.01.01	c
06.02.02	a
06.03.03	d
06.03.04	b
06.04.05	b
06.04.06	a
06.05.07	d
06.06.08	a
06.07.09	c
06.08.10	a
06.08.11	c
06.08.12	c
06.09.13.01	a
06.09.13.02	a
06.09.13.03	b
06.09.13.04	b