CHAPTER 11

Tax Invoice

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01. Time limit for issuance of invoice under different cases

Sec 31(1): For supply of goods

Q1. Bright Star Pvt. Ltd., registered in Shimla, Himachal Pradesh, entered into a contract with Zenith Ltd. of Manali, Himachal Pradesh on 10th September for the supply of taxable goods worth ₹ 15 lakh. The payment for the same was received on 12th September. The goods were scheduled for delivery on 25th September, but were removed from the factory on 24th September. The date by which an invoice must be issued to Zenith Ltd. is: [ICAI Case 10 Sub-Q1 – Similar] [ICAI Case 50 Sub-Q2]

(a) 10th September
(b) 12th September
(c) 25th September
(d) 24th September

[**Reason:** Refer **sec 31(1)**, Since supply involves movement of goods & the goods were removed on 24th September, the invoice must be issued on or before that date.]

[**Author's Note:** ICAI made a mistake in Case Study 10 of ICAI case scenario booklet. It wrote invoice date in case study as 5th August whereas in sub-question 1 asked, it mentioned it as 3rd July.]

Q2. XYZ Electronics Pvt. Ltd. is a manufacturer of electronic goods registered under GST in Delhi. The sales by the Company are mainly through its distributors on the following credit terms:
For laptops – up to 15 days,
For smartphones – up to 90 days,
For other home appliances – up to 45 days.
What shall be the time limit to issue invoice for supply of smartphones on credit? [ICAI Case 34 Sub-Q1]

(a) Invoice shall be issued on 31st day from the date of removal of smartphones to distributors.
(b) Invoice shall be issued before or at the time of removal of smartphones to distributors.
(c) Invoice shall be issued at the time of receiving payment from distributors.
(d) Invoice shall be issued upon completion of credit term, i.e. 90 days.

[**Reason:** Refer **sec 31(1)**- if supply involves movement of goods, invoice shall be issued on or before the removal of goods for supply. It is irrespective of fact that supply is made for cash or credit. So, even if smartphones are supplied for a credit period of up to 90 days, invoice shall be issued on or before removal of smartphones.]

Sec 31(2): For supply of services

Q3. M/s. Shanky Consultants, a partnership firm, registered in Delhi, renders security services for ₹ 2,00,00,000 (exclusive of tax @ 18%) to registered business entities. State which of the following statements is true in respect of security services provided by Shanky Consultants to registered business entities: [ICAI Case 43 Sub-Q3]

(a) Shanky Consultants shall issue GST compliant tax invoice.
(b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under RCM".

(c) Shanky Consultants can issue any document in lieu of tax invoice.

(d) Shanky Consultants shall issue receipt voucher every time, it receives payment.

[**Reason**: Refer **sec 31 read with rule 46**- Since Shanky consultants is registered under GST, a tax invoice shall be issued.]

Q4. M/s. Wanderlust Travels (P) Ltd. purchased a bus chassis from M/s. Krishi Motors Ltd. for a consideration of ₹ 90.00 lakh on 01.10.20XX. M/s. Wanderlust Travels (P) Ltd. sent the bus chassis for body building to M/s. Bhagwant Fabricators and paid in advance the total consideration of ₹25.00 lakh on 15.10.20XX. M/s. Bhagwant Fabricators, after completing the bus body, informed M/s. Wanderlust Travels (P) Ltd. for carrying out the inspection of the work done on 05.11.20XX. M/s. Wanderlust Travels (P) Ltd. visited the work shop of M/s. Bhagwant Fabricators on 08.11.20XX and confirmed that the bus body was in accordance with the terms of the contract. The last date for issuing the invoice by M/s. Bhagwant Fabricators is:-

(a) 15.10.20XX (b) 08.11.20XX

(c) 08.12.20XX (d) 05.12.20XX

[Reason: Refer sec 31(2) read with rule 47 - as bus body building is a supply of service. Here, supply of service is completed when M/s wonderlust travels (p) ltd confirmed the work on 8.11.20XX. So, Last date of issuing tax invoice= 08.12.20XX i.e. within 30 days from date of supply of service (08.11.20XX)]

Sec 31(7): For goods sent on sale or return basis

Q5. M/s. Neelkanth & Co. is supplying taxable goods in Karnataka & registered under GST. It removed goods on 10th June for delivery to Chandra & Co. on 'Sale or Return Basis'. Chandra & Co. accepted the goods vide its confirmation mail dated 15th December. In respect of the goods sent on sale or return basis, Neelkanth & Co. shall issue the invoice by ________. [ICAI Case 16 Sub-Q2 - Similar] [ICAI Case 33 Sub-Q2]

(a) 10th June

(b) 10th September

(c) 10th December

(d) 15th December

[**Reason**: Refer **sec 31(7)**- In this case, goods are sent on approval for sale/return, invoice shall be issued by **10th Dec** – i.e. earlier of – time of supply (15th Dec) or 6 months (10th Dec) from date of removal (10th Jun).]

Sec 31(5): For continuous supply of services

Q6. Sambhav Ltd. is registered under GST and engaged in various activities. It completed a project on 31st December which took more than 13 months for construction of road (taxable under GST) for a government agency. As per the contract signed with such agency, the last tranche of payment of 25% of the total contract value was linked to the date of issuance of completion certificate by the Government engineer. The completion certificate was issued by the Government engineer on 15th January. However, the invoice for such supply was issued on 5th February and

payment was received on 20th February by the company. What is the last date for issuance of invoice in relation to construction of road by the company for the last tranche of payment received? [ICAI Case 1 Sub-Q5]

(a) 31st December

(b) 15th January

(c) 5th February

(d) 20th February

[**Reason**: Refer **sec 31(5)**- Construction of road is a continuous supply of service. Since the contract links payment to the event of completion certification which is issued on 15 Jan, invoice shall be issued on or before 15 Jan i.e. when that event occurs.]

Sec 31(6): For cessation of supply of service before its completion

Q7. Raj Enterprises, a partnership firm registered under GST, is engaged in sale of goods and services in Bhubaneswar, Odisha. On 20th March, it entered into a contract of providing painting services to one of its client for his office. The value of the whole contract was pre-decided for ₹ 2,00,000. The due date to complete contract was estimated to be 20th April. However, due to some dispute with the client, painting service was stopped abruptly on 31st March. Only 60% of work was completed upto 31st March. The due date of issuance of invoice and the value of such invoice issued for work contract is: [ICAI Case 7 Sub-Q1]

(a) 18th April and ₹ 2,00,000

(b) 31st March and ₹ 2,00,000

(c) 31st March and ₹ 1,20,000

(d) 30th April and ₹ 1,20,000

[**Reason: Refer Sec 31(6)-** Since painting contract stopped on **31st March** after completing only 60% of work, Raj Enterprises must issue the invoice on the **same date when service ceases.** Invoice must cover only work completed i.e. **60% of ₹ 2,00,000, i.e., ₹ 1,20,000.**]

02. Particulars of a tax invoice & HSN requirement

Q8. Rishabh Enterprises is a registered manufacturer of electrical goods in Maharashtra. They supplied electrical panels of ₹ 3,20,000, excluding GST to Drona Electronics (Gujarat) but had failed to mention the HSN code in the invoice, although their aggregate turnover in the preceding financial year was ₹ 7 crore. Was Rishabh Enterprises required to mention HSN code on the tax invoice? [ICAI Case 10 Sub-Q2] [Jan 25 Exam – Similar]

(a) No, it is optional for turnover up to ₹ 10 crore

(b) Yes, 4-digit HSN code is mandatory for B2C invoices

(c) Yes, 6-digit HSN code is mandatory for turnover exceeding ₹5 crore

(d) No, since supply was to a PSU, invoice format is flexible

[**Reason**: Refer **Rule 46 read with N/No. 12/2017 CT-** Here, Rishabh Ent.'s annual turnover in P.F.Y. was ₹ 7 crore i.e. > ₹ 5 crore, 6-digit HSN code is mandatory on all invoices.]

03. E-Invoicing under GST

Q9. SS interior designers are registered in Indore, Madhya Pradesh. Its turnover for preceding year was ₹ 6.5 crore. During the current year, it supplied certain services to M/s Z & Associates, for which the recipient is liable to pay GST under RCM. Which of the following is the correct statement with respect to supplies made to M/s Z & Associates? [ICAI Case 17 Sub-Q2]

(a) E-invoice will be reported by SS interior designers, as they fall under category of notified persons by crossing a turnover of ₹5 crore in any preceding financial year since 2017-18.

(b) E-invoicing is not applicable in case of services attracting reverse charge.

(c) No E-invoicing is required for this, as turnover of the immediately preceding financial year is below ₹5 crore.

(d) There is no liability for SS interior designers to issue an e-invoice, as GST is payable by Z & Associates under RCM.

[**Reason**: RP whose aggregate t/o in any P.F.Y. from 2017-18 onwards exceeds ₹ 5 crore shall prepare e- invoice in respect of B2B supplies and for exports. Further, if invoice issued by a notified person is for supplies made by him which is taxable under RCM, e-invoicing is applicable. Here, SS interior designers' Agg. t/o in PF.Y. is ₹6.5 cr i.e. > ₹5 cr & also making supply taxable under RCM, **e-invoicing applies.**]

Q10. ABC footwear, registered in Ajmer, Rajasthan, supplied footwear worth ₹10 lakh on 1st June to Z &Co. (a registered entity) and also issued an e-invoice for the same. However, later ABC footwear came to know that there was a mistake in the e-invoice that needs to be rectified. But ABC footwear has no idea how to rectify it. What is the solution for the wrong invoice issued for supplies made to Z & Co.? [ICAI Case 16 Sub-Q1]

(a) ABC footwear can amend the e-invoice already generated only on GST portal while filing GSTR-1.

(b) ABC footwear can amend the e-invoice generated easily on IRP (Invoice Registration Portal).

(c) Once an e-invoice is generated, it cannot be amended later.

(d) ABC footwear can issue an updated normal tax invoice instead of e- invoice.

[**Reason:** Amendment of e-invoice already uploaded on IRP will be done only on GST portal (while filing GSTR-1). Amendment of invoices is not possible through the IRP.]

04. Sec 31(3)(a): Revised tax invoices

Q11. ABC Associates, a hospitality sector orgainsation trading as "Paradize Resorts" in Rajasthan, commenced operations on 1st April. Aggregate turnover crossed ₹ 20 lakh on 1st June. Application for registration was filed on 15th June, and registration was granted with effect from 1st July. Consequent to the grant of registration,

Paradize Resorts issued revised tax invoices for the period beginning with 15th June. Whether issuance of revised tax invoices by Paradize Resorts is valid as per the relevant provisions of the GST Law? [ICAI Case 3 Sub-Q1] [ICAI Case 46 Sub-Q2 - Similar]

(a) Yes, revised tax invoices may be issued for the period 15th June to 1st July, within one month from 1st July i.e. till 1st August.

(b) No, revised tax invoices may be issued for the period 1st June to 1st July, within one month from 1st July i.e. till 1st August.

(c) Yes, revised tax invoices may be issued for the period 15th June to 1st July, within 15 days from 1st July.

(d) No, revised tax invoices can be issued only after registration is granted, i.e., post 1st July.

[**Reason:** Refer **Sec 31(3)(a) with Rule 10-** As supplier applied for registration within 30 days of becoming liable on 1st Jun, effective date is 1st Jun. Revised tax invoices shall be issued (for invoices already issued from 1st June to 1st Jul) within 1 month from 1st Jul i.e. the date of issuance of certificate of registration.]

05. Sec 31(3)(b): No tax invoice if value < ₹200 & issue of consolidated tax invoice

Q12. Mr. Raju, proprietor of Raju Stationery Mart, registered in Pune, Maharashtra. From current year, he has started undertaking retail transactions along with wholesale business. He is not sure whether he should issue individual tax invoices for the following transactions or whether he can issue a consolidated tax invoice for these small transactions (exclusive of tax @ 5%).

Supplied calculators to Mr. P (unregistered person)	₹150
Supplied colour box to Mr. X (unregistered person)	₹200
Supplied staplers to Mr. J (unregistered person)	₹350
Supplied crayons to Mr. R (registered person)	₹190

Raju Stationery Mart needs to issue individual tax invoice to: [ICAI Case 15 Sub-Q3] [ICAI Case 45 Sub-Q4 - Similar]

(a) Only to Mr. R

(b) Mr. R & Mr. J

(c) Mr. R & Mr. X & Mr. J

(d) To All irrespective of amount

[**Reason:** Refer **Sec 31(3)(b) read with proviso to Rule 46**- supply to Mr. P is ₹150 i.e. < ₹200 & also he is URP not requiring tax invoice. Thus, individual tax invoice is not required to be issued to Mr. P. Instead, a Consolidated tax invoice for such supplies at the close of each day in respect of all such supplies shall be issued. Rest all recipients are to be issued individual tax invoice as either they RP or supply value is not less than ₹200.]

Q13. PVR (Multiplex) is running Movie shows in Mumbai. PVR is not issuing the E-tickets for movies, value of ticket is ₹190 per person. Whether PVR is required to issue separate Tax Invoice?

(a) Yes, as ticket value is more than ₹100

(b) No, as ticket value is not more than ₹200

(c) Yes, as PVR is not issuing E-Ticket

(d) No, as ticket value is not more than ₹500

[**Reason:** section 31(3)(b) is N.A. to tickets of cinematographic films as per proviso to rule 46. so, separate ticket need to be issued irrespective of value as E-ticket is also not issued which is treated as deemed to be tax invoice as per rule 54]]

06. Rule 46A: Invoice-cum-bill of supply

Q14. Mr. Raju, proprietor of Raju Stationery Mart, registered in Pune, Maharashtra. On 1st August, it supplied stationery items to Mr. F (unregistered person) amounting to ₹85,000, of which ₹25,000 was exempt supply and remaining ₹60,000 (exclusive of tax @ 5%) was taxable supplies. Which document will be required to be issued by him for supplies made to Mr. F? [ICAI Case 15 Sub-Q4]

(a) Tax invoice for total ₹85,000.

(b) Bill of supply for total ₹ 85,000.

(c) Bill of supply for ₹25,000 and Tax invoice for ₹60,000.

(d) He can issue single invoice-cum-bill of supply for total ₹85,000.

[**Reason:** Refer **rule 46A:** If RP supplies taxable as well as exempted goods to an URP, a single "invoice-cum-bill of supply" may be issued for all such supplies.]

07. Sec 31(3)(f) & (g): Self Invoice and Payment Voucher in Case of RCM

Q15. M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm received certain supply of goods of ₹ 8,40,000 (exclusive of tax) from registered persons on which tax was payable under reverse charge basis. Which of the following statements is correct in respect of supply of goods of ₹ 8,40,000 received by the firm which are taxable under reverse charge? [ICAI Case 40 Sub-Q3]

(i) Firm shall issue a payment voucher at the time of making payment to supplier.

(ii) Firm shall issue a delivery challan for supply of goods.

(iii) Firm shall issue receipt voucher at the time of making payment to supplier.

(iv) Firm is not required to issue any document in respect of such supply.

(a) i

(b) i & ii

(c) ii & iii

(d) iv

[**Reason:** Refer **sec 31(3)(g)**- RP who is liable to pay tax under RCM shall issue a payment voucher at the time of making payment to supplier.]

08. Important CBIC Clarifications

Q16. M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same? (RTP May 19)

(a) GST is payable as the same amounts to taxable supply of goods.

(b) GST is payable as the same amounts to taxable supply of services.

(c) GST is not payable as the same is an exempt supply.

(d) GST is not payable as the same does not amount to supply at all.

[**Reason:** - Refer Sec 31(7) & Cir. No. 22/22/2017 GST]

09. Sec 34: Credit note and Debit note

Q17. Mr. Mohanraj of Kerala, registered under GST, engaged in supplying cosmetic items within Kerala. In June, he supplied stock valued at ₹ 1,50,000 to an unregistered buyer in Kerala. Out of this supply, stock valued at ₹ 50,000 was returned in August. Amounts given are exclusive of tax @ 5%. In relation to goods returned in August, Mr. Mohanraj shall issue a __________ to claim the reduction of GST paid at the time of original supply. [ICAI Case 8 Sub-Q4] [MTP Oct 23 – Similar]

(a) B2B Credit Note

(b) B2B Debit Note

(c) B2C Credit Note

(d) B2C Debit Note

[**Reason:** Refer **sec 34(1)-** Since recipient is an URP, a B2C credit note shall be issued to claim a reduction of tax liability on account of sales return by Mr. Mohanraj.]

Q18. Vidhula Impex Ltd. (registered under GST) supplies sports goods. During the course of its business, it issued an invoice on 28th February to a customer and erroneously charged a higher value by ₹ 34,000. Which document is required to be issued by the company in respect of the invoice issued on 28th February? [ICAI Case 25 Sub-Q3] [MTP I Jan & Sep 25 - Similar]

(a) Debit note

(b) Credit note

(c) Bill of supply

(d) Revised Tax invoice

[**Reason:** Refer **Sec 34(1)**- a supplier can issue credit note to reduce value of supply if he has erroneously declared a value which is more than the actual value of goods/services provided.]

Q19. Ecotech Solutions Pvt. Ltd. is engaged in manufacturing and supply of energy products. It sold goods worth ₹1 crore in January under multiple invoices. The goods were subsequently returned in March by customer due to defective quality. The Company issued a GST credit note against the returned goods in March. Which of the following options is correct in relation to the returned goods of value ₹ 1 crore? [ICAI Case 35 Sub-Q3]

(a) Company has an option to issue single credit note against multiple invoices.

(b) Company has to mandatorily issue separate credit note against each invoice.

(c) The Company cannot issue credit note in any subsequent period after the supply is made.

(d) The Company can only issue a commercial credit note and GST adjustment cannot be made.

[**Reason**: Refer **sec 34(1)**- There is no requirement to match the credit notes with the invoices. A single credit note can be issued for multiple invoices as per the choice of the registered person.]

Q20. Raghu Impex Limited is registered in Uttar Pradesh for supplying stationery items. In September 20XX, it found that while issuing invoice to a customer on 31.03.20XX, it erroneously charged higher value by ₹52,000. Company issued credit note on 01.10.20XX. The company filed annual return on 15.06.20YY and return for September 20XX and October 20XX were filed on 31.10.20XX & 19.11.20XX respectively. What is the maximum time limit available for declaring the details of such credit note in the GST return with respect of said transaction? [ICAI Case 5 Sub-Q3]

(a) 30.11.20XX

(b) 31.10.20XX

(c) 19.11.20XX

(d) 15.06.20YY

[**Reason**: Refer **Sec 34(2)**- In given case, actual date of filing return for the month in which credit note is issued, i.e. October 20XX is given (19.11.20XX). Thus, details of credit notes can be declared only till 19.11.20XX.]

Q21. M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects. It issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000. Amounts are exclusive of taxes. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value? [ICAI Case 40 Sub-Q2] [MTP I Sep 24 -Similar]

(i) Debit note is to be issued for ₹ 75,000.

(ii) Credit note is to be issued for ₹ 75,000.

(iii) Debit note is to be issued for ₹ 45,000.

(iv) Credit note is to be issued for ₹ 45,000.

(a) i & iii

(b) ii & iii

(c) i & iv

(d) ii & iv

[**Reason**: Refer **sec 34**- debit note is issued for under-valued invoices and credit note is issued for over-valued invoices.]

Answers:

01	d	19	a
02	b	20	c
03	a	21	c
04	c		
05	c		
06	b		
07	c		
08	c		
09	a		
10	a		
11	b		
12	c		
13	c		
14	d		
15	a		
16	d		
17	c		
18	b		