

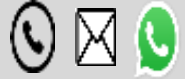


Lawgics

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Section 13 of CGST Act, 2017

13. Time of supply of services.

(1) The liability to pay tax on services shall arise at the time of supply, as determined in accordance with 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 services 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 in respect of such excess amount.

Explanation 1. —For the purposes of clauses (a) and (b) —

- i. 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.
- 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 earliest 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.

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.

(4) In case of supply of vouchers by a supplier, the time of supply shall be—

- (a) the date of issue of voucher, if the supply is identifiable at that point; or
- (b) the date of redemption of voucher, in all other cases.

(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.

Our Interpretation

Section 13(1)	<p><u>Time of Supply of Services</u></p> <p>The point of time when Liability to pay tax arises is to be determined as per Section 13 of the CGST Act for supply of Services.</p>
Section 13(2)	<p><u>Time of Supply of Services under forward charge</u></p> <p>In such cases Time of supply shall be <u>earlier of:</u></p> <ul style="list-style-type: none">• Original Date of Issue of Invoice, if the Invoice is issued within 30 days from the date of supply of services as per Section 31 of the CGST Act, or within 45 days in case of banking and financial institutions or the date of provision of the service if invoice is not issued within prescribed time.• Date on which supplier receives the payment which is earlier of the payment entered in Books of Accounts of supplier, or Date of credit in his Bank Statement. <p>In case, time of supply not ascertainable from the above, then time of supply shall be the date when the recipient shows the receipts of services in his Books of Accounts.</p> <p><u>Time of supply -Liability to pay tax on Advance</u></p> <p><u>Earlier of</u> the following:</p> <ul style="list-style-type: none">• the payment entered in Books of Accounts of supplier• Date of credit in his Bank Account <p>So, if advance is received against supply of services, then it attracts tax liability and time of supply shall be earlier of the date on which the advance is entered in the books of accounts or the date of credit in bank account.</p> <p>Continuous supply of services means-</p> <ul style="list-style-type: none">➤ The services should be provided continuously or on recurrent basis.➤ The contract period should be exceeding three months.➤ The payment obligations should be periodical.

	<p><u>Date of issuance of Invoice in respect of continuous supply of services as per provisions of section 31(5)-</u></p> <ol style="list-style-type: none"> 1. Where the due date of payment is ascertainable from the contract, the invoice will be issued on or before the due date of payment. 2. Where the due date of payment is not ascertainable from the contract, the invoice will be issued before or at the time when the supplier of services receives the payment. 3. When the payment is linked to the completion of an event, the invoice will be issued on or before the date of completion of that event <p>Please note that payment received in excess up to Rs. 1,000/- as compared to Invoice Amount, then it is the <i>Discretion of the Supplier</i> to treat its time of supply either date of receipt of such excess amount or the next billing date.</p>
Section 13(3)	<p><u>Time of Supply of Services under RCM</u></p> <p>In such cases Time of supply shall be earlier of:</p> <ol style="list-style-type: none"> (a) Date of payment made {earlier of date of book entry or date of debit in bank} (b) Date immediately following 60 days from date of issue of invoice by supplier <p>In case none of the above could be determined, then time of supply shall be the date of entry in the books of account of the recipient of supply.</p> <p><u>Time of supply of services by associate enterprises located outside India (i.e., Import of services) under RCM provisions</u></p> <p>In case services are taken from supplier outside India (Import of Services) then in such cases, time of supply for payment of taxes, shall be earlier of:</p> <ul style="list-style-type: none"> • Date of Entry in the Books of Accounts of Recipient, or • Date of payment made.
Section 13(4)	<p><u>Time of supply in case of Vouchers</u></p> <ul style="list-style-type: none"> ❖ If <i>supply is identifiable</i> then <u>Date of Issue of Voucher</u> {Single Purpose Vouchers & Non-Monetary Vouchers} ❖ In <i>all other cases</i> – <u>Date of Redemption of Voucher</u> {Multipurpose Voucher & Monetary voucher}
Section 13(5)	<p><u>Residuary provision in case of time of supply of Services</u></p> <p>If time of supply cannot be identified as per section 13(2), 13(3) or 13(4), then Time of Supply shall be:</p> <ol style="list-style-type: none"> (a) Due Date of filing return, where a periodical return has to be filed (b) Otherwise, the date on which tax is paid
Section 13(6)	<p>In case of an addition in the value of supply by way of Interest, late fees or penalty for delayed payment of any consideration, time of supply shall be the date on which the supplier receives such additional amount.</p>

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