

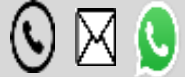


Lawgics

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Serial No. 033
Dt.: 21-02-2023



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Section 33 of CGST Act, 2017

33. Amount of tax to be indicated in tax invoice and other documents.

Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

Our Interpretation

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| Section 33 | <p><u>Amount of tax to be indicated in tax invoice and other documents</u></p> <p>This section provides that where supply is made for consideration by registered supplier, he must indicate the amount of tax on invoice or other document issued for this purpose so that the recipient can clearly understand the amount of tax in that supply.</p> |
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Section 34 of CGST Act, 2017

34. Credit and debit notes.

(1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.

(2) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than the thirtieth day of November following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed:

Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

(3) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year containing such particulars as may be prescribed.

4) Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.

Explanation. —For the purposes of this Act, the expression — “debit note” shall include a supplementary invoice

Our Interpretation

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| Section 34(1) | <p><u>Issue of credit notes</u></p> <p>It might happen in a business transaction that invoice raised while making supply and tax collected therein result into excess collection of value or tax component because of some of reasons such as:</p> <ol style="list-style-type: none"> 1) Taxable value over charged as per contract resulting into excess collection towards supply and taxes 2) Goods supplied but thereafter returned by buyer 3) Some discount offered as per terms of agreement 4) Goods delivered were inferior as ordered. 5) Higher rate charged wrongly 6) Any other reason for which there may be a reduction in value or tax <p>In all such cases, suppliers shall issue credit note so as to compensate the buyer to the extent of amount so excess collected either the value or the tax component or the both.</p> |
| Section 34(2) | <p><u>Furnishing details in return</u></p> <p>The Registered person who issues the credit note shall report the same in his tax return in the period when such credit not issued. The maximum time to report credit notes in the return is Earlier of the following:</p> <ol style="list-style-type: none"> 1) the 30th November following the end of the financial year in which such supply was made 2) Due date of furnishing annual return for such financial year. Due date includes Extended due dates also <p>However, it has been provided that the tax liability cannot be reduced if the buyer did not reduce his ITC.</p> |
| Section 34(3) | <p><u>Issue of Debit notes</u></p> <p>It might happen in a business transaction that invoice raised while making supply and tax collected therein result into lesser collection of value or tax components because of some reasons such as:</p> <ol style="list-style-type: none"> 1) Taxable value under charged as per contract resulting into lower collection towards supply and taxes 2) Goods supplied more but billed less due to clerical mistake 3) Goods delivered were superior as ordered. 4) Lower rate of tax charged wrongly 5) Any other reason which may increase in value or tax <p>In all such cases, suppliers shall issue Debit note so as to charge correct value of supply or the tax component or the both.</p> <p>Explanation given under this section says that Debit note includes supplementary invoice. A supplementary invoice is issued when the particulars given in original invoice are changed. A supplementary tax invoice is generally issued when the rate or quantity have upward revision. Thus, we can say that for the purpose of GST, Supplementary tax invoice = Debit note.</p> |
| Section 34(4) | <p><u>Furnishing details in return</u></p> <p>Debit note issued in a relevant tax period shall be shown in the return of the tax period when such Debit note was issued and shall pay tax accordingly as per law. There is no maximum time for issuance of debit note.</p> |

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