



LABHYANSH
ACCOUNTING SIMPLIFIED

An analysis on
“Invoicing for Goods & Services under GST Act”

Invoice raising is a financial transaction which gives business entity a right to collect money from their customers, at the same time liability also arise for indirect taxes payable on the sale of Goods or providing of services by the business entities, such as Goods and Service Tax (GST) in India. Business entities are required to follow tax laws in respect to 'time' when invoice should be raised. Thus it became very crucial for each business entity to raise invoice on timely manner.

In general, GST is payable at the time of raising invoice irrespective of amount collected from customer, except in case of advance payments. Below analysis summarize provisions of GST Act in respect of supply of goods and services in India -

1. GST is chargeable at the time of supply. (*Section 9 (1); and Section 7(1) for definition of supply*)
2. The time for issuing invoice depend on the nature of supply viz whether it is a supply of goods or services.
3. **Supply of Goods** (*Section 12 and 31(1)*):
 - a. The liability to pay tax on goods arise at the time of supply.
 - b. The time of supply of goods is earlier of the following dates—
 - (a) The date of issue of invoice by the supplier or the last date on which required to issue invoice with respect to the supply as per section 31; or

***Section 31(1):** A registered person supplying taxable goods shall, before or at the time of removal of goods (where supply involves movement of goods) or delivery or making available thereof to the recipient, issue a tax invoice*
 - (b) The date on which receives the payment with respect to the supply. (***This provision is on hold after implementation of GST***)

Thus in case of goods, an invoice is to be issued before or at the time of supply.

4. **Supply of Services** (*Section 13 and 31(2)*):
 - a. The liability to pay tax on services arise at the time of supply.
 - b. The time of supply of services is earliest of the following dates —
 - (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

***Section 31(2) and CGST Rule 47:** A registered person supplying taxable services shall, before or after the provision of service but within 30 days from the date of supply of service, issue a tax invoice.*

(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 (b) above do not apply.

Thus in case of services, invoice to be issued before or after provision of services. If the invoice is issued after provision of service, it has to be issued within the specified period of 30 days from the date of supply of service.

5. **Invoice in case of continuous supply of services** (Section 31 (5):

If the due date of payment is ascertainable from the contract	Invoice shall be issued on or before the due date of payment
If the due date of payment is not ascertainable from the contract	Invoice shall be issued before or at the time when the supplier of service receives the payment
If the payment is linked to the completion of an event	Invoice shall be issued on or before the date of completion of that event

Abstract of CGST Act and Rules:

CGST Act, 2017

Section 2: Definitions

(31) “consideration” in relation to the supply of goods or services or both includes—

- (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- (b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government: Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

(66) “invoice” or “tax invoice” means the tax invoice referred to in section 31;

(108) “taxable supply” means a supply of goods or services or both which is leviable to tax under this Act;

Section 7 (1): For the purposes of this Act, the expression “supply” includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

Section 9 (1): Levy and collection.

Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

Section 12: Time of Supply for Goods

(1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of goods shall be the earlier of the following dates, namely:—

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

Section 13: Time of Supply for 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 sub-section (2) of 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:

Section 31. Tax Invoice

(1) A registered person supplying taxable goods shall, before or at the time of,—

(a) removal of goods for supply to the recipient, where the supply involves movement of goods; or

(b) delivery of goods or making available thereof to the recipient, in any other case,

issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:

(2) A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:

Rule 47 of CGST Rules, 2017 (Time limit for issuing tax invoice): *The invoice referred to in rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service:*

(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(5) Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,—
(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

About Us: LABHYANSH is a professionally managed Finance & Accounting service provider having presence in India. Provide Finance & Accounting Outsourcing Services, Taxation and Other Allied Services that are Timely, Accurate and Cost Effective using well defined processes. Our team seek to serve every clients in the most efficient manner. Size doesn't make a difference for us and every client is equally important. We incorporate a passion for client satisfaction and support in their success. Our services enables clients business to enhance operational and financial agility by streamlining and optimizing key processes.

Disclaimer: This document is meant for informational purpose only and does not purport to be advice or opinion, legal or otherwise, whatsoever. LABHYANSH does not intend to advertise its services through this document. LABHYANSH or its associates are not responsible for any error or omission in this document or for any action taken based on its contents.

© 2019 LABHYANSH, India. All rights reserved.

Last updated on: 29/10/19
Version: N/TAX/GST/19/10/001.V.1