5. Value of Supply

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[Sec 15] VOS

Sec 15(1)

Value of = Transaction value (TV) SOG/SOS

which is the price
→ actually paid or
→ payable for SOG/SOS

Conditions for T.V

① Supplier & recipient of supply are not related person.

② Price is the sole consideration for the supply.

Sec 15(2)

Addition in T.V if separately by supplier.

15(2)(a)

Addition of taxes or duties other than GST.

- Any taxes, duties, cesses, fees & charges levied under any law for the time being in force.

15(2)(b)

Third Party payment

- Any amt paid by the recipient to third parties will be added if,
→ Supplier is liable to pay such amt. in relation to supply
→ it is not included in the price actually paid or payable for the goods or services

15(2)(c)

Incidental Exp.

→ Incidental Exp. including commission & packing charged by the supplier to the recipient of a supply &
→ Any amt charged for anything done by the supplier in respect of supply.

(or)

At the time of / Before delivery of goods or supply of services.

15(2)(d)

Interest/late fee/ Penalty for delay payment of consideration. (For analysis of refer next page)

① TOS : When interest/late fee or penalty is received (Payment of tax)

② GST Rate = GST rate of original supply of goods/services

③ VOS = refer chart of next page.

④ In case late fee or penalty take default assumption exclusive GST.

Imp note : Interest/late fee or penalty is added in T.V. only if charged by supplier to recipient.

Sec 15(2)(e) (Subsidy)

Subsidy given by CG/SG → Not to be added in T.V

Subsidy given by other persons.

- If subsidy directly linked to the price. → It shall be added in T.V.
- If lumpsum or blanket subsidy → Not to be added in T.V

Ex-factory/Ex-shop Sale = Sale at the gate of factory/shop. Buyer will transport the goods.

FOR (Free on Road) = Sale of buyers destination. transportation liability is of supplier.

amount charge

Sec 15(3)

Deduction of Discount

15(3)(a) / 15(3)(b)

pre-supply discount

Any discount given before or at the time of supply & shown in the tax invoice → deductible from T.V.

Sec 15(3)(b) next ke next page par hai

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(A) Analysis : 15(2)(d)

(1) Interest

Interest on loan/advance/deposits
⇓
It's a service but exempted

Interest on delay payment of consideration for supply of goods or services.
⇓
It is included in taxable value u/s 15(2)(d) & GST is payable.

(2) When GST is payable on Interest / late fee or penalty.

(B) Sec 15(2)(d) = Interest

GSTR-1 April → common total

GSTR-1 debit note (Jul)

April — May — June — (11th July)

[S] Credit sale (11th) ... [B]

Tax Invoice

Value 1,00,000
GST @ 12% 12000
1,12,000

payment by B in the month June (2 months)

Debit note
Interest 4000
(100000 × 2% × 2 months)

Declaration in Invoice

If payment is not made by recipient in a month then interest is chargeable @ 2% p.m.

GST payable as follows

Default assumption
if, buyer is not ready to pay GST extra on interest

$$GST = \frac{4000 \times 12}{112} = 429$$

$$\text{Interest value} = \frac{4000 \times 100}{112} = \frac{3571}{4000}$$

If buyer is ready to pay GST separately on Interest (given in problem)
⇓
GST = 4000 × 12
= 480

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Sec 15(3)(b)

Post supply discount

The discount that are given after supply.

It is agreed at the time of supply

conditions → ① It is worked out Invoice wise &
② proportionate ITC is reversed by the recipient

It is not agreed at the time of supply

Not deductible from T.V.

Analysis

GSTR-1 → GSTN — GSTR-2B ITC = 12000

Supplier | April | may | June | July | Recipient (Business)

20th April
Tax Invoice
Value 100000
GST @ 12% 12000

11th may

paymen by recipient within 2months by recipient

declaration: discount of 5% if payment made in 2months

supplier – Credit Note

Value	5000
GST @ 12%	600

GST ₹ 600 will deducted from output tax liability of June.

E-credit ledger

ITC reverse 600	ITC 12000