

PLACE OF SUPPLY & VALUATION OF SUPPLY UNDER GST

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Place of Supply

Separate POS provisions for domestic and international supplies

POS of goods in case of Import or Export

Import

Location of the importer.

Export

Location outside India.

Section 11. Place of supply of goods imported into, or exported from India

- (1) The place of supply of goods imported into India shall be the location of the importer.
- (2) The place of supply of goods exported from India shall be the location outside India.

Place of supply of services in case of Export or Import

**Section 13. Place of supply of services where
the location of the supplier or the location
of the recipient is outside India**

Specific Provisions for 9 services.

Default rule for the Rest of the Services.

Import/export

Specific Provisions for 9 services imported / exported

- (1) services supplied in respect of goods/Individual
- (2) Immovable property related services,
- (3) Admission to or organisation of an event .
- (4) Banking, financial institutions, NBFC Intermediary, hiring of vehicles services etc
- (5) Transportation of goods.
- (6) Passenger transportation.
- (7) Services on board a conveyance .
- (8) OIDAR services
- (9) Insurance services

Default Rule for the import /export of Services other than Nine Specified Services

Place of Supply

Location of the Recipient of Service

- If not available in the ordinary course of business :
- The location of the supplier of service.

13(3) Services in respect of goods/individual

(a) Services supplied in the location where the respect of goods that are services are actually required to be made performed, physically available

from a remote location by the location where goods way of electronic means, are situated
NA in case of goods that are temporarily imported into India for repairs and exported.

(b) services supplied to an the location where the services individual which require the are actually performed, physical presence of the receiver

13(4) Immovable property related

- Services supplied directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts etc
- grant of rights to use immovable property .
- lodging accommodation by a hotel, inn, Boat, GH.
- Coordination of construction work.
- Location at which the immovable property is located

13 (5) Admission to or organisation of an event

Services supplied by way of admission to, or organization of, a cultural, artistic, sporting, scientific, educational, or entertainment event, or a celebration, conference, fair, exhibition, or similar events, and of services ancillary to such admission, shall be.

The place where the event is actually held.

If the said three services supplied at more than one location

13 (6) at more than one location, including a location in the taxable territory,

➤ its place of supply shall be the location in the taxable territory where the greatest proportion of the service is provided.

➤ 13 (7) in more than one State - prorata

13 (8) Banking , intermediary services etc

- (a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;
- (b) Intermediary services;
- (c) services consisting of hiring of means of transport other than aircrafts and vessels except yachts, up to a period of one month.

Location of the supplier of service

13(9) Goods Transportation

Services of transportation of goods, other than by way of mail or courier,.

The place of destination of the goods

13(10) Passenger transportation

Passenger transportation service

Place where the passenger embarks on the conveyance for a continuous journey:

13(11) On Board a conveyance

Services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board.

The first scheduled point of departure of that conveyance for the journey

OIDAR SERVICES

Defined as any service whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply *essentially automated* and involving *minimal human intervention*, and impossible to ensure in the absence of information technology.

Online information database access and retrieval services

- Advertising on the internet
- Providing cloud services
- Provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet
- Providing data or information, retrievable or otherwise, to any person in electronic form through a computer network
- Online supplies of digital content (movies, tv shows, music etc)
- Digital data storage
- Online gaming

What is not an OIDAR Service ?

- Telecoms and broadcasting services
- Physical goods where the ordering is done by the internet or e-mail
- DVDs, CD-ROMs, CDs, memory sticks etc for information, games or books
- Professional advice given via e-mail or the internet
- Designing covers or contents for eBooks, brochures and other literature
- Live teaching provided over the internet
- Offline data services
- Tickets bought for live events, theaters, restaurants etc. purchased through the internet

13(12): OIDAR Services

“online information and database access or retrieval services” services

The location of recipient of service.

Import of services- B2B? B2C? Non-taxable online recipient?

(20) “non-taxable online recipient” means

- Government, a local authority, a governmental authority,
- an individual or
- any person not registered under section 23 of the CGST Act, 2016
- receiving online information and database access or retrieval services
- in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory;

Location of 'non-taxable online recipient'

Deemed to be in the taxable territory if any of the two is in the taxable territory :

- (i) address shown by the recipient;
- (ii) the credit card or debit card etc
- (iii) the billing address
- (iv) IP address;
- (v) the bank a/c of recipient used for payment;
- (vi) the country code of the SIM card used
- (vii) the location of the fixed land line

OIDAR Services

- Section 14: Special provision for payment of tax by a supplier of online information and database access or retrieval services.
- The supplier of services located in a non-taxable territory shall be the person liable for paying integrated tax on such supply of services
- Supplier may register under Simplified Registration Scheme or appoint representative

How Supply is Measured

(Value of Supply – Sec. 15 & Chapter – IV of Rule)

- Consideration:
 - Any payment made in money or otherwise for supply.
 - Monetary value of any act or forbearance except subsidy.
- Value of Supply:
 - Transaction value i.e., price paid or payable.
 - Or determined by Valuation Rules in Chapter – IV under special circumstances.

Valuation Rules – Applied in Special Circumstances

1. When value of supply is not wholly in money.
 - a. Market value.
 - b. Any amount received in cash or kind over and above consideration.
2. Value of supply between related persons.
 - a. Open market value.
3. Value of supply of goods through Agent.
 - a. 90% of price charged by the principal to agent.

Valuation Rules – When not determined by above (3)

4. Costing Method - Value of supply equal to 110% of cost of production or acquisition.

5. Residual Method – Reasonable means consistent with Act.

Valuation Rules – Special Circumstances

6. Purchase & Sale of currency

- Margin retained after deducting the reference rate for the currency issued by RBI.
- Or where no reference rate available then, 1% of the consideration received in Indian currency.

7. Air Ticketing Agent

- 5% for Domestic on basic fair.
- 10% for International on basic fair.

8. Life Insurance – Fixed percentages.

9. Concept of pure agent.

1. Mr. Anil from Delhi provides interior designing services to Mr. Ajay(Mumbai). The property is located in Ooty (Tamil Nadu).
2. A registered taxpayer offers passenger transport services from Bangalore to Hampi. The passengers do not have GST registration. What will be the place of supply in this case?
3. A supplier located in Kolkata supplies machinery to the recipient in Delhi. The machinery is installed in the factory of the recipient in Kanpur. In this case, the place of supply of machinery will be Kanpur.
4. Mr. X is selling a product for Rs. 1,000 to Mr. B. In this example value of supply will be consideration charged i.e. Rs. 1,000.

5. Mr. A is selling a product to Mr. B for Rs. 12,000. Open market value of the product is 24,000. Mr. A & Mr. B is unrelated parties.
6. Mr. A is sold goods to Mr. B for Rs. 20,000. Mr. A is charging packing charges of Rs. 800. Mr. A is also paying freight of Rs. 2800 from Mr. A's premises to Mr. B's premises. Whether packing charges or freight is required to include in the invoice to determine taxable value?
7. Mr. A is sold goods worth of Rs. 50,000. Mr. A is also charged interest of Rs. 750 for delay in payment. Determine the taxable value for levy of GST.

8. Mr. A is sold goods to Mr. B for Rs. 20,000. Mr. A is allowing discount of Rs. 2000 at the time of supply. Determine value of supply for the purpose of levy of GST?
9. Mr. A is sold 1000 unit of goods to Mr. B for Rs. 20,000 and total unit sold during the year to Mr. B after including these units is 2500 unit. As per terms of the agreement if Mr. A is purchasing more than 2000 unit of goods in a year than Mr. A is allowing 10% discount in all the supplies. Assuming IGST rate is 18%. How discount will be recorded?
10. Mr. X is providing construction services to Mr. Y. In addition to the consideration, Mr. Y is also supplying construction material to Mr. X. Determine Value of Supply to levy of GST?

11. Mr. A sold a bike for Rs. 34,000 with exchange of old bike. Open Market price of the new bike is Rs. 52,000. Old Bike can be sold in the market for Rs. 20,000. Determine the value of supply for the purpose of levy of GST.
12. Mr. A sold a bike for Rs. 34,000 with exchange of old bike. Open Market price of the new bike is not available. Old Bike can be sold in the market for Rs. 20,000. Determine the value of supply for the purpose of levy of GST.
13. Mr. A sold a bike for Rs. 34,000 with exchange of old bike. Open Market price of the new bike as well as old bike is not available. A bike with the same features of other company is selling in the market for Rs. 51,000. Determine the value of supply for the purpose of levy of GST.

14. Mr. A sold a bike for Rs. 34,000 with exchange of old bike. Open Market price of the new bike as well as old bike is not available. Product of same like kind & quality is also not available in the market. Cost of purchase of the bike is Rs. 47,000. Determine the value of supply for the purpose of levy of GST.

15. Mr. A sold a bike without consideration to Mr. B. Open Market price of the bike is Rs. 52,000. Mr. B is family member of Mr. A. Determine the value of supply for the purpose of levy of GST.

- 16.X Enterprises sold a bike for Rs. 30,000 to Y Enterprises. Open Market price of the bike is Rs. 52,000. Both firms are registered under the same PAN. Determine the value of supply for the purpose of levy of GST.
- 17.A Ltd. sold a product for Rs. 34,000 to Mr. X. Open Market price of the product is not available. Product of same like kind & quality is also not available in the market. Cost of purchase of product is Rs. 50,000. Mr. X holds 30% share in A Ltd. Determine the value of supply for the purpose of levy of GST.

18. A Ltd. sold a product for Rs. 34,000 to Mr. X. Open Market price of the product is not available. Product of same like kind & quality is also not available in the market. Mr. X is selling the same like kind of product to his consumer for Rs. 60,000. Mr. X holds 30% share in A Ltd. Determine the value of supply for the purpose of levy of GST.
19. A principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of five thousand rupees per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of four thousand five hundred and fifty rupees per quintal.

20. Mr. A second hand car dealer purchased a second hand car for Rs. 3,00,000. Dealer has sold the same to X ltd. for Rs. 3,50,000. Determine Value of Supply?
21. XYZ consultancy firm is engaged to register a company for A Ltd. Other than professional fees XYZ consultancy also recovers fees paid to ROC on behalf of the A Ltd. Determine Value of Supply?
22. Mr. Raj of Mumbai, Maharashtra sells 10 TV sets to Mr. Vijay of Nagpur, Maharashtra.
23. Anand in Lucknow buys goods from Mr. Raj in Mumbai (Maharashtra). The buyer requests the seller to send the goods to Nagpur (Maharashtra).
24. Mr. Raj of Mumbai, Maharashtra gets an order of 100 TV sets from Sales Heaven Ltd. of Chennai, Tamil Nadu. Sales Heaven mentions that it will arrange its own transportation and take TV sets from Mr. Raj ex-factory³⁴

25. Mr. Raj of Mumbai, Maharashtra orders a mobile from Amazon to be delivered to his mother in Lucknow (UP) as a gift. M/s ABC (online seller registered in Gujarat) processes the order and sends the mobile accordingly and Mr. Raj is billed by Amazon.
26. Sales Heaven Ltd. (Chennai) opens a new showroom in Bangalore. It purchases a building for showroom from ABC Realtors (Bangalore) along with pre-installed workstations.
27. Strong Iron & Steel Ltd. (Jharkhand) asks M/s SAAS Constructions (West Bengal) to build a blast furnace in their Jharkhand steel plant.
28. Mr. Ajay is travelling from Mumbai to Delhi by air. He purchases coffee and snacks while on the plane. The airlines is registered in both Mumbai and Delhi.

29. Mr. Vinod is travelling to Mumbai via train. The train starts at Delhi and stops at certain stations before Mumbai. Vinod boards the train at Vadodara (Gujarat) and promptly purchases lunch on board. The lunch had been boarded in Delhi.
30. Ms. Malini imports school bags from China for her shop (registered in Mumbai).
31. Ms. Anita (Kolkata) exports Indian perfumes to UK.

THANK YOU