



GST IN INDIA

- VALUATION & JW

“Supply”

- ❖ all forms of supply of goods or services, made for a consideration by a person in the course or furtherance of business
- ❖ import of services for a consideration whether or not in the course or furtherance of business
- ❖ the activities specified in Schedule I, made or agreed to be made without a consideration
- ❖ activities to be treated as supply of goods or supply of services as referred to in Schedule II

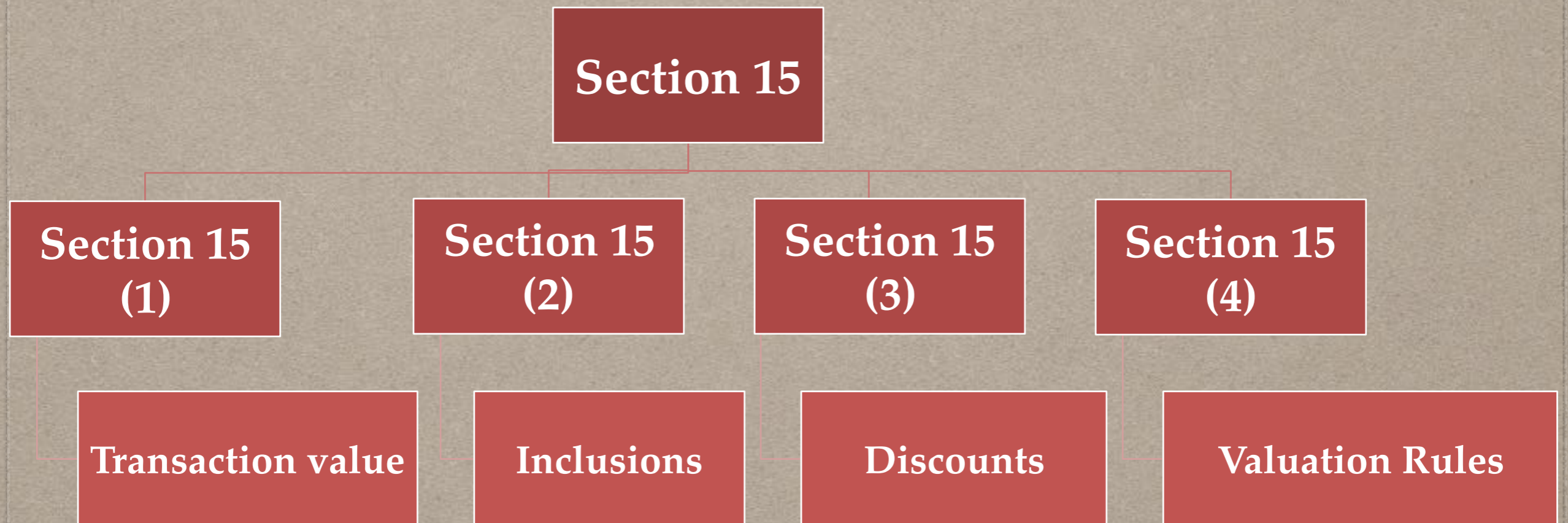
“Consideration”

- ❖ any payment made, either in money or otherwise, for the supply of goods or services, excluding any subsidy given by the Government
- ❖ the monetary value of any act or restraint, for the supply of goods or services or both, excluding any subsidy given by the Government

“Related Person”

- ❖ Officers or directors of one another’s businesses
- ❖ Legally recognised partners in business
- ❖ Employer and employee
- ❖ one of them holds 25 % or more of the outstanding voting stock of both of them
- ❖ one of them controls the other
- ❖ both of them are controlled by a third person
- ❖ together they directly or indirectly control a third person;
- ❖ Members of the same family
- ❖ Sole agent or sole distributor

VALUE



** Sec 15 is common for all three taxes (CGST, SGST & IGST) and for goods and services.*

SEC 15(1) OF CGST ACT

“ The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both, where the supplier and the recipient of the supply are not related and the price is the sole consideration.”



SEC 15(2) - INCLUSIONS...

- ❖ Taxes, cess, fees / charges under any law indicated separately
- ❖ The amount payable by supplier but incurred by recipient
- ❖ Incidental expenses, including commission and packing
- ❖ Interest or late fee or penalty for delayed payment
- ❖ Subsidies directly linked to the price except by State /
Central Govt
- Transaction value can be accepted even where the parties are related provided the relationship has not influenced the price

SEC 15(3) - EXCLUSIONS...

Any discount given :

- **Before or at the time of supply, if such discount has been recorded in the respective invoice.**
- **After the supply has been effected, if :**
 1. **Discount has been established in terms of an agreement entered into at or before the supply and specifically linked to relevant invoices, and**
 2. **ITC attributable to the discount has been reversed by the recipient**
- **CGST, SGST, UTGST and GST (Compensation to States)**

SEC 15(4) - VALUATION RULES...

Where value of cannot be determined under 15(1)

- ❖ Consideration either wholly or in part not in money
- ❖ Parties are related or supply by any specific category
- ❖ Transaction value declared is not reliable

... VALUATION RULES ...

“Open market value”

the full value in money, excluding the GST and the cess payable, between unrelated persons and price is the sole consideration, at the same time of the supply.

“Like kind and quality”

any other supply of goods / services made under similar circumstances which are same or substantially resemble the characteristics, quality, quantity, functional components, materials, and reputation.

...VALUATION RULES...



Non-money consideration

1. OMV
2. Money + non-money
3. Comparable value
4. Cost construction
5. Best Judgement



Related parties

1. OMV
2. Comparable value
3. Cost construction
4. Best Judgement

* If further supply, 90% option.

** if the recipient is eligible for ITC, the invoice value is taken as OMV.



Agent

1. OMV
2. 90% value
3. Cost construction
4. Best Judgement

... VALUATION RULES ...

Where value cannot be determined from any of the preceding rules ...

Cost construction

Value shall be 110 % of cost of production of goods or provision of services.

Best judgement

Any reasonable means consistent with section 15.

*A supplier of service may opt for this rule disregarding rule 4

Special supplies...

1. Purchase and sale of forex
2. Supply of services by air travel agent
3. Supply of services in life insurance
4. Buying / selling of second hand goods
5. Token, voucher, coupon or stamp (except postage) redeemable against any supply

"Pure Agent

The concept of pure agent is similar to the existing ST Valuation Rules (Rule 5).



Exchange of forex

The reference rate for that currency as determined by RBI will be the basis for valuation.

JOB WORK

- The principal can send inputs or capital goods without payment of tax in DC to JW.
- ITC available to the principal even if the Inputs / CG are sent directly to JW.
- Inputs / CG can be removed from one JW to another JW under DC w/o GST.
- The Inputs/ CG should be brought back within 1 year / 3 years.
- If the Inputs / CG are not brought back within the stipulated time limit, principal to pay GST on such Inputs / CG with interest.

JOB WORK

- **No time limit fixed for return of Moulds & Dies, Jigs and fixture or tools sent to JW.**
- **Any scrap arising out of JW can either be brought back or be supplied from the JW end, on payment of appropriate tax.**
- **If such scrap is sold by the JW, then the same shall be added to the value of the JW charges at the hands of the JW, for payment of GST.**

“A cynic is a man who knows the price of everything, and the value of nothing”

- Oscar Wilde

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