

VALUATION OF SUPPLIES UNDER GST



RELEVANCE OF VALUATION

Sec. 9(1) of CGST & 5(1) of IGST and & 7(1) of UTGST while levying the tax state 'on the value determined under section 15 of the CGST Act'.

Therefore, the value on which any of the taxes shall be levied/charged shall be determined as per section 15 of the CGST Act.

SECTION 15

Value of supply of goods or services or both shall be the transaction value where

- (i) supplier and recipient are not related; and
- (ii) Price is the sole consideration for supply.

Transaction value- is the price paid or payable

Not related- means not related as per Explanation to section 15.

Explanation.—For the purposes of this Act,—

PERSONS DEEMED TO BE RELATED SECTION 15



(a) persons shall be deemed to be “related persons” if—

(i) such persons are officers or directors of one another’s businesses;

(ii) such persons are legally recognized partners in business;

(iii) such persons are employer and employee;

(iv) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;

(v) one of them directly or indirectly controls the other;

(vi) both of them are directly or indirectly controlled by a third person;

(vii) together they directly or indirectly control a third person; or they are members of the same family;

(b) the term “person” also includes legal persons;

(c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

PRICE IS THE SOLE CONSIDERATION



Means that the recipient of goods or services or both only makes payment of the price to the supplier. The condition also implies that the consideration is fully and fairly disclosed and there is no concealment or under statement or misstatement of the consideration

HOW TO CALCULATE THE VALUE OF TAXABLE SUPPLY U/S 15(1)

Value of supply of goods and services shall be calculated u/s 15(1) in following manner:

Transaction value

Add: Amounts to be include as per section 15(2) xxxxxx

Less: Amounts to be exclude as per section 15(3) xxxxxx

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Value of supply of goods or services or both

AMOUNTS TO BE INCLUDED IN TRANSACTION VALUE U/S 15(2)

Followings shall be included to determine transaction value.

Any taxes, duties, fees and charges other than GST

Amount incurred by recipient which supplier is liable to pay not included in price

- (i) The expenditure that has been incurred by recipient; and
- (ii) The expenditure has not been included in the price actually paid or payable for the goods or services or both.

AMOUNTS TO BE INCLUDED IN TRANSACTION VALUE U/S 15(2)



Incidental expenses

Incidental expenses if such expenses have been charged by the supplier from the recipient such as commission, packing charges, weighing charges etc. The incidental expenses also include any sum charged for anything done by the supplier at time of or before the delivery of goods or services or both.

Interest or late fee or penalty

The value of supply shall also include interest or late fee or penalty for delayed payment of consideration for any supply made.

Subsidies

Directly linked to the price shall be included. However, subsidy provided by the Central and state governments shall not be included.

AMOUNTS NOT TO BE INCLUDED IN TRANSACTION VALUE U/S 15(2)

AMOUNTS NOT TO BE INCLUDED IN TRANSACTION VALUE

Followings shall be excluded to determine transaction value.

Discount allowed before or at time of supply and is recorded in invoice

- (i) Discount is allowed either before or at time of supply;
- (ii) Discount has been duly recorded in the invoice issued in respect of the supply.

Thank You

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