

# Valuation Under GST

Section 15 read with valuation Rules

- 15(1)
- Value of supply of goods or services or both
- Shall be price actually paid
- Conditions
- Supplier and recipient are not related and
- Price is sole consideration

# Additions

- 15(2)
- Value of supply shall include
- taxes ,duties , cess ,fee , charges levied if any separately by the supplier
- Any amount supplier is liable to pay in relation to such supply but incurred by recipient and not included in price actually paid for goods or services or both
- Incidental expenses including commission and packing charges and amount charged for anything done by supplier in respect of supply of goods or services or both at the time of or before delivery of goods
- Interest or late fee or penalty for delayed payment
- Subsidies directly linked to price excluding services provided by central or state govt

# Disount

- 15(3)
- Value of supply does not include discount given
- Before or at the time of supply , if such discount duly recorded in Invoice
- After the supply , if discount is established in terms of agreement entered at or before time of supply and specifically linked to relevant invoices and Input tax Credit attributable to discount has been reversed.

- 15(4)
- Where value of goods cannot be determined under sub section (1) then as in such manner as prescribed.

# Related Person

- Persons shall be treated as related persons if
- Such persons are officers or directors of one another's business
- Legally recognised persons
- Employer Employee
- Directly or indirectly owns , controls , or holds 25% or more of the outstanding voting stocks or shares or both of them
- Directly or indirectly controls others
- Directly or indirectly controlled by third person
- Directly or indirectly control third person
- Members of same family

# GST Determination of Value of Supply Rules

Rule 1:

Consideration not in whole money then value of supply shall be

Open market value of such supply

if open mkt value not available then sum of consideration in money and further amount in money if such amount is known at the time of supply

If value not determinable above then value of goods or services or both of like kind ad quality

If value not determinable above then sum of consideration in money and an amount equivalent to consideration not in money as determined under Rule 4 or Rule 5

# Examples

- Phone supplied for Rs20 ,000 with exchange of old phone. Sale price of new phone without exchange Rs 24,000
- Value
- Rs 24000



# Distinct Persons

- Rule 2
- Value of supply of goods or services or both between distinct persons or supplier and receipt are related other than supply made through agent
- Open market value
- Value of supply of goods and services of like kind and quantity
- If not determinable then as per rule 4 or rule 5
- Supply by a dealer from one state to another state
- Price charged may be zero but GST payable on open market value

## Rule 3: Value of supply of goods through agent

- At the option of supplier, value of goods between principal and agent:
- Open market value of goods
- 90% of the price charged for supply of like goods by receipt to non-related person
- Where value not determinable, then as per rule 4 or 5

# Example

- Principal supplies goods to agent and agent sells goods @ Rs 5000 per kg.
- Agent also getting goods of same kind and quantity @ Rs.4550 per kg
- Option to take either 90% of 5000 or 4550

## Rule 4: Value of goods or services on cost

- Where value not determinable by preceding Rules:
- Value shall be 110% of cost of production or manufactured or cost of acquisition

# Rule 5: Reasonable means

- Where value cannot be determined under Rule 1 to 4, then
- Value using Reasonable means consistent with principles, section 15 and rules

# Rule 6: Valuation of specified supplies

- Notwithstanding in Act or Rules
- Supply of services- sale purchase of foreign currency including money changing
- When exchange from or to INR
- Value- buying or selling rate of currency multiplied by currency units
- If no RBI rate- 1% of gross INR provided/received
- Where INR not exchanged, value- 1% of lesser of two amounts calculated @ currency units multiplied by RBI rate

