

Learn GST series

What is the *value* of taxable supply of goods or services or both?

Value of supply is the amount on which GST is computed and paid to the government. In GST, tax is payable on ad-valorem basis i.e. as a percentage of the value of the supply of goods or services.

Value of Supply:

As per Section 15(1) of CGST Act, 2017

Value of supply = Transaction value

If the following conditions are satisfied,

- 1.The transaction value is the ***price actually paid or payable*** for the said supply.
- 2.The supplier and the recipient are ***not related***.
- 3.Price is the ***sole consideration***.

If the above mentioned conditions are not satisfied, transaction value will not be considered as taxable value. In such cases, value of supply is determined by rules contained in Chapter IV of Central Goods and Services tax rules, 2017.

What are all the items that has to be *included* or *excluded* to arrive at the value of supply?

Inclusions to the value of Supply (Section 15(2)):

- 1.All Taxes, duties, surcharge, cesses paid, ***except*** GST.
- 2.Incidental expenses. (Installation, packing etc.)
- 3.Subsidies, other than government subsidies
- 4.Charges collected for delayed payment of consideration.
- 5.Amount incurred by the recipient on behalf of the supplier.

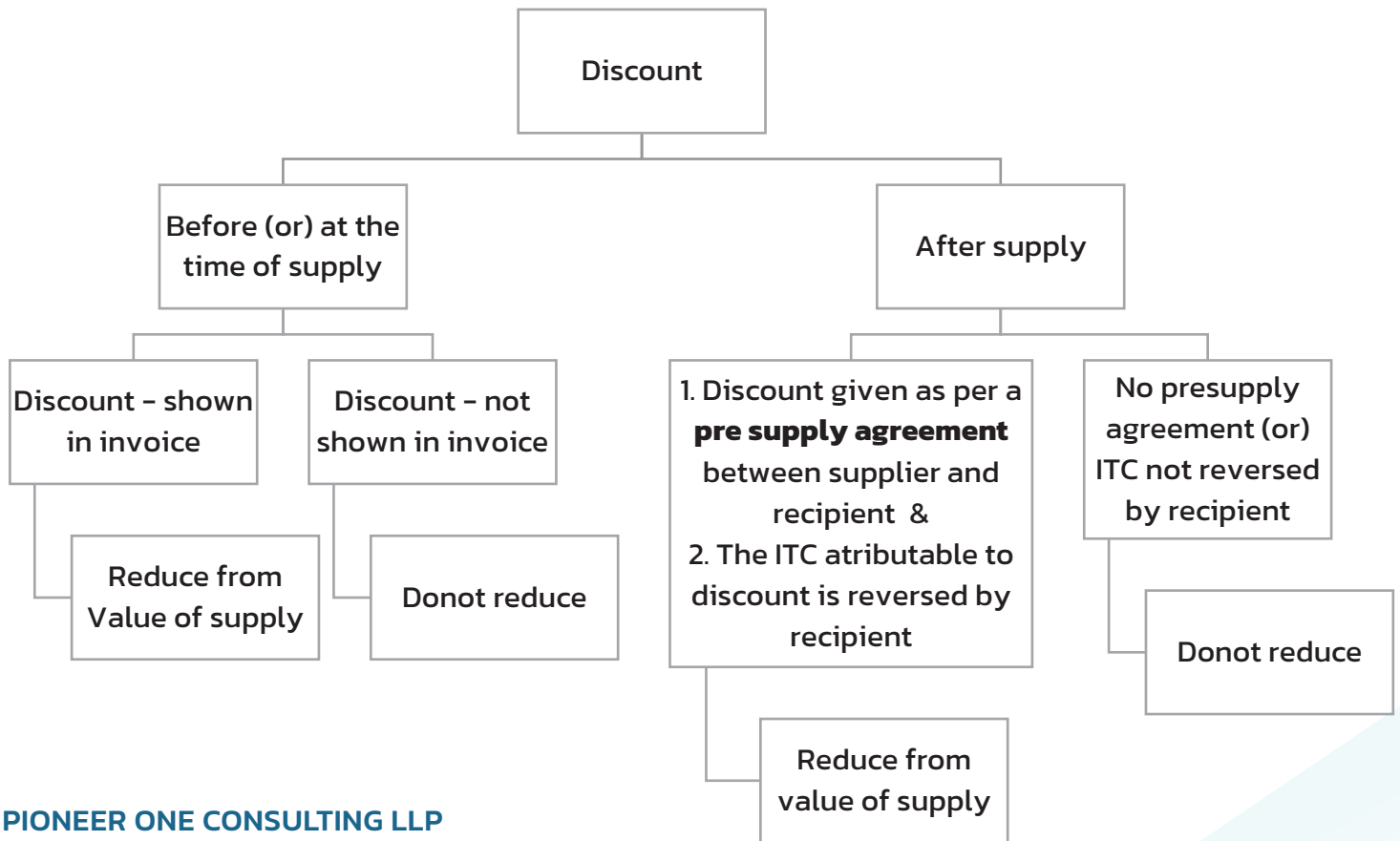
Illustrative list of inclusions:

Packing charges	Inspection charges
Commission	Installation and erection expenses
Weighment charges	Design and engineering charges
Special Packing at the request of the recipient	Cost of after sale service
Charges recovered for use of services beyond agreed period – Services of tolerating an act	Security deposits forfeited

Exclusions to the value of supply (Section 15(3)):

Only exclusion to the value of supply is "DISCOUNT."

Treatment of discount is as follows,



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