Valuation of Taxable Supply

Value of Goods & Services

Transaction Value

- Price actually paid or payable
- For Supply of Goods & Services
- Where Supplier & Recipient – Not Related
- Price = Sole Consideration

Value shall be Transaction Value

- MRP Valuation, Ad Quantum Valuation, Tariff Value, Capacity Based

Related Party

(a) • Officers or directors of one another's businesses;

(b) • Legally recognized partners in business;

(c) • They are employer and employee;

(d) • Controls or holds 25% or more of O/s voting stock or shares or both

(e) • One of them directly or indirectly controls the other;

(f) • Both of them are directly or indirectly controlled by a third person;

(g) • Together they directly or indirectly control a third person; or

(h) • They are members of the same family;

Consideration

Payment made or to be made, whether in money or otherwise,

- in respect of, in response to, or for the inducement of,
- the supply of goods and/or services, whether by the said person or by any other person
- Exclusion – Subsidy by Government

Monetary value of any act or forbearance, whether or not voluntary,

- in respect of, in response to, or for the inducement of,
- the supply of goods and/or services, whether by the said person or by any other person
- Exclusion – Subsidy by Government

Deposit, whether refundable or not,

- shall not be considered as payment made for the supply unless
- the supplier applies the deposit as consideration for the supply;

Inclusions in Transaction Value

1 – Definition of TV u/s 4

Tax, Duties, Cess, Fees

Charges levied under other law

- CGST, SGST, UTGST & IGST
- Compensation Cess

2 – R.6 & R.10 above

Any Amount supplier is liable to pay

But which has been incurred by recipient

And not included in the price

Materials, components incorporate, consumed/ Tools, Dies, Moulds/

Engineering/ Design/ Plans/ Sketches

Inclusions in Transaction Value

3 – R.10 of Import Valuation Rules

Incidental Expenses

- Commission & Packaging

Charged by Supplier

Including any amount charged

- For anything done
- At the time or before delivery
- Of goods and services

4 – Defn of TV u/s 4 of CEA, 44

Interest or Late Fee

For delayed payment of consideration for any supply

Inclusions in Transaction Value

5 – R.6 of CE Valn Rules & R.10 of Cus Valn Rules

Subsidies

Directly linked to price excluding

Subsidies provided by Gvt

6 – R.6(2) of ST Valn Rules

Subsidy included

Value of supply

Of Supplier who receives Subsidy

Discount & Transaction Value

Exclusion

- Before or At the time of Supply
- In the course of normal trade
- Duly recorded in invoice

Inclusion

- Discount or Incentive
  - After Supply
- Post Supply Discount
  - As per agreement
  - Known at or before
  - Time of Supply
  - Specifically linked to invoice

GST Valuation rules

Valuation to determined as per Rules

- R.1 - Consideration not wholly in money
- R.2 - Supplies between Distinct Persons & Related Persons (other than agents)
- R.3 - Supplies to Agents
- R.4 - Not determinable from above – 110% of COP
- R.5 - Residual Method

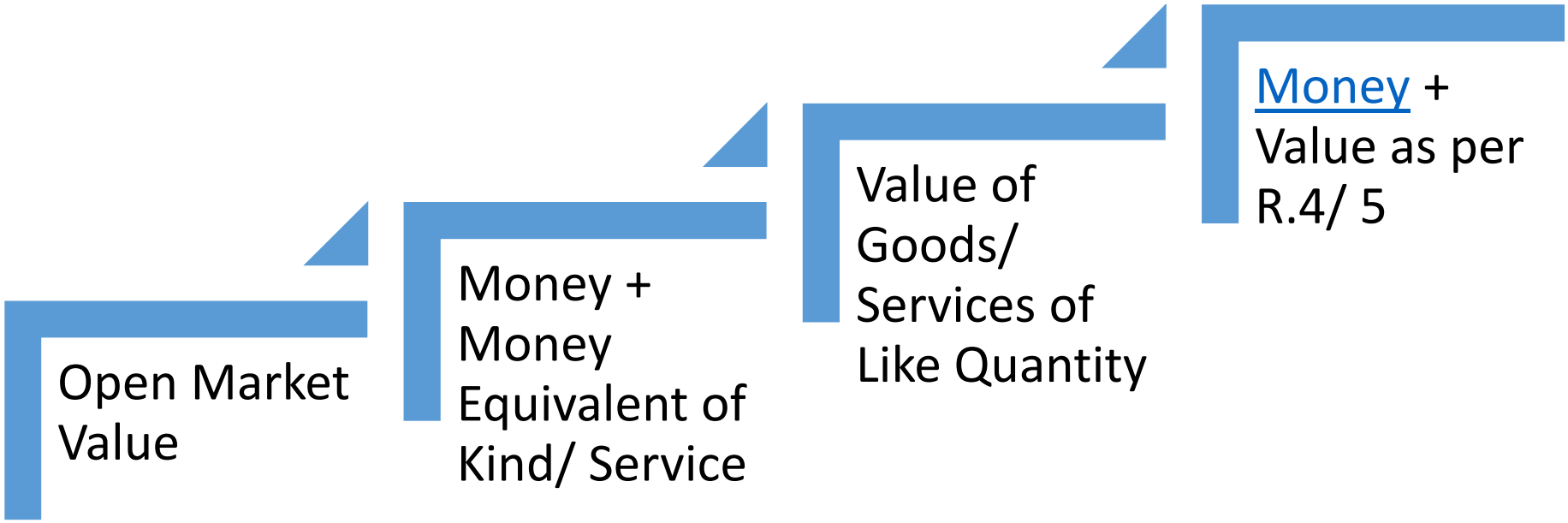
Certain Supplies – Services - R.6

- Purchase & Sale of Foreign Currency – R.2B of ST Valn Rules
- Purchase & Sale of Foreign Currency – Value - 1%, .5%, .1% R.6(7B) of ST Rules
- Booking of Air Tickets – Value - Dom - 5%, Int – 10%, R.6(7)
- Life Insurance – Value – SP - 10%, Other – 25% - 1st yr, 12.5% - next, R.6(7A)
- Pure Agent

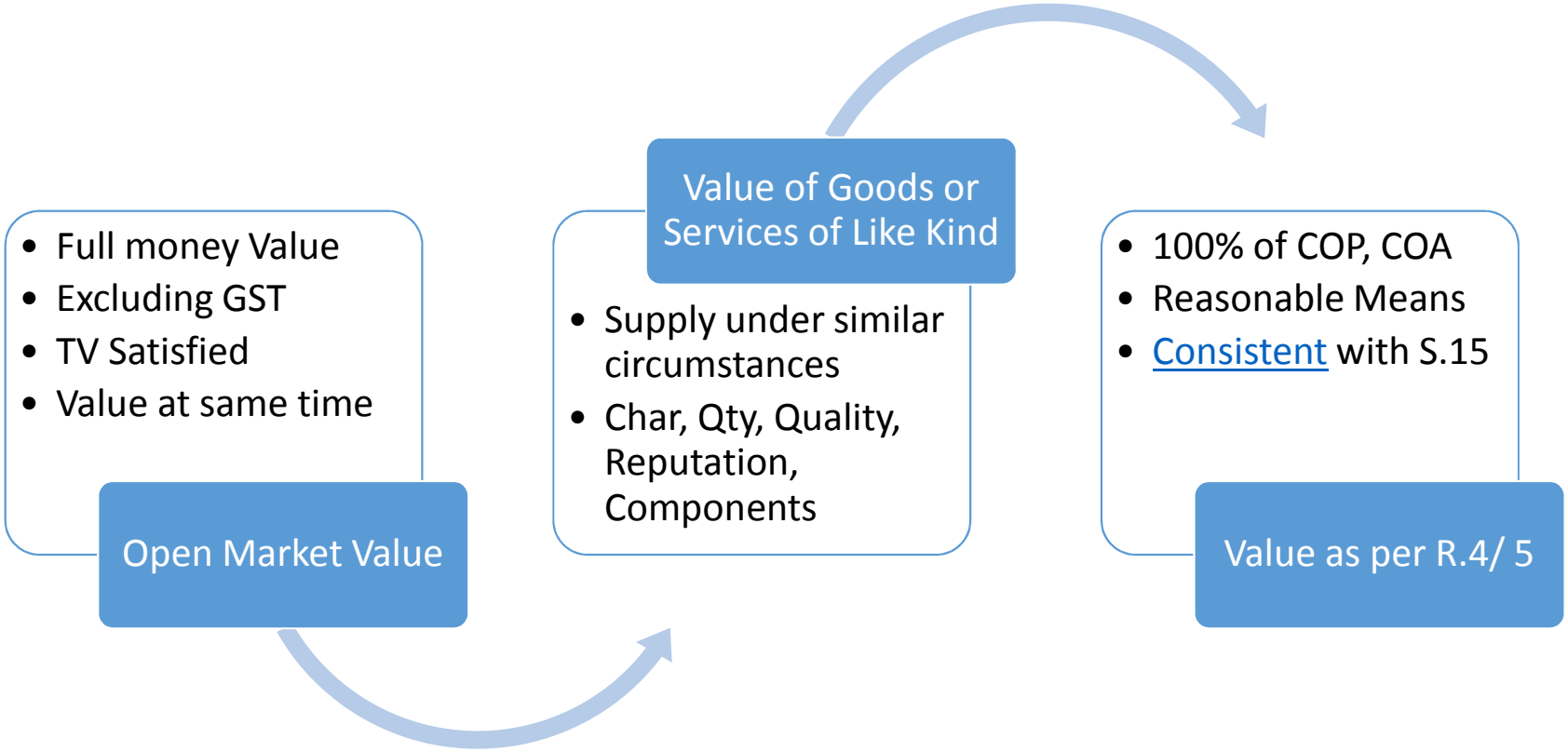
Others

- Buying & Selling Second Hand Goods, No ITC, If Outward Supply value –ve?
- Purchase value of goods repossessed from defaulting un registered borrower
- Value of voucher, coupon
- Supply of Services between distinct persons specified in SCH 1, para2
- Cum Duty Value

Consideration Not Wholly in Money



Supplies to Distinct Person/ Related Party



Thank You.