

Value of Supply

(Section 15 of CGST Act)

How to determine is value of supply In other words, on which value GST is charged?

(A) Supply to Unrelated persons (Customers not related to suppliers)

It is the transaction value which is the price actually paid or payable for supply of goods or services or both and includes

- All taxes, levies, cess other than GST included in the price
- Third party payments paid by customers which was otherwise supplier supposed to pay and was not included in the bill.
- Incidental expenses like commission, packing charges etc. charged by supplier for anything done at the time of or before delivery of goods or services
- Interest/ late fees penalty for delay in payment of consideration
- Subsidies directly affecting price affecting price given by someone e. NGOs (Does not include Central or State Subsidies)
- Discounts or incentives otherwise not known in advance and is not charged bill wise

(B) Supply to Related persons (Customer related to suppliers)

Value of Supply to related persons shall be determined as per separate CGST Rules in chapter IV.

Related persons means as per Section 15(5) Explanation,

(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 recognised 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
- (viii) 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.