Time of Supply under GST (2026): Section 12 and Section 13 for Goods and Services

Description

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Quick summary

- Time of supply" fixes the exact date GST liability arises on a transaction - it decides which tax period a supply falls into, and which GST return it must be reported in.
- For goods under normal (forward) charge, time of supply is the earlier of the invoice date (or the last date it should have been issued) and the date payment is received.
- For services under normal charge, it depends on whether the invoice was issued within the time section 31 requires - if it was, the earlier of invoice date or payment date; if not, the earlier of the date the service was actually provided or payment date.
- Under reverse charge, goods use the earliest of receipt of goods, payment date, or 30 days after the supplier's invoice; services use the earlier of payment date or 60 days after the invoice (a 2024 amendment added a separate rule for associated enterprises and recipient-issued invoices).
- The special time-of-supply rule for vouchers (sections 12(4) and 13(4)) was omitted from the CGST Act with effect from 1 October 2025 by the Finance (No. 7 of 2025) Act, so notes citing a separate "date of issue vs date of redemption" rule for vouchers are now out of date.

GST liability does not arise when a deal is struck, or even necessarily when goods change hands or a service finishes - it arises on a specific legal date called the "time of supply." Getting that date wrong means reporting a supply in the wrong tax period, which misstates both the supplier's output tax and the recipient's input tax credit timing.

New to terms such as "forward charge" or "reverse charge"? See the technical terms explained in simple words further down.

Time of supply of goods: normal (forward) charge

Under section 12(2) of the CGST Act, 2017, the time of supply of goods is the **earlier** of:

(a) the date the invoice is issued (or the last date it should have been issued under section 31), or

(b) the date the supplier **receives payment**.

Notes:
– If the supplier receives up to Rs 1,000 **more** than the invoice amount, the supplier can choose to treat the invoice date as the time of supply for that extra amount, instead of the payment date.
– "Date of receipt of payment" is whichever is **earlier**: the date it is entered in the supplier's books, or the date it is credited to their bank account.

Example: Invoice issued 15 May 2026, payment received 10 July 2026, payment recorded in the supplier's books on 11 July 2026. The time of supply is **15 May 2026** - the earlier of the invoice date and the payment date (itself taken at its earlier sub-date).

Time of supply of services: normal charge

Under section 13(2), the rule for services depends on whether the invoice was issued within the time section 31 requires:

- **If the invoice was issued on time**: the time of supply is the earlier of the invoice date or the payment date.
- **If the invoice was not issued on time**: the time of supply is the earlier of the date the **service was actually provided**, or the payment date.
- **If neither can be determined**: the date the recipient records the service in their own books of account.

The same Rs 1,000 excess-payment option, and the same "earlier of books entry or bank credit" rule for the payment date, apply here too.

Time of supply of goods: reverse charge

Under section 12(3), where tax is paid on **reverse charge** (the recipient, not the supplier, pays the tax), the time of supply of goods is the **earliest** of:

(a) the date the goods are received,
(b) the date of payment (the earlier of the books entry or the bank debit), or
(c) the day immediately after **30 days** from the date of the supplier's invoice.

If none of these can be determined, the time of supply is the date the recipient enters the supply in their own books.

Time of supply of services: reverse charge

Under section 13(3), for services under reverse charge, the time of supply is the **earlier** of:

(a) the date of payment (the earlier of the books entry or the bank debit), or
(b) the day immediately after **60 days** from the date of the supplier's invoice (where the supplier is required to issue the invoice).

A **2024 amendment** added a further rule: where the **recipient** is required to issue the invoice (rather than the supplier), the time of supply is instead the date the recipient issues that invoice. And where the service is supplied by an **associated enterprise located outside India**, the time of supply is the **earlier of** the date the recipient enters it in their books, or the date of payment - without the 60-day fallback that applies in the ordinary reverse-charge case.

Vouchers: the old rule no longer exists

Until recently, sections 12(4) and 13(4) gave vouchers their own time-of-supply rule - the date of issue if the underlying supply was identifiable at that point, or the date of redemption otherwise. **This provision was omitted from the CGST Act with effect from 1 October 2025**, by the Finance (No. 7 of 2025) Act. Any article, including older versions of this one, that describes a separate “date of issue vs date of redemption” rule for vouchers is citing a provision that **no longer exists in the Act**. For a voucher transaction today, the time of supply follows the ordinary rules above for whatever the voucher represents, not a special voucher-only rule.

When none of the above can be determined

Under sections 12(5) and 13(5), if the time of supply genuinely cannot be fixed by any of the rules above:

- Where a periodical return has to be filed, the time of supply is the **date that return is due**.
- In any other case, it is the **date the tax is actually paid**.

Interest, late fee or penalty on delayed payment

Under sections 12(6) and 13(6), if a supplier later charges interest, a late fee, or a penalty because the consideration for a supply was paid late, the time of supply **for that added amount** is the date the supplier actually receives it - not the date of the original supply.

How CSM & Co LLP can help

Time of supply errors are easy to make and expensive to unwind, especially around reverse charge deadlines, invoice-timing rules, and now the repealed voucher provision. Please reach out to our team and we will be happy to assist with transaction-by-transaction time-of-supply determination and GST return reconciliation.

Technical terms explained in simple words

Term	What it means
Forward charge (normal charge)	The ordinary arrangement where the supplier charges and pays the GST on a supply.
Reverse charge	The reversed arrangement where the recipient, not the supplier, is liable to pay the GST directly to the Government.
Associated enterprise	A related business entity as defined for this purpose, commonly a foreign parent, subsidiary, or group company.

Term	What it means
Electronic credit/cash ledger	The online accounts on the GST Portal that track a taxpayer's available input tax credit and cash deposits.
Tax period	The period (usually a month or quarter) for which GST liability is reported in a return - time of supply decides which tax period a transaction falls into.

Frequently asked questions

What does "time of supply" mean under GST?

The specific date on which GST liability on a transaction legally arises - it determines which tax period (and which GST return) the supply must be reported and taxed in, regardless of when the underlying business transaction actually happened in full.

What is the time of supply of goods under normal charge?

The earlier of the date the invoice is issued (or the last date it should have been issued under section 31) and the date the supplier receives payment, under section 12(2) of the CGST Act.

What is the time of supply of services under normal charge?

If the invoice is issued within the time section 31 requires, the earlier of the invoice date or the payment date. If it is not issued in time, the earlier of the date the service was actually provided or the payment date, under section 13(2).

What is the time of supply under reverse charge?

For goods, the earliest of the date the goods are received, the date of payment, or the day after 30 days from the supplier's invoice date (section 12(3)). For services, the earlier of the date of payment or the day after 60 days from the invoice date, with separate rules for recipient-issued invoices and for associated enterprises abroad (section 13(3)).

Is there still a special time-of-supply rule for vouchers?

No. The provision (sections 12(4) and 13(4)) that set a separate date-of-issue or date-of-redemption rule for vouchers was omitted from the CGST Act with effect from 1 October 2025, by the Finance (No. 7 of 2025) Act. Any article still describing a separate voucher rule is citing law that no longer exists.

What happens to interest, late fee or penalty charged for delayed payment?

Its time of supply is the date the supplier actually receives that additional amount, under sections 12(6) and 13(6) - not the date of the original supply.

Official sources

- CBIC Tax Information Portal – Section 12, CGST Act, 2017 (Time of Supply of Goods)
- CBIC Tax Information Portal – Section 13, CGST Act, 2017 (Time of Supply of Services)
- GST Portal

Related reading

- GST on Services (2026) Part 2: Toll TOT Model, Reseller ITC, R&D Certificate, Coffee Curing and Seed Storage
- GST Return Corrections (2026): New Amendment Mechanism for Liability and ITC, Rules 86C and 86D, and IMS Changes from April 2027
- Simplified GST Registration for E-commerce Sellers (2026): Rule 14B, ECO Consent and Warehouse as PPoB

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