

## RULE 29

By Dr. N. Ahmed

Value of supply of goods between principal and agent shall be

- (a) The open market value of the goods being supplied, or at the option of the supplier, be 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient
- (b) Where the value of the supply is not determinable under clause (a), the same shall be determined by application of rule 30 or rule 31 in that order.

## RULE 30

Rule 30 is used when Rule 27, Rule 28, Rule 29 does not apply. In this Rule, the value of supply shall be

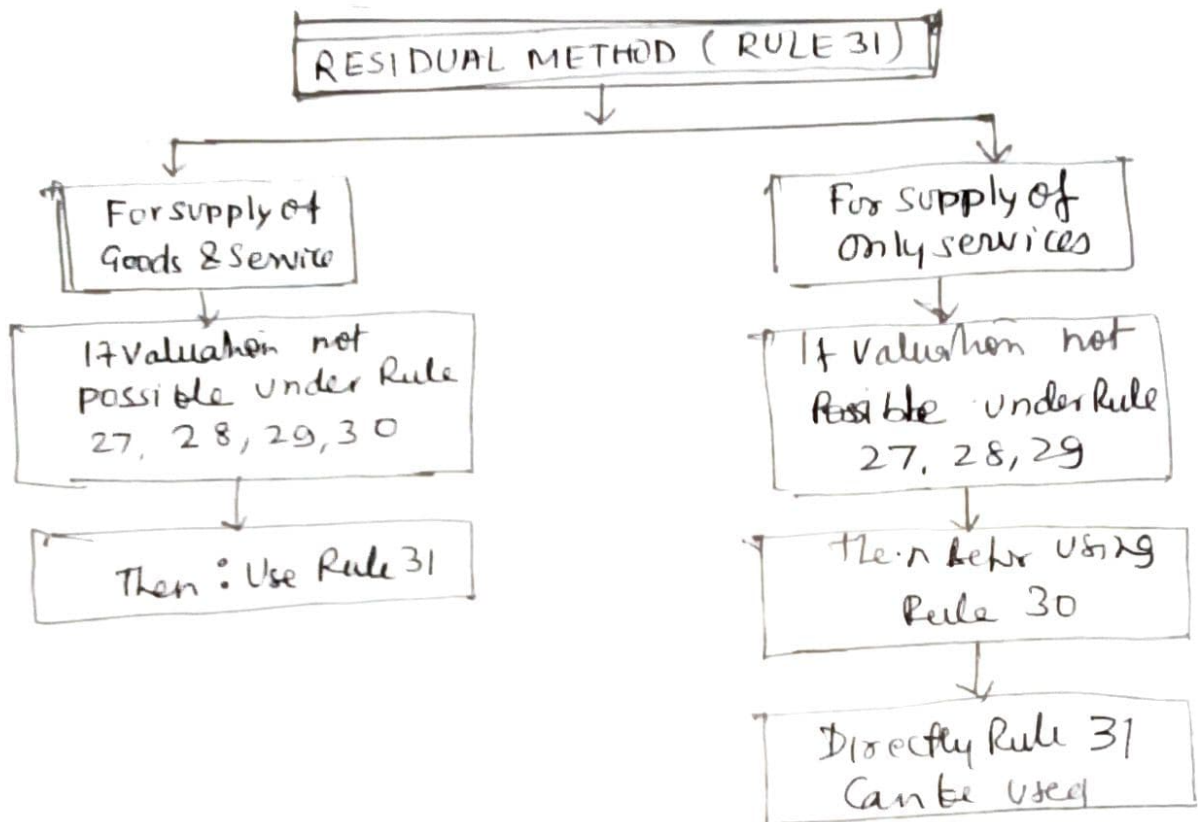
$$\text{Value} = 110\% \text{ of COP / cost of acquisition of goods / cost of provision of service}$$

COP (Cost of Production) shall be determined according to Cost Accounting Standard 4 (CAS 4)

Cost of acquiring includes cost of material, duties and Taxes (local taxes only) Transport cost, freight insurance, but Trade discount, rebate & other discount shall be deducted.

**RULE 31**

Where the value of supply cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of section 15 of SGST/CGST act. This rule is called Residual method.

**RULE 32**

① Purchase/Sale - A Foreign currency

- Exchange from or to INR → reference rate by RBI
- If RBI Ref. rate is not available = value of supply shall be 1% of Gross amount
- Where two currency available, lower of the following × 1%.

② AIR TRAVEL AGENT [32(3)]

- for International Bookings → 10% of Basic fare
- for Domestic Bookings → 5% of " "

LIFE INSURANCE BUSINESS [32(4)]

→ Where policy amount allocated toward investment is already intimated to policyholder ] Value of supply = Gross Premium charge MINUS Amount allocated towards INVESTMENT.

→ In case of single premium annuity policy → 10% of single premium

→ Any other case → 25% of the premium charge in 1st year & 12.5% in subsequent year

SECOND HAND GOODS [32(5)]

Value of supply = selling price - purchase price

[NO ITC has been availed on purchase of such goods]

IF SP is less than CP/PP = value of supply zero

6 Redeemable Vouchers/Coupons etc 32(6)

The value of such vouchers shall be the equivalent (face value) to the money value of such - redeemed against such token, voucher coupons etc.

Value of service provided by one distinct person to another distinct person

32(7) provides, the value of services provided by providers on the recommendation of the council between distinct persons (WPJ), where ITC is available shall be NIL.

**RULE 33**

pure agent

It provides for exclusion of such expenditure in determining the transaction value -

In many cases the supplier incurs some expenditure on behalf of recipient of service and recovers the same for him. Such expenditure is not part of service provided by him to service receiver, but is incurred by him as per business practice or convenience.

The expenditure incurred by supplier as pure agent of recipient shall be excluded from value of service if following conditions are satisfied.

- (i) The supplier act as a pure agent
- (ii) The payment made by the pure agent on behalf of the recipient has been separately indicated in the invoice by the pure agent to the recipient of service.
- (iii) The supplier procured by the pure agent for the 3rd party as a pure agent of the recipient of supply.

**RULE 34**

Rate of Exchange of Currency

- The rate of exchange for conversion of value of import of goods in rupees shall be <sup>rate</sup> notified by the Board see 14 of Customs Act 1962
- (Apply Accounting standard 11 based on ICAI)
- GAAP. (Time of supply u/s 13 of CGST)

**RULE 35**

Value of Supply Inclusive of Integrated tax, Central tax, State tax, UT tax

$$\text{Value of Supply} = \text{Value of Inclusive of tax (Com tax Price)} \times \frac{100}{100 + \text{Rate}}$$

It is a backward calculation