GST – Tax On Advance Receipt (New Beginning)

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ADVANCE RECEIPT VOUCHER UNDER GST REGIME

Background:

Although taxable event under GST is Supply of Goods or Services, the liability to pay taxes shall arise at the Time of Supply.

One of the events for determining Time of Supply is "Receipt of Advance" from the customer. That means a tax liability will arise even before issue of Invoice or making supply to customer and as such taxes will be payable on advance receipts of payment.

GST provides the date of receipt of payment shall be the earliest of the following date:

i. **The Date on which payment is entered in the Books of Accounts.**
ii. **The Date on which payment is credited to Bank account.**

The amount of advance receipt is assumed to be inclusive of taxes if not separately paid by the customer at the time of advance payment.

The CGST Act prescribed Issuing an "ADVANCE RECEIPT VOUCHER" by the Registered Supplier to its Customers on the earliest of the above mentioned dates.
The "ADVANCE RECEIPT VOUCHER" (ARV) will be requiring to uniquely numbering with respect to each financial year.
The "ADVANCE RECEIPT VOUCHER" mechanism is also applicable to transactions on which tax is paid under reverse charge mechanism.

Standard Operating Procedure:

a. **Issuance: An "ADVANCE RECEIPT VOUCHER" (ARV) will be issued to the customer on Receipt of Advance and amongst the earliest date of (i) or (ii) as mention in above section.**

b. **Numbering: ARV will have a consecutive serial number containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as "-" and "/"respectively, and any combination thereof, unique for a financial year.**

c. **Signing: ARV should be signed by Registered Supplier or Authorised Representative only.**

d. **Attaching ARV with Actual Invoice: At the time of Issue of Invoice mention Unique ARV Number or Transaction ID (if generated) in Invoice but Issue Invoice with full value of supply.**
   Unique ARV Number is the number as discussed in point (b) above and Transaction ID is discussed in point (e) below. Transaction ID will be generated on filling of GSTR – 1. Always prefer to mention Transaction ID (if generated) over ARV Number in invoice.

e. **Filling of GSTR-1: At the time of filling of periodical GSTR-1 mention details of each "ADVANCE RECEIPT VOUCHER" under column 11 (proposed).**
   Further on mentioning the details in GSTR-1 a "Transaction ID" would be generated by GSTN system for each transaction or line item on which tax is paid on/in advance on account of time of supply.
   Mention Invoice Number and Transaction ID number in same line in column number 12 of GSTR -1 along with amount of tax as stated in ARV.

In this way Tax on advance receipt will be subsumed with Tax on full value of supply as mention in Invoice. As such final tax liability will be only tax on value of supply and will appear in Tax liability Register of the assesse.

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ADVANCE RECEIPT VOUCHER FORMAT AND CONTENT

YOUR COMPANY LOGO	YOUR COMPANY NAME YOUR COMPLETE BUSINESS ADDRESS LINE -1 YOUR COMPLETE BUSINESS ADDRESS LINE – 2 info@yourbm.com www.yourbm.com	*Your GSTIN:* __ __ __ __ __
Voucher Number: __ __ __ __ __ __	**ADVANCE RECEIPT VOUCHER** (Ref: Sec 31(3)(d) ; Rule: 5 of Invoice Rule)	*Voucher Date:* DD/MM/YYYY

DETAILS OF PERSON FROM WHOM ADVANCE RECEIVED						
Name:		If Proposed Supply is Inter-State:	YES	☐	NO	☐
		If Tax is Payable on Reverse Charge Basis:	YES	☐	NO	☐
Address:		IN CASE OF INTER-STATE SUPPLY				
		Place of Supply:				
GSTIN Number:		Its State Code:				
Contact Detail:		Its State Name:				

Description of Goods and Services:					
Advance Received inclusive of Tax (In Rs.):					
Applicable Rates and Amount of Tax:	*CGST:* Rate: ☐ % Amount:	*SGST:* Rate: ☐ % Amount:	*UTGST:* Rate: ☐ % Amount:	*IGST:* Rate: ☐ % Amount:	*Cess:* Rate: ☐ % Amount:
Advance Received inclusive of Tax (In Words.):					

AUTHORISED REPRESENTATIVE DETAILS		
Name:	*Designation:*	*Signature:*

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Where, on receipt of advance payment and issue of ARV, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a Refund Voucher against such payment.

The format and Content of Refund Voucher will be same as above on Document Heading, Number and Date will change. In case such refund is made after filling of GSTR -1, enter refund details in column 11A of GSTR – 1 (proposed).

For smooth GST Implementation and SOPs feel free to contact "YOUR BUSINESS MANAGER"

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