

VALUATION IN GST

Section/ Rule	CIRCUMSTANCES	VALUE	CONDITIONS
15(1)	General Provision	Transaction value [Price actually paid or payable]	✓ Supplier & recipient are not related ✓ Price is the sole consideration
RULE 1	Consideration not wholly in money	<div>OMV</div> <div>↓</div> <div>Consideration in money + Equivalent money value</div> <div>↓</div> <div>Like kind & quality</div> <div>↓</div> <div>Consideration in money + Equivalent money value as per Rule 4/5</div>	
RULE 2	Between distinct or related persons	<div>OMV</div> <div>↓</div> <div>Like kind & quality</div> <div>↓</div> <div>Rule 4</div> <div>↓</div> <div>Rule 5</div>	Not through an agent
First Proviso to Rule 2	Between distinct or related persons [OPTION]	90% of the price charged for the supply of goods of like kind & quality by the recipient to his customer not being a related persons.	Goods are intended for further supply as such by the recipient.

Section/ Rule	CIRCUMSTANCES	VALUE	CONDITIONS
Second Proviso to Rule 2	Between distinct or related persons	Value declared in the invoice shall be deemed to the OMV	Recipient is eligible for full ITC
RULE 3	Supply through an agent	<div> <div>OMV or OPTION: [Where goods are intended for further supply] 90% of price charged for goods of like kind & quality by the recipient to his customer, not being a related person</div> <div>↓</div> <div>Rule 4</div> <div>↓</div> <div>Rule 5</div> </div>	
RULE 4	Not determinable by any of the preceding rules.	110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services	Not through an agent
Rule 5	Residual Method	Reasonable means consistent with the principles & general provisions of Section 15 & Valuation Rules.	

NOTES :

RATE OF EXCHANGE : Applicable reference rate for that currency as determined by RBI on the date of time of supply.

OPEN MARKET VALUE (OMV) : Full value in money, excluding the integrated tax, central tax, State tax, Union territory tax & the cess payable by a person in a transaction, where the supplier & the recipient of the supply are not related & price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.

SUPPLY OF GOODS OR SERVICES OR BOTH OF LIKE KIND

& QUALITY : Any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, & reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

The author may be reached at www.casurbhisinghal.com