UNIT - II : Value of Supply

LEARNING OUTCOMES

After reading this Unit, you will be able to-

- understand what constitutes the value of a taxable supply of goods / services when the supply is made to an unrelated person and price is the sole consideration for the supply
- identify the various inclusions in/exclusions from the value of taxable supply
- pinpoint the situations when the discount will be included / not included in the value of supply
- ascertain who are related persons
- compute the value of taxable supply when price is the sole consideration for the supply and the supplier and recipient are not related

UNIT OVERVIEW

VALUE OF SUPPLY

- Value of supply made to unrelated person with price as the sole consideration
- Inclusions in/exclusions from value of supply
- Discount
1. INTRODUCTION

GST is payable (i) on supply of goods and / or services for a consideration in the course of or furtherance of business; (ii) on certain supplies made without a consideration as specified in Schedule I to the CGST Act.

As GST is levied as a percentage of the value of supply, whether of goods or of services, it becomes important to know how to arrive at the value on which tax is to be paid. Provisions relating to ‘value of supply’ set out the mechanism to compute such value basis which CGST and SGST/UTGST (intra-State supply) and IGST (inter-State supply) should be paid.

Section 15 of the CGST Act supplemented with the Chapter IV: Determination of Value of Supply of CGST Rules prescribes the provisions for determining the value of goods and services.

Section 15 of the CGST Act provides common provisions for determining the value of goods and services. It provides the mechanism for determining the value of a supply which is made between unrelated persons and when price and only the price is the sole consideration of the supply. When value cannot be determined under section 15, the same is determined using Chapter IV: Determination of Value of Supply of CGST Rules.

Provisions of value of supply under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

2. RELEVANT DEFINITIONS

Agent means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].

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3 Chapter IV: Determination of Value of Supply of CGST Rules will be discussed at the Final level.
**Cess** shall have the same meaning as assigned to it in the Goods and Services Tax (Compensation to States) Act [Section 2(22)].

**Consideration** in relation to the supply of goods or services or both includes –

(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies the deposit as consideration for the said supply [Section 2(31)].
**Goods** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply [Section 2(52)].

**Market value** shall mean the full amount which a recipient of a supply is required to pay in order to obtain the goods or services or both of like kind and quality at or about the same time and at the same commercial level where the recipient and the supplier are not related [Section 2(73)].
Money means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value [Section 2(75)].

Person includes-
(a) an individual;
(b) a Hindu Undivided Family;
(c) a company;
(d) a firm;
(e) a Limited Liability Partnership;
(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
(g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in section 2(45) of the Companies Act, 2013;
(h) any body corporate incorporated by or under the laws of a country outside India;
(i) a co-operative society registered under any law relating to cooperative societies;
(j) a local authority;
(k) Central Government or a State Government;
(l) society as defined under the Societies Registration Act, 1860;
(m) trust; and
(n) every artificial juridical person, not falling within any of the above [Section 2(84)].

Prescribed means prescribed by rules made under this Act on the recommendations of the Council [Section 2(87)].

Recipient of supply of goods or services or both, means—
(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93)].

Services means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other
mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged [Section 2(102)].

Supplier in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied [Section 2(105)].

Voucher means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument [Section 2(118)].

3. VALUE OF SUPPLY [SECTION 15]

<table>
<thead>
<tr>
<th>STATUTORY PROVISIONS</th>
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<tbody>
<tr>
<td><strong>Section 15</strong></td>
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<tr>
<td><strong>Sub-section</strong></td>
</tr>
<tr>
<td>(1)</td>
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<td>(2)</td>
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(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

The value of the supply shall not include any discount which is given

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if—

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.
### TIME & VALUE OF SUPPLY

| (4) | Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed. |
| (5) | Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed. |

**Explanation—For the purposes of this Act,—**

(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 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.
ANALYSIS

The CGST law has different provisions for determining the taxable value of a supply of goods / services in the following situations:

- Supplies made for a price in money (monetary consideration), to unrelated persons → Sub-sections (1) to (3) of section 15;
- Supplies made for non-monetary consideration, or for part monetary consideration and part other, or involving additional consideration, or to related persons, or for specific classes of supply → Sub-sections (4) and (5) of section 15 read with the Chapter IV: Determination of Value of Supply of CGST Rules.

The ‘Explanation’ to section 15 defines ‘related person’ to cover various situations of control, including sole agent, sole distributor and sole concessionaire.

A. Supplies to unrelated persons where price is the sole consideration

(i) **Transaction value [Section 15(1)]**

When a transaction of supply of goods / services is made

- between two persons (see definition of “person”) who are not related to each other (see definition of “related person” in ‘Explanation’ to section 15), and
- price is the sole consideration (see definition of consideration) for the supply,

the **“transaction value” PLUS certain elements** as enumerated, will be the value on which tax is to be worked out.
The value of taxable supply of goods and services shall ordinarily be ‘the transaction value’ which is the price paid or payable, when the parties are not related and price is the sole consideration. Section 15 of the CGST Act further elaborates various inclusions and exclusions from the ambit of transaction value. For example, the transaction value shall not include refundable deposit, discount allowed subject to certain conditions.

(ii) Inclusions in transaction value [Section 15(2)]

Under assessment based on “transaction value”, the taxable value includes certain elements in addition to price. The ingredients of “taxable value” based on transaction value are enumerated and discussed below.

(a) Price actually paid or payable for the supply (“transaction value”)

(b) Any taxes, duties, fees and charges levied under any statute other than the CGST Act or the SGST Act or the UTGST Act and the GST (Compensation to States) Act, if charged separately [Transaction value under IGST will include taxes other than IGST and the compensation cess in terms of third proviso to section 20 of IGST Act]

(c) Payments to third parties Any amount that the supplier is liable to pay but which has been incurred by the recipient of the supply and not already included in the price.

(d) Incidental expenses, such as, commission and packing, charged by the supplier to the recipient of a supply, including any amount charged for anything done by the supplier in respect of the supply of goods/services at the time of, or before delivery of the goods /supply of the services

(e) Interest or late fee or penalty for delayed payment of consideration

(f) Subsidies, provided in any manner, linked to the price, other than subsidies given by the State or Central Governments

The above ingredients are discussed below.

(a) Price actually paid or payable for the supply

Under section 15(1), the transaction value which is applicable between unrelated persons where price is the sole consideration for the supply is -
the price actually paid or payable for the said supply of goods or services or both.

This is the price for the specific supply that is being valued. It includes the amount already paid at the time the supply is being valued for tax, as well as the amount payable and not yet paid at that time. The word ‘payable’ refers to price that is agreed to be paid for the goods / services.

Contracted price for 1 MT of cement from X Ltd to Y: ₹ 7000.
Advance payment before despatch: ₹ 700.
Payable after credit period of 30 days: ₹ 6300.

Base taxable value: ₹ 7000. (Additions as further discussed below may also have to be made.) This would be so even though only ₹ 700 has been received at the time of payment of GST on the supply.

(b) Taxes other than GST, if charged separately by the supplier [Section 15(2)(a)]

GST and GST cess are not part of taxable value, but other taxes/cesses/fees etc. will form part of the value of taxable supply, if separately billed. For instance, if a supplier of goods pays a municipal tax in relation to the goods being supplied and bills the same separately, such tax will form part of the value of taxable supply. In the same situation, if the supplier pays the municipal tax but does not charge the same separately, even then such tax will form part of the value of taxable supply as the supplier would have factored such tax while computing the cost of the goods.

(c) Payments made to third parties by the recipient on behalf of the supplier in relation to the supply [Section 15(2)(b)]

A supplier may need to incur various expenses in order to make a particular supply of goods / services. In the normal course, he would pay these amounts and they would form part of the value that he charges from the customer (recipient of supply).

However, even if the customer makes direct payment of some of such liabilities (of the supplier) to the third parties, and the supplier does not include this amount in his bill, it would still form part of the value of the taxable supply.
Grand Biz contracts with ABC Co. to conduct a dealers’ meet. In furtherance of this, Grand Biz contracts with vendors to deliver goods/services, like water, soft drinks, audio system, projector, catering, flowers etc. at the venue on the stipulated dates at the stipulated prices. Grand Biz is liable to make these payments as contracted.

The soft drinks supplier wants payment upon delivery; ABC Co. agrees to pay the bill raised by the soft drinks vendor on Grand Biz on receiving the crates of soft drinks. This amount is not billed by Grand Biz to ABC Co. However, it would be added to the value of service provided by Grand Biz to ABC Co. for payment of GST.

(d) Incidental expenses [Section 15(2)(c)]

Incidental expenses, such as, commission and packing charged by the supplier or anything else done by the supplier in relation to the supply at the time of or before the delivery of goods or supply of services must be added to value.

Few examples of such incidental expenses are-

Commission: This may be paid to an agent and recovered from the buyer of the goods/services; this is part of the value of the supply.

Packing, if charged by the supplier to the recipient, is similarly part of the value of the supply.

Inspection or certification charges are another element that may be added to the value, if billed to the recipient of supply.

Installation and testing charges at the recipient’s site will also be added, being an amount charged for something done by the supplier in respect of the supply at the time of making the supply.

(e) Interest, late fee and penalty for delayed payment [Section 15(2)(d)]

The value for a taxable supply will include not only the base price but also the charges for delay in payment.

A supply priced at ₹2,000 is made, with a credit period of 1 month for payment. Thereafter interest of 12% is charged. The payment is received after the lapse of two months from the date of supply. The amount of 12% p.a. (i.e. 1% per month) on ₹2,000 for one month after the free credit period is ₹20. Such interest will be added to the value and thus, the value of taxable supply will work out to be ₹2,020.
(f) **Subsidies [Section 15(2)(e)]**

Subsidy is a sum of money given to keep the price of a service or commodity low. If the subsidy is given by the State or Central Government; the lower price, after adjusting the subsidy, is the taxable value. If the subsidy is given by a person or entity other than the State or Central Government, it does not lower the taxable value. The subsidy is added to the value of supply of the supplier who receives the subsidy.

The selling price of a notebook is Rs. 50. For notebooks sold to students in Government schools, a company uses its CSR funds to pay the seller Rs. 30, so that the students pay only Rs. 20 per notebook. The taxable value of the notebook will be Rs. 50, as this is a non-government subsidy. If the same subsidy is paid by the Central Government or State Government, the taxable value of the notebook would be Rs. 20.

(iv) **Exclusion of discounts from transaction value [Section 15(3)]**

The principle here is that price as established at the time of supply forms the basis of taxable value. Discounts that are allowed are as follows:

- Discounts that are allowed before or at the time of supply and shown in the invoice;
- Discounts that are allowed after supply in terms of an agreement that existed at the time of supply and are worked out invoice-wise and the proportionate input tax credit is reversed by the recipient.

The provision relating to discount have been depicted by way of diagram given at next page.

*Example of discount deductible from value of supply*

Royal Biscuit Co. gives a discount of 30% on the list price to its distributors. Thus, for a carton of Spicebisk, in the invoice the list price is mentioned as Rs. 200, on which a discount of 30% is given to arrive at the final price of Rs. 140. The taxable value is Rs. 140, as the discount is allowed at the time of supply and shown in the invoice.
Example of discount deductible from value of supply

The agreement of Raju Electrical Appliances with its dealers is that sale of rice cookers over 100 pieces in the Diwali month will entitle them to discount of 5% per cooker sold in the next month. The next month’s stock has already been despatched when the sales figures for the Diwali month are worked out. However, as the agreement was in existence at the time of supply, and the discount can be worked out for each invoice, the taxable value will be billed price minus 5%. The dealer must reverse the proportionate input tax credit on the relevant stock to bring it in line with the reduced tax.
**Example of non-deductible discount**

A company announces turnover discounts after reviewing dealer performance during the year. The discounts are based on performance slabs and are given as cash-back. As these discounts were not known at the time of supply of the goods, they will not be deducted from taxable value of those goods.

**B. Supplies where value cannot be determined u/s 15(1) and notified supplies [Sub-sections (4) and (5) of section 15]**

Section 15(4) lays down that where sub-section (1) is not applicable, that is, if the transaction is with a related party, and/or price is not the sole consideration for the supply of goods / services, then the value will be determined in the manner as prescribed, which means as stipulated in the rules for valuation [See the definition of ‘prescribed’]. Further, section 15(5) lays down that in respect of certain notified supplies also, the value will be determined in the manner as stipulated in the rules for valuation. As stated earlier, these rules will be discussed at the Final level.
(i) Related persons [Explanation to section 15]

ILLUSTRATION 1

Black and White Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colourful Pvt. Ltd.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>List price of the goods (exclusive of taxes and discounts)</td>
<td>50,000</td>
</tr>
<tr>
<td>Tax levied by Municipal Authority on the sale of such goods</td>
<td>5,000</td>
</tr>
<tr>
<td>CGST and SGST chargeable on the goods</td>
<td>10,440</td>
</tr>
<tr>
<td>Packing charges (not included in price above)</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Black and White Pvt. Ltd. received ₹2000 as a subsidy from a NGO on sale of such goods. The price of ₹50,000 of the goods is after considering such subsidy. Black and
White Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.  
Determine the value of taxable supply made by Black and White Pvt. Ltd.

**ANSWER**

Computation of value of taxable supply

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>List price of the goods (exclusive of taxes and discounts)</td>
<td>50,000</td>
</tr>
<tr>
<td>Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]</td>
<td>5,000</td>
</tr>
<tr>
<td>CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]</td>
<td></td>
</tr>
<tr>
<td>Packing charges [Includible in the value as per section 15(2)(c)]</td>
<td>1,000</td>
</tr>
<tr>
<td>Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]</td>
<td>2,000</td>
</tr>
<tr>
<td>Total</td>
<td>58,000</td>
</tr>
<tr>
<td>Less: Discount @ 2% on ₹. 50,000 [Since discount is known at the time of supply, it is deductible from the value in terms of section 15(3)(a)]</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Value of taxable supply</strong></td>
<td><strong>57,000</strong></td>
</tr>
</tbody>
</table>

**ILLUSTRATION 2**

Samriddhi Advertisers conceptualised and designed the advertising campaign for a new product launched by New Moon Pvt Ltd. for a consideration of ₹ 5,00,000. Samriddhi Advertisers owed ₹ 20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt Ltd. Such liability of Samriddhi Advertisers was discharged by New Moon Pvt Ltd. New Moon Pvt Ltd. delayed the payment of consideration and thus, paid ₹ 15,000 as interest. Assume the rate of GST to be 18%.  
Determine the value of taxable supply made by Samriddhi Advertisers.

**ANSWER**

Computation of value of taxable supply

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>5,00,000</td>
</tr>
</tbody>
</table>
Payment made by New Moon Pvt. Ltd to vendor of Samriddhi Advertisers [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)] 20,000

Interest for delay in payment of consideration [Includible in the value in terms of section 15(2)(d) – Refer note below] (rounded off) 12,712

**Value of taxable supply** 5,32,712

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Note: *The interest for delay in payment of consideration will be includible in the value of supply but the time of supply of such interest will be the date when such interest is received in terms of section 13(6). Such interest will be taken to be inclusive of GST and the value will be computed by making back calculations [Interest /100 + tax rate] x 100].*

### 4. LET US RECAPITULATE

**VALUE OF SUPPLY**

- Supply made to unrelated person where price is the sole consideration
- Supply made to related person
- Supply where price is not the sole consideration
- Supply is a notified supply u/s 15(4)

**Assessable Value**

\[
\text{Assessable Value} = \text{Transaction value u/s 15}
\]

**Value to be determined under Chapter IV:**

Determination of Value of Supply of CGST Rules

- Taxes other than GST
- Third party payments made by customer in relation to supply, which supplier was liable to pay and were not included in the price
- Incidental expenses till delivery of goods/ for supply of services, if charged to recipient
- Subsidies linked to price of supply other than the ones given by Central/State Governments
- Interest/late fee/penalty for delay in payment of consideration
- Post supply discount/incentive, if not known in advance & invoice-wise
5. **TEST YOUR KNOWLEDGE**

1. Value of supply under section 15 is:
   (a) Wholesale price
   (b) Market value
   (c) Maximum retail price
   (d) Transaction value

2. The value of supply should include:
   (a) Any non-GST taxes, duties, cesses, fees charged separately by supplier
   (b) Interest, late fee or penalty for delayed payment of any consideration for any supply
   (c) Subsidies directly linked to the price except subsidies provided by the Central and State Governments
   (d) All of the above

3. Which of the following shall not be included in value of supply?
   (a) GST
   (b) Interest
   (c) Late fee
   (d) Commission

4. When can the transaction value be rejected for computation of value of supply?
   (a) When the buyer and seller are related and price is not the sole consideration
   (b) When the buyer and seller are related or price is not the sole consideration
   (c) It can never be rejected
   (d) When the goods are sold at very low margins

5. Which of the following statement(s) is/are correct?
   (a) Section 15 of CGST Act prescribes different provisions for valuation of goods and services
   (b) CGST Act and IGST Act have different provisions for valuation of supply
(c) Section 15 of CGST Act prescribes same set of provisions for valuation of goods and services
(d) (a) and (b)

6. Discount given after the supply is deducted from the value of taxable supply, if –
(a) such discount is given as per the agreement entered into at/or before the supply
(b) such discount is linked to the relevant invoices
(c) proportionate input tax credit is reversed by the recipient of supply
(d) all of the above

7. AKJ Foods Pvt. Ltd. gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten or specified chemical residues. AKJ Foods Pvt. Ltd. does the testing and charges a testing fee for the same from the customer. AKJ Foods Pvt. Ltd. argues that such testing fees should not form part of the consideration for the sale as it is a separate activity.
Is his argument correct in the light of section 15?

8. A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidise the education of low income group students who have gained admission there. The fee for these individuals is reduced thereby, coming to ₹3 lakh a year compared to ₹5 lakh a year for other students.
What would be the taxable value of the service of coaching and instruction provided by the institution?

9. Mezda Banners, an advertising firm, gives an interest-free credit period of 30 days for payment by the customer. Its customer ABC paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days.
The Department wants to add interest for two days as per contract. Should notional interest be added to the taxable value?

10. Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offers additional discounts on the stock as an incentive to push the sales.
Can this additional discount be reduced from the price at which the goods were sold and concomitant tax adjustments made?
6. ANSWERS/HINTS

1. (d) 2. (d) 3. (a) 4. (a) & (b) 5. (c) 6. (d)

7. Section 15(2) mandates the addition of certain elements to transaction value to arrive at taxable value. Clause (c) of section 15(2) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in taxable value.

Since AKJ Foods Pvt. Ltd. does the testing before the delivery of goods, the charges therefor will be included in the taxable value. Therefore, AKJ Foods Pvt. Ltd.’s argument is not correct. The testing fee should be added to the price to arrive at taxable value of the consignment.

8. As per section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not from the Government but is from a philanthropic association. Therefore, the subsidy is to be added back to the price to arrive at the taxable value, which comes to ₹ 5 lakh a year.

9. This is a supply that is valued as per transaction value under section 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The concept of transaction value has been expanded to include certain elements like interest which are actually payable. Once waived, the interest is not payable and is therefore, not to be added to transaction value.

10. The discounts were not known or agreed at the time of supply of goods to the dealers. Therefore, such discounts cannot be reduced from the price on which tax had been paid in terms of section 15(3).