



GOVERNMENT OF GOA
OFFICE OF THE COMMISSIONER OF STATE TAXES
2nd Floor, Goa Rajya Kar Bhavan,
Altinho, Panaji, Goa 403001

Tel: 0832-2229225

Fax :0832-2225032

Email: comm-ctax.goa@nic.in

Website: www.goagst.gov.in

No. CCT/26-2/2025-26/ 349

Date:24/04/2025

SUB: - Clarification regarding treatment of discounts and manner of recording discounts in Tax Invoices issued under GVAT Act, 2005 - regarding.

TRADE CIRCULAR
(GVAT No. 01 of 2025-26)

Attention of Trade, Industry & in particular all registered dealers is hereby invited to the subject cited above and it is informed that instances have come to the notice whereby the selling dealers are not properly showing discounts in the Tax Invoices issued under the Goa Value Added Tax Act, 2005 leading to different situations while claiming input tax credit (ITC) by purchasing dealer. Hence, for the purpose of maintaining uniformity in the field and for facilitating trade and industry, this Trade Circular is hereby issued as under.

- 1) As per provisions of Section 2 (ad) of the Goa Value Added Tax Act, 2005 (hereafter referred as GVAT Act, 2005), 'sale price' is defined as under.

"Section 2 – Definitions

(ad) "sale price" means the amount of valuable consideration received or receivable by a dealer for the sale of any goods less any sum allowed as cash discount, according to the practice normally prevailing in the trade, but inclusive of any sum charged for anything done by the dealer in respect of the goods at the time of or before delivery thereof, excise duty, special excise duty or any other duty or taxes except the tax imposed under this Act;

Provided that in case of transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract, the sale price of such goods shall be determined in the prescribed manner by making such deductions from the total

consideration from the works contract as may be prescribed and such price shall be deemed to be the sale price for the purpose of this clause.”

2) As per section 2 (ac) of the GVAT Act, 2005, ‘sale’ is defined as under.

“Section 2 – Definitions

(ac) *“sale” with all its grammatical variations and cognate expressions means every transfer of the property in goods (other than by way of a mortgage, hypothecation, charge or pledge) by one person to another in the course of trade or business for cash or for deferred payment or other valuable consideration, and includes –*

- (i) *transfer, otherwise than in pursuance of a contract, of property, in goods for cash, deferred payment or other valuable consideration;*
- (ii) *¹{transfer of property in goods (whether as goods or in some other form) involved in execution of a works contract including an agreement for carrying out the work of building, construction, manufacture, processing, fabrication, erection, installation, fitting, improvement, modification, repair or commissioning of any movable or immovable property, for cash, deferred payment or other valuable consideration;}*
- (iii) *delivery of any goods on hire purchase or any other system of payment by instalments;*
- (iv) *transfer of the right to use any goods for any purpose (whether or not for a specified period), for cash, deferred payment or any other valuable consideration;*
- (e) *a supply, by way of or as part of any service or in any other manner whatsoever, of goods being food or any other article for human consumption or any drink (whether or not intoxicating) where such supply or service is for cash, deferred payment or other valuable consideration;*

Explanation – A sale shall be deemed to take place in Goa if the goods are within Goa,-

*(i) in the case of specific or ascertained goods, at the time the contract of sale made;
and*

(ii) in the case of unascertained or future goods, at the time of their appropriation to the contract of sale by the seller, whether the assent of the buyer to such appropriation is prior or subsequent to the appropriation:

Provided that where there is a single contract of sale in respect of goods situated in Goa as well as in places outside Goa, provisions of this Explanation shall apply as if there were a separate contract of sale in respect of the goods situated in Goa.”

- 3) In view of above provisions, it is very clear that “sale price” is the actual amount or valuable consideration that is paid or is payable from purchasing dealer to the selling dealer. Therefore, the VAT is chargeable on the sale price of the goods/commodities and while issuing any tax invoice, the dealers are required to first subtract any discount/rebate/incentive/trade discount or any type of discount by whatever term described from the value of goods shown in the invoice and arrive at net ‘sale price’ that is paid or payable for the particular sale transaction and thereafter apply VAT on this sale transaction at applicable tax rates.
- 4) The practice of first showing/applying VAT on the sale amount and thereafter deducting discount from grand total in the invoice is not in accordance with legal provisions of GVAT Act, 2005 and the GVAT Rules, 2005.
- 5) The below discussed illustrations will provide further clarity on the issue.

ILLUSTRATION - I

Basic sale price	---	Rs. 100=00
Trade Discount	---	Rs. 10=00
Taxable sale value	---	Rs. 90=00
VAT @ 22%	---	Rs. 19=80
Total	---	Rs. 109=80

In this illustration I, the amount of GVAT collected from Buying Dealer is Rs. 19=80 which has been correctly applied on “sale price” as per section 2(ad) of the GVAT Act, 2005. Hence, the input tax credit (ITC) admissible would be Rs. 19=80 subject to compliance with all legal provisions for being eligible to claim ITC.

ILLUSTRATION - II

Basic sale price	---	Rs. 100=00
Taxable sale value	---	Rs. 100=00
VAT @ 22%	---	Rs. 22=00
Trade Discount	---	Rs. 10=00
Total	---	Rs. 112=00

In this illustration II, the amount of GVAT actually collected from Buying Dealer is Rs. 20=20, however the practice is in violation of section 2(ad) of the GVAT Act, 2005.

In this illustration II, the actual tax paid by purchasing dealer is Rs. 20=20 although it is shown as Rs. 22=00 in the Tax Invoice. Hence, the input tax credit (ITC) admissible would be Rs. 20=20 subject to compliance with all legal provisions for being eligible to claim ITC.

In this illustration II, although initially the VAT amount collected is written as Rs. 22=00, in reality the actual VAT collected after applying discount is only Rs. 20=20. This is so because, the trade discount of Rs. 10/- is allowed on grand total of Rs. 122/-. This means that out of the total trade discount of Rs. 10/-, the trade discount is Rs. 8=20 from the basic price of Rs. 100/- and Rs. 1=80 from the VAT applied at Rs. 22/-.

- 6) The correct method of showing discounts/rebates, etc. is as shown in Illustration I above, because once GVAT is applied, the selling Dealer is not empowered under the Goa Value Added Tax Act, 2005 & Rules framed thereunder to allow any discount/rebate from the VAT component shown in the invoice. The registered dealer is authorized to apply and collect VAT from purchasing dealer by issuing tax invoice as explained in Illustration I above and deposit the same in Government Treasury by timely filing returns.
- 7) Further, it is brought to the attention of all Appropriate Assessing Authorities that as per Section 5 of the GVAT Act, 2005 the levy of Value Added Tax (output tax) is on the turnover of sales of goods at rates provided in the Act and Schedules.

8) As per Section 2 (p) of the GVAT Act, 2005, 'goods' is defined as under.

“Section 2 – Definitions

(p) “goods” means-

- (i) petroleum crude;
- (ii) high speed diesel;
- (iii) motor spirit (commonly known as petrol);
- (iv) natural gas;
- (v) aviation turbine fuel; and
- (vi) alcoholic liquor for human consumption.”

- 9) Therefore, all Appropriate Assessing Authorities while completing assessments are required to thoroughly check the Balance Sheet, Profit & Loss account, Trading account, VAT Audit Report & all other documents on record filed by the Dealer to check any amounts/receipts which under categories such as other income and to ascertain whether any such income/receipt involves the sale of goods so as to be liable for taxation under the GVAT Act 2005.
- 10) All registered dealers are advised to carefully read the above-mentioned provisions of the GVAT Act, 2005 and ensure that tax invoices are issued strictly in accordance with section 11 of the GVAT Act, 2005 and all other legal provisions.
- 11) In case of any non-compliance, the dealer shall be liable for prosecution for offences u/s. 45, 58A and all other applicable provisions and may be liable on conviction to a fine not exceeding twenty five thousand rupees or to imprisonment for a term not exceeding six months or both.
- 12) It is enjoined upon all registered dealers to take note of the same and ensure compliance.

This Trade Circular is intended only for facilitation of the stake holders and not meant for interpreting any legal provisions.

Given under the seal of this office.



(S. S. Gill, IAS)

Commissioner of State Tax, Goa

To,

The Director of Printing and Stationery, Government of Goa, Government Printing Press, Panaji, Goa for favour of publication in the Extraordinary Official Gazette.

Copy to: -

1. Under Secretary (Finance R & C), Secretariat, Porvorim, Goa;
2. Addl. Commissioners of State Tax (HQ) / Addl. CST (Appeals-North) / Addl. CST (Enf-North) / Addl. CST (Appeals-South) / addl. CST (Enf-South);
3. All the Deputy Commissioners of State Tax, All Wards;
4. All the State Tax Officers and Ward Offices, All Wards;
5. Director of Information & Publicity, Panaji, Goa;
6. Director of Industries, Trade & Commerce, Panaji, Goa;
7. The President, Goa Chamber of Commerce & Industries, Panaji, Goa;
8. ICAI Goa Chapter, ICAI Bhavan, Kadamba Plateau, Tiswadi, Goa;
9. All Goa Tax Practitioners Association;
10. All Goa State Industries Association, Goa;
11. Goa MSME Association, Goa;
12. Goa Distributors Association;
13. Nodal Officer / Programmer for uploading on Department website;
14. Office File;
15. Guard File.