

A close-up photograph of a person's hand holding a golden key. The hand is positioned on the left side of the frame, with the thumb and index finger gripping the key's head. The key is oriented horizontally, pointing towards the right. The background is a solid dark blue-grey color.

Goods & Service Tax Transitional Provisions

Discussion by:

CA Gaurav Gupta

FCA, LLB, DISA

Author

- Handbook to GST - Law & Practise
- Service Tax - Law & Practise



Transitional Provisions

Migration of
Existing
Assesseees

Carry
Forward of
unutilised
Credits

Job Work

Goods
return

Refunds /
Pending
Proceedings
etc

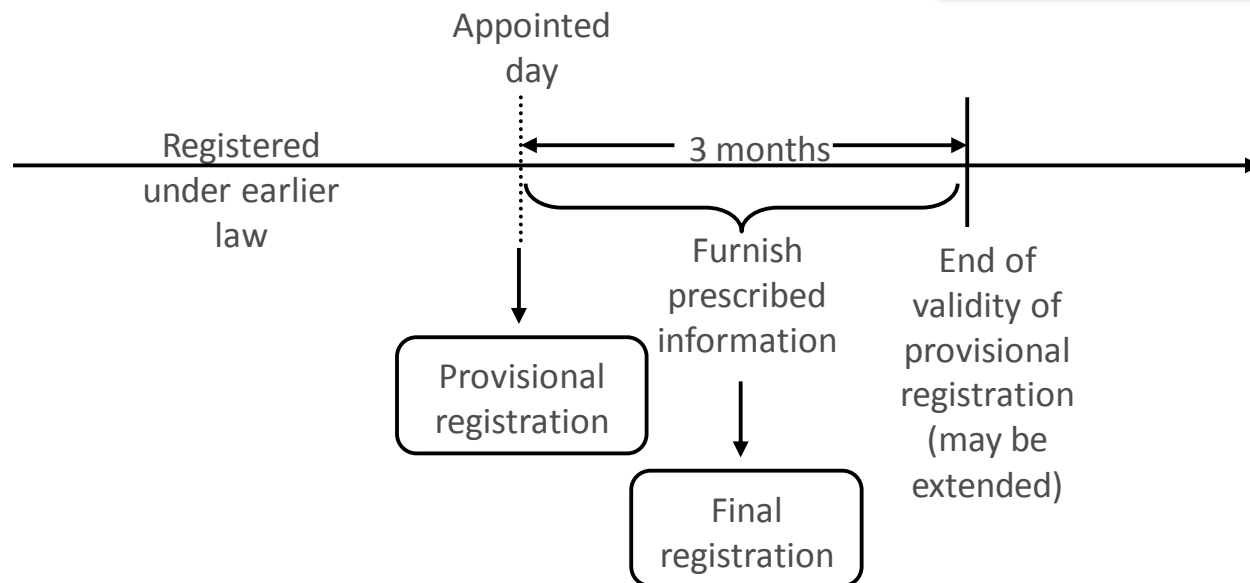
Issues relating to Registration





Transitional Provision

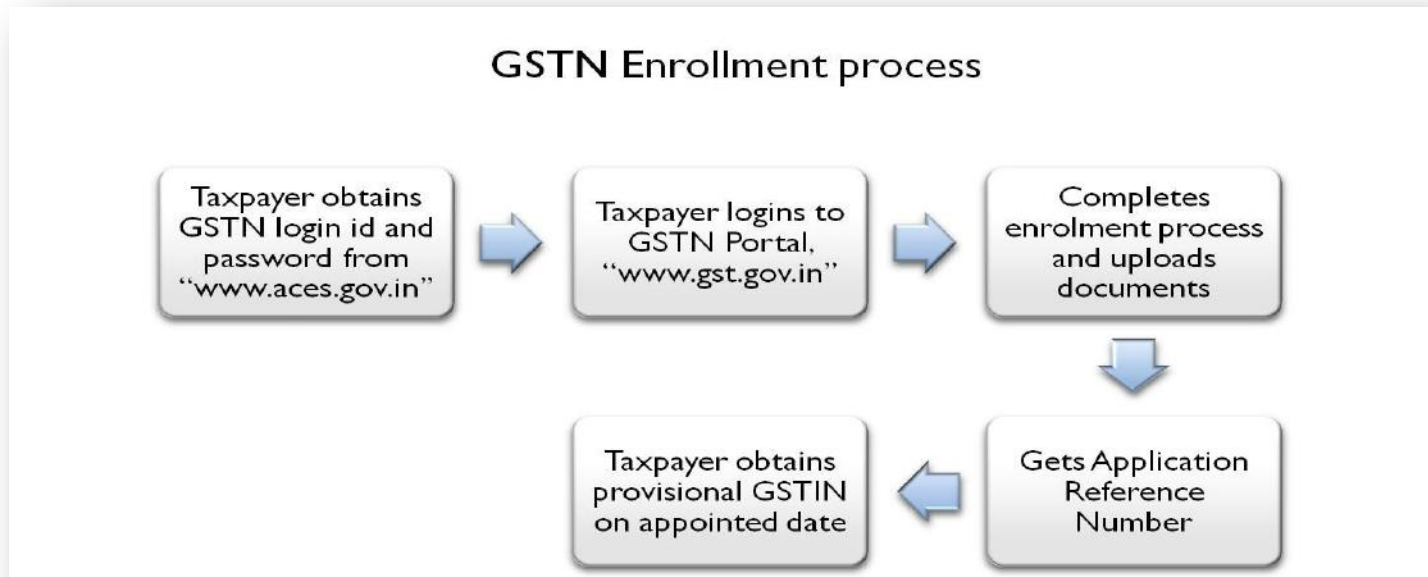
Transition of Existing Registrations





Transitional Provisions

- All existing taxpayers and VAT dealers will be given provisional ID and a password.
- Using this, a username and password needs to be created at the GST Common Portal www.gst.gov.in.





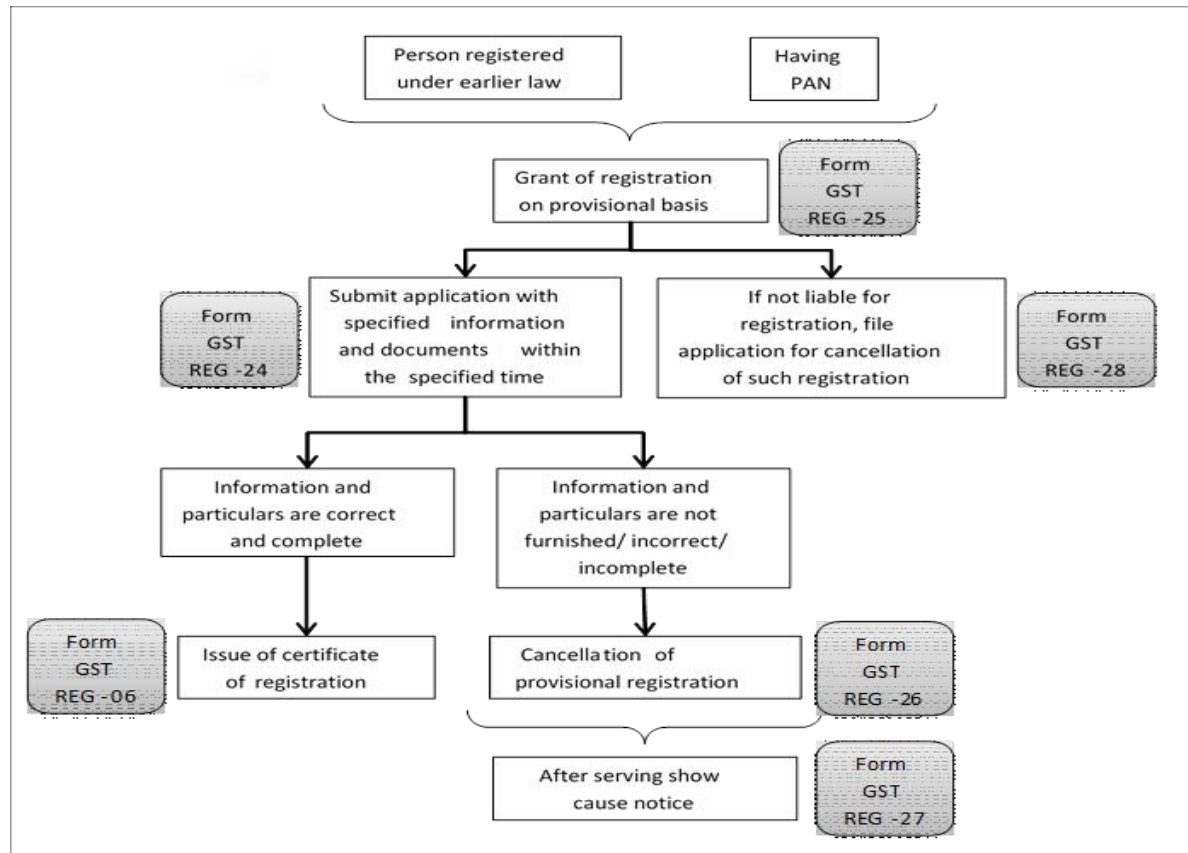
Transitional Provisions

- On logging on with the new user ID and password, details will need to be filled in relation to following:
 - Business Details
 - Promoter/ Partners
 - Authorized Signatory
 - Principal Place of Business
 - Additional Place of Business
 - Goods & Services
 - Bank Accounts
 - Verification

In the business details tab, certain details like legal name, PAN and State will be auto-populated and cannot be edited



Transitional Provisions



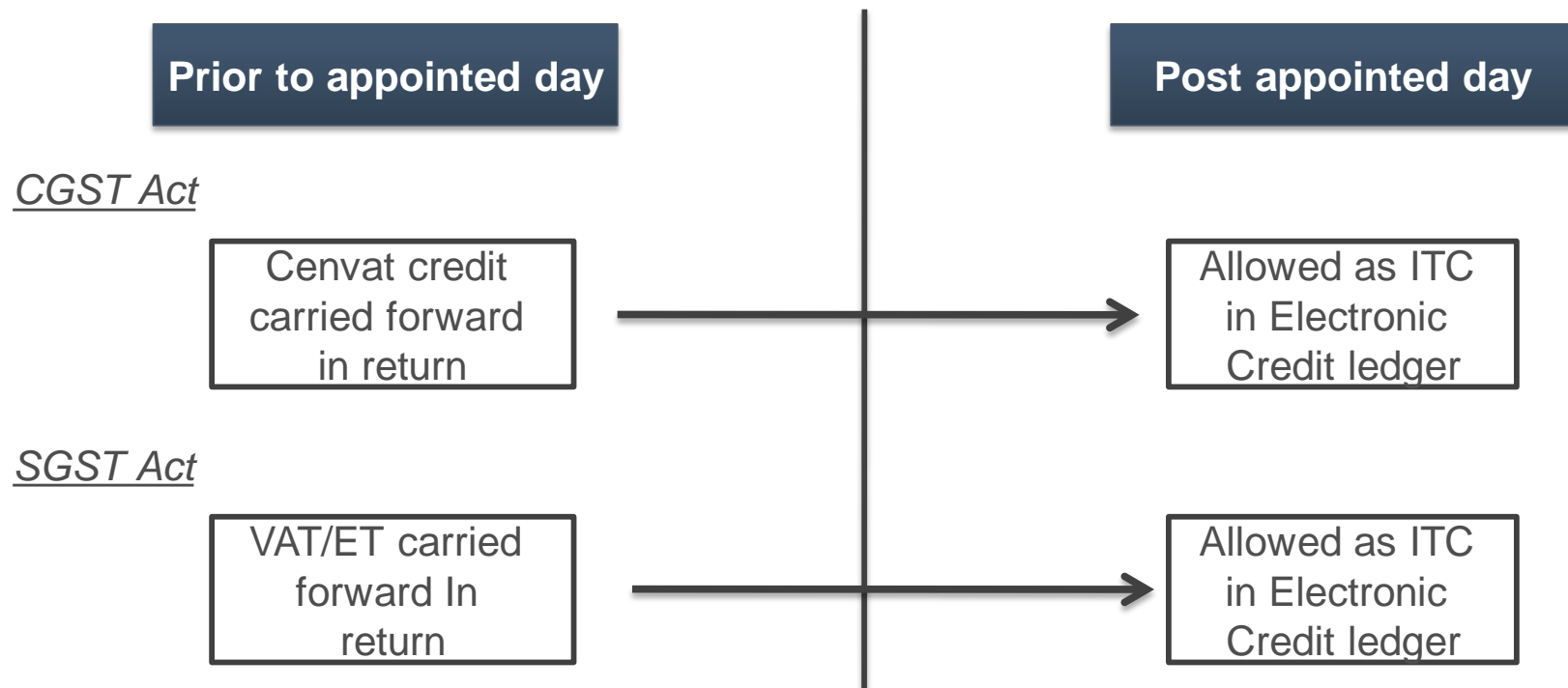
Issues relating to Cenvat Credit





Transitional Provisions

Amount of CENVAT credit carried forward in a return to be allowed as input tax credit





Transitional Provisions

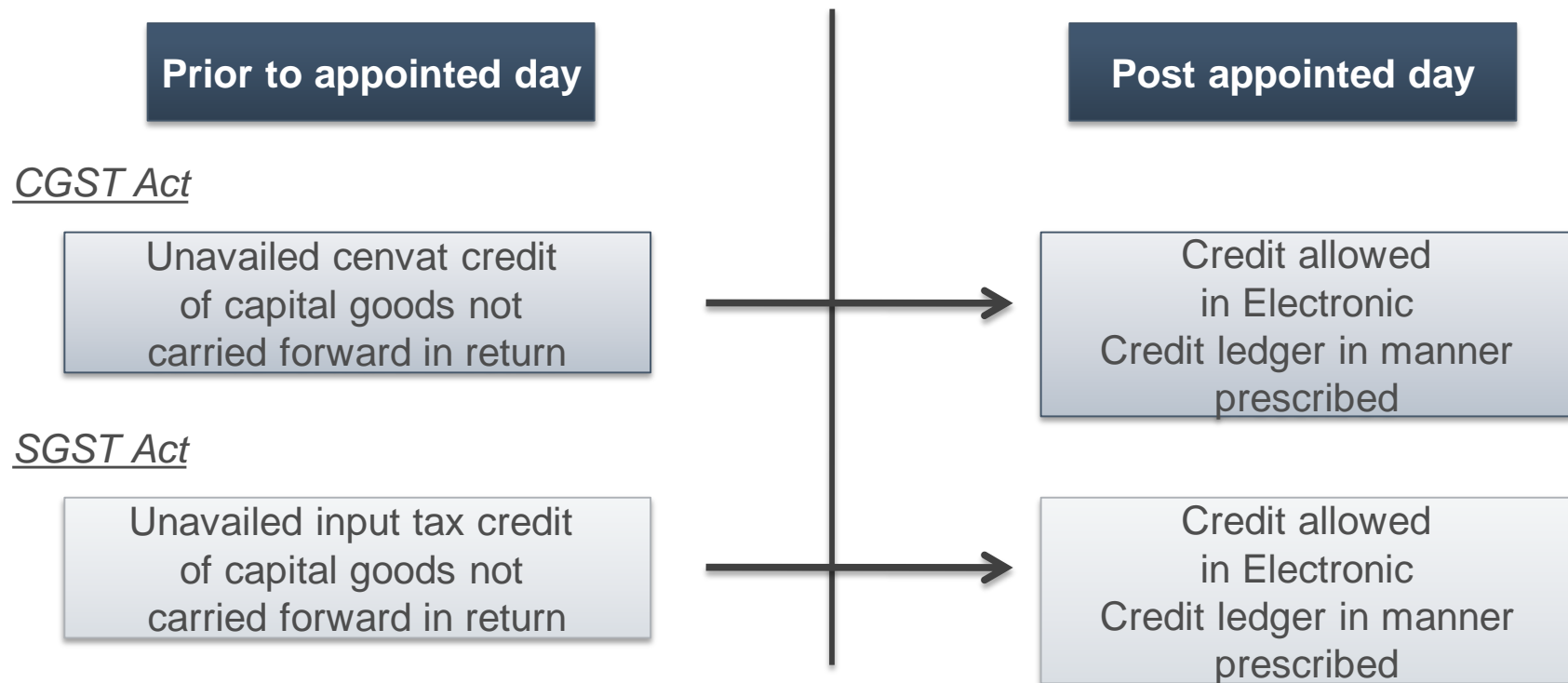
Conditions:

- Credit is admissible as input tax credit under this Act - Petroleum products, inputs in other immovable property etc
- Person should have filed returns for six months under earlier law
- Credit relating to exempted goods manufactured and cleared under exemption notification under new regime



Transitional Provisions

Unavailed cenvat credit on capital goods, not carried forward in a return, to be allowed in certain situations





Transitional Provisions

Credit to person who was not liable to be registered under existing laws or was engaged in manufacture / provision of exempted goods / services / first / second stage dealers, works contract services and availing abatement / registered importer / depot of manufacturer

Prior to appointed day

CGST Act

Inputs held in stock,
finished & semi-finished
goods of a manufacturer
of exempted goods

Post appointed day

Credit of eligible duties
allowed in Electronic Credit
ledger subject to conditions



Transitional Provisions

Conditions:

- Credit of duties only in respect of input allowed, not of input services or capital goods
- Inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said taxable person is eligible for such input tax credit under this Act
- Passes benefit to consumer
- supplier of services is not eligible for any abatement under the Act
- taxable person is in possession of invoice evidencing payment of duty / tax
- such invoices etc were issued not earlier than 12 months

A person engaged in the manufacture of nonexempted as well as exempted goods under the Central Excise Act, 1944 shall be allowed proportionate Credit relating to goods which were earlier exempted.



Transitional Provisions

Credit of eligible duties and taxes in transition

Prior to appointed day

CGST Act

Registered taxable person inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid before the appointed day

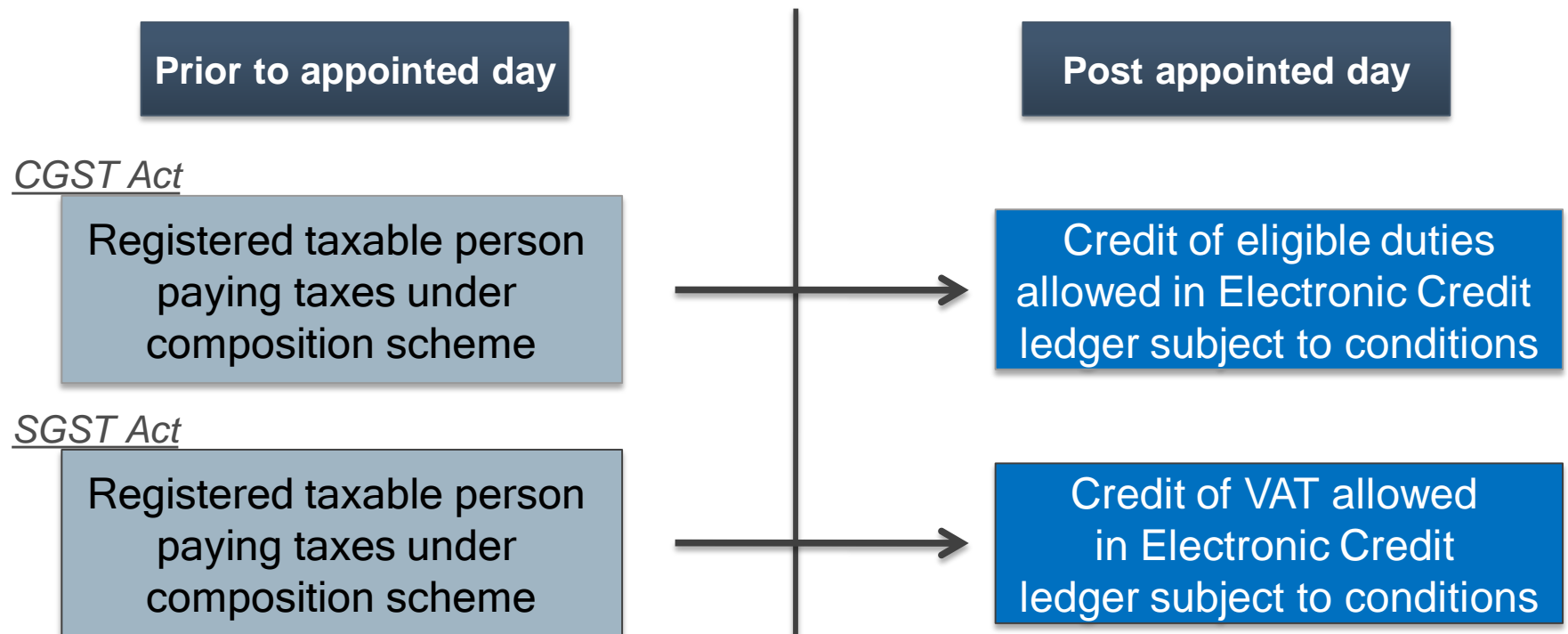
Post appointed day

Credit to be allowed for such input and input services (no capital goods) when recorded in books of accounts in 30 days and on furnishing on statement



Transitional Provisions

Credit of eligible duties and taxes to a taxable person opting out of composition scheme





Transitional Provisions

Conditions:

- such inputs and / or goods are used or intended to be used for making taxable supplies under this Act
- the said person is not paying tax under section 10
- the said taxable person is eligible for input tax credit on such inputs under this Act
- the said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty under the earlier law in respect of inputs; and
- such invoices and /or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.



Transitional Provisions

Input Service Distributor:

- Can distribute credit of input services received prior to appointed day but invoice received later

Centralised registration

- Can avail or transfer credit to any of his unit

Credit reversed for non payment

- Can avail such credit relating to existing law provided they are paid within 3 months from the appointed date

Issues relating to Job work / Agent





Transitional Provisions

S.No.	Description	Taxability
1	Inputs removed for Job Work and returned on or after the date of enactment	No Tax if goods were removed AND the goods are returned within 6 months of enactment. Tax have to paid by manufacturer if the goods are returned after 6 months
2	Semi-finished Goods removed for Job work and returned on or after the appointed day	No Tax if the goods were removed AND the goods are returned within 6 months of enactment. Taxes have to paid by manufacturer if the goods are returned after 6 months
3	Finished goods removed for carrying out certain processes and returned	No Tax if the goods were removed AND the goods are returned within 6 months of enactment. Tax have to paid if the goods are returned after 6 months



Transitional Provisions

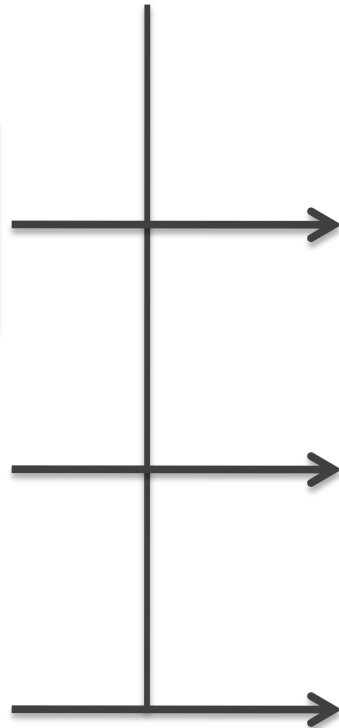
Job Work

Return of Inputs sent for job work

Such goods after completion of the job work, are returned to the said factory within 6 (+2) months from the appointed day

Such goods returned after 6 (+2) months

Such inputs are not returned after 6 (+2) months



No tax payable under GST Law

Tax payable by Job worker

Cenvat to be recovered from such Manufacturer under existing laws



Transitional Provisions

Job Work

Return of Semi finished / finished sent for job work

Such goods after completion of the job work, are returned to the said factory within 6 (+2) months from the appointed day

Such goods returned after 6 (+2) months

Such inputs are not returned after 6 (+2) months

No tax payable under GST Law

Tax payable by Job worker

Cenvat to be recovered from such Manufacturer under existing laws



Transitional Provisions

Tax paid on goods / capital goods lying with agents to be allowed as credit – only for State Law :

Agent to take credit of goods / Capital goods lying subject to:

- the agent is a registered taxable person under this Act;
- both the principal and the agent declare the details of stock of goods lying with such agent on the date immediately preceding the appointed day in such form and manner and within such time as may be prescribed in this behalf;
- the invoices for such goods had been issued not earlier than twelve months immediately preceding the appointed day; and
- the principal has either reversed or not availed of the input tax credit in respect of such good

Issues relating to Movement of goods





Transitional Provisions

Goods return – Duty / tax paid Goods removed not more than 6 months prior to Appointed day

Prior to appointed day

Post appointed day

Goods returned to Supplier at
any of his place of business

Returning
within 6 months
from appointed
day

Refund in case of consumer
Supply in case of registered
taxable person

Goods returned to Supplier at
any of his place of business

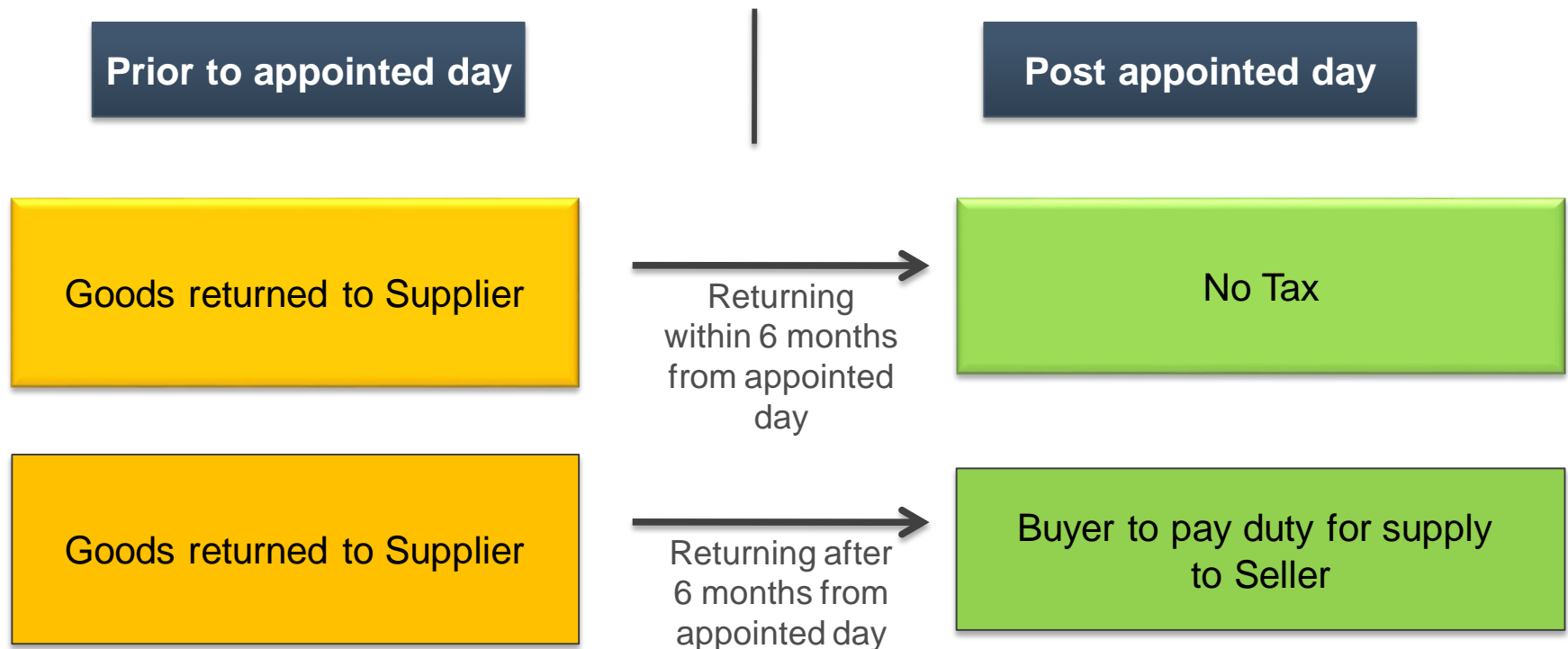
Returning after
6 months from
appointed day

No Refund. Tax to be paid by
registered taxable person



Transitional Provisions

Goods return – Goods sent on approval basis not before 6 months from appointed date



Issues relating to revision of prices

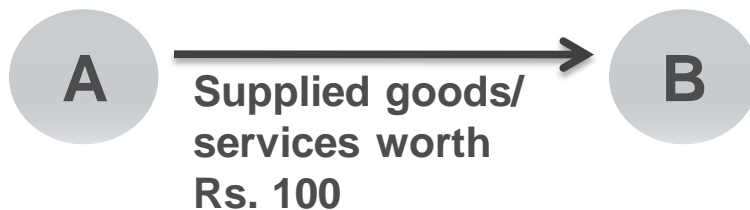
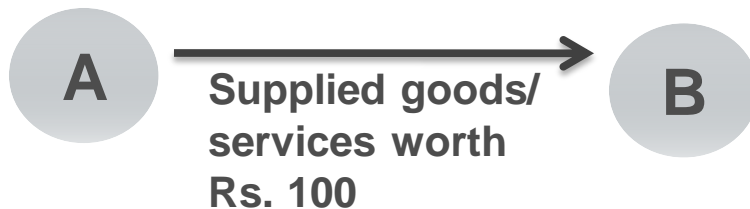




Transitional Provisions

Revision of Prices after the enactment of GST Law

Prior to appointed day



Post appointed day

Price increases to Rs. 150.

Now A shall issue a supplementary invoice or Debit Note to B within 30 days of such price revision and pay tax

Price decreases to Rs. 80.

A shall issue a Credit Note to B within 30 days of such price revision
Tax reduction only if B reduces his input tax

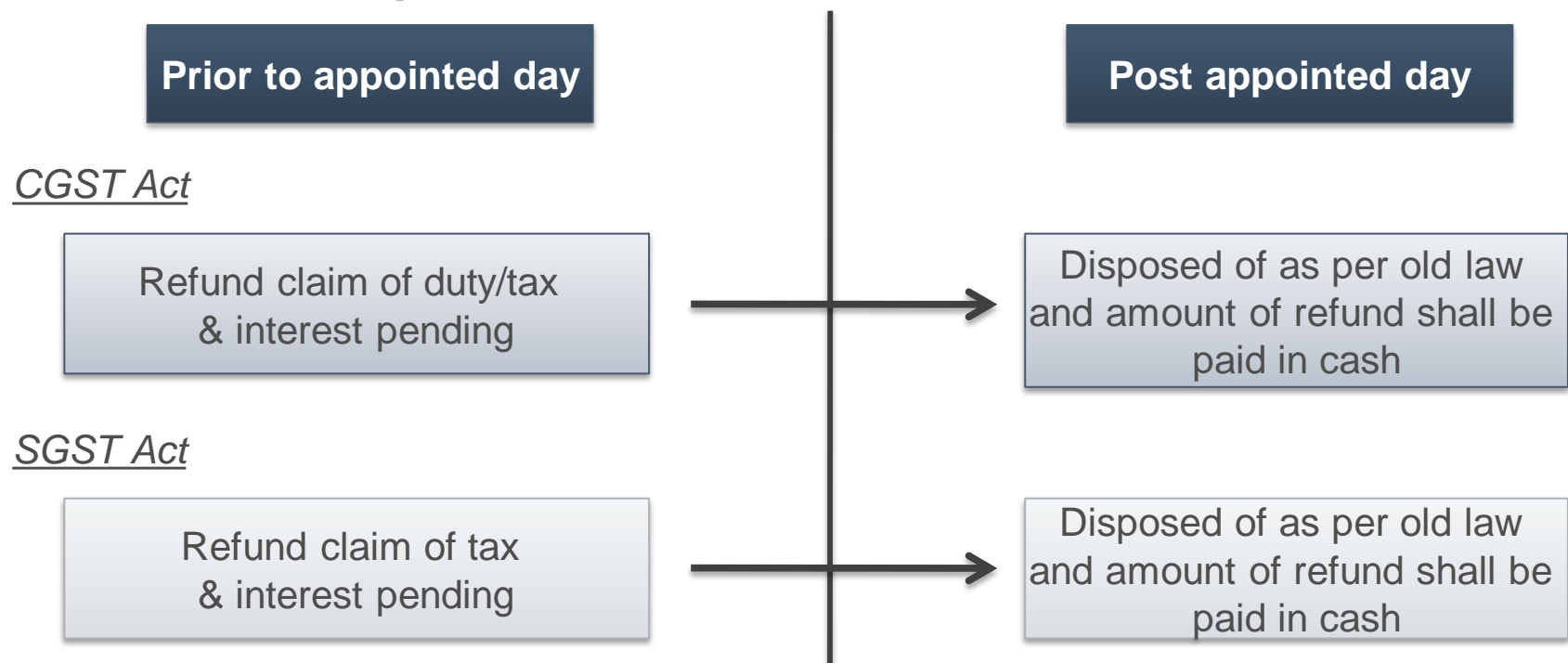
**Issues relating to
pending Refund /
Appeal claims /
Assessment**





Transitional Provisions

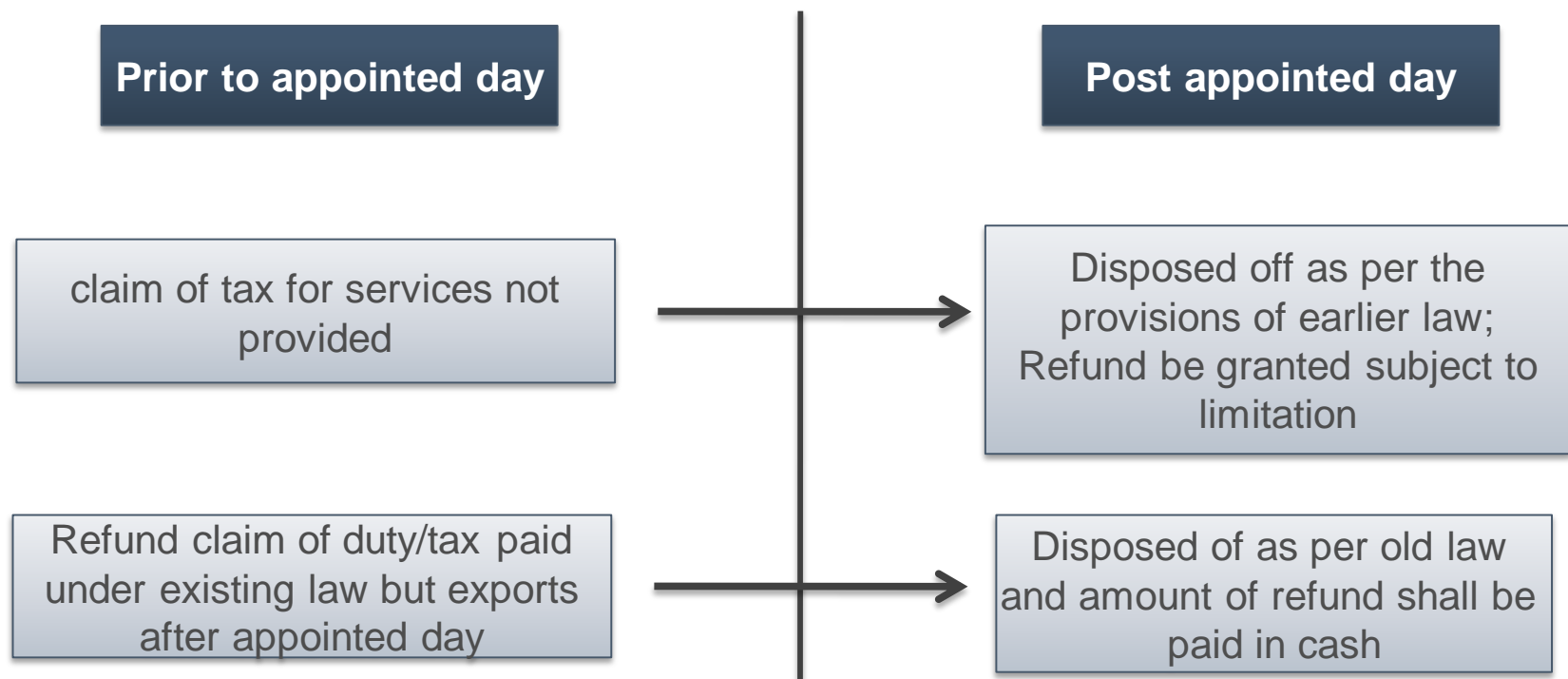
Pending Refund claims in respect of claims filed or to be filed for duty / tax paid under existing laws





Transitional Provisions

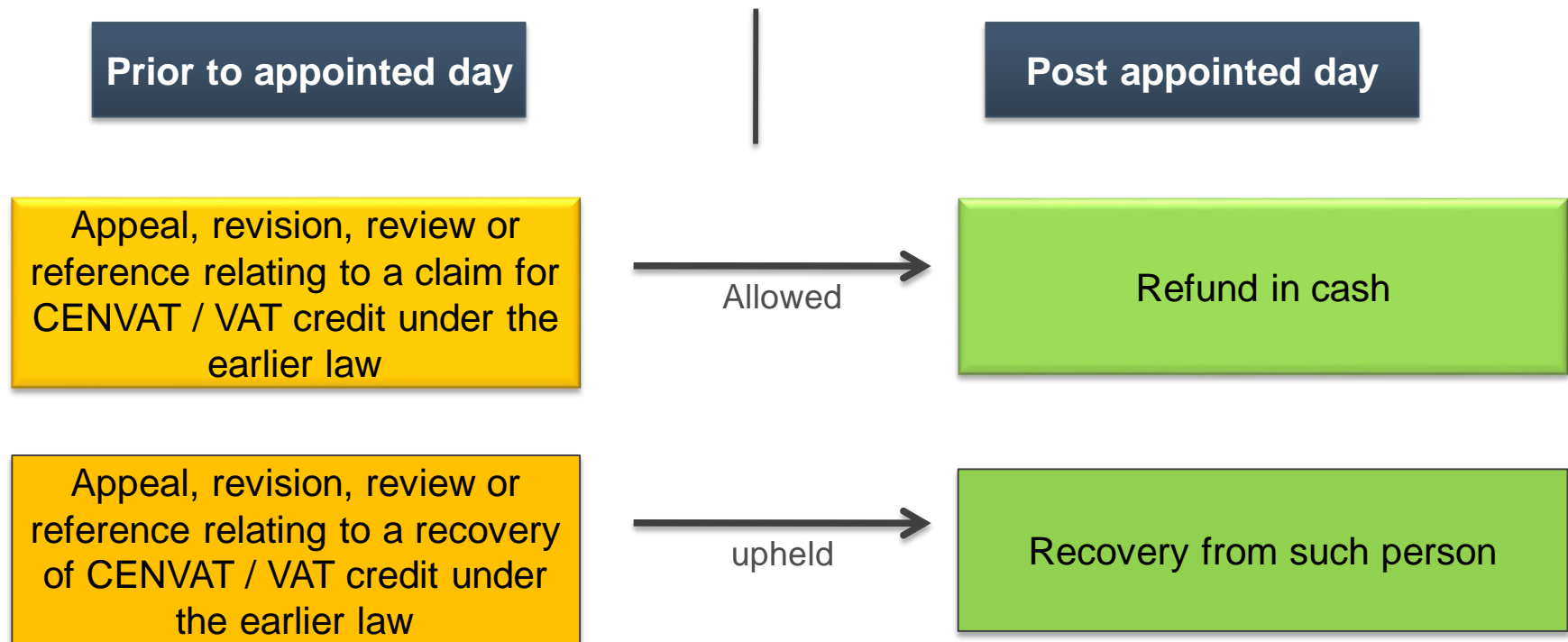
Claim for Services not provided / exports made after the appointed date





Transitional Provisions

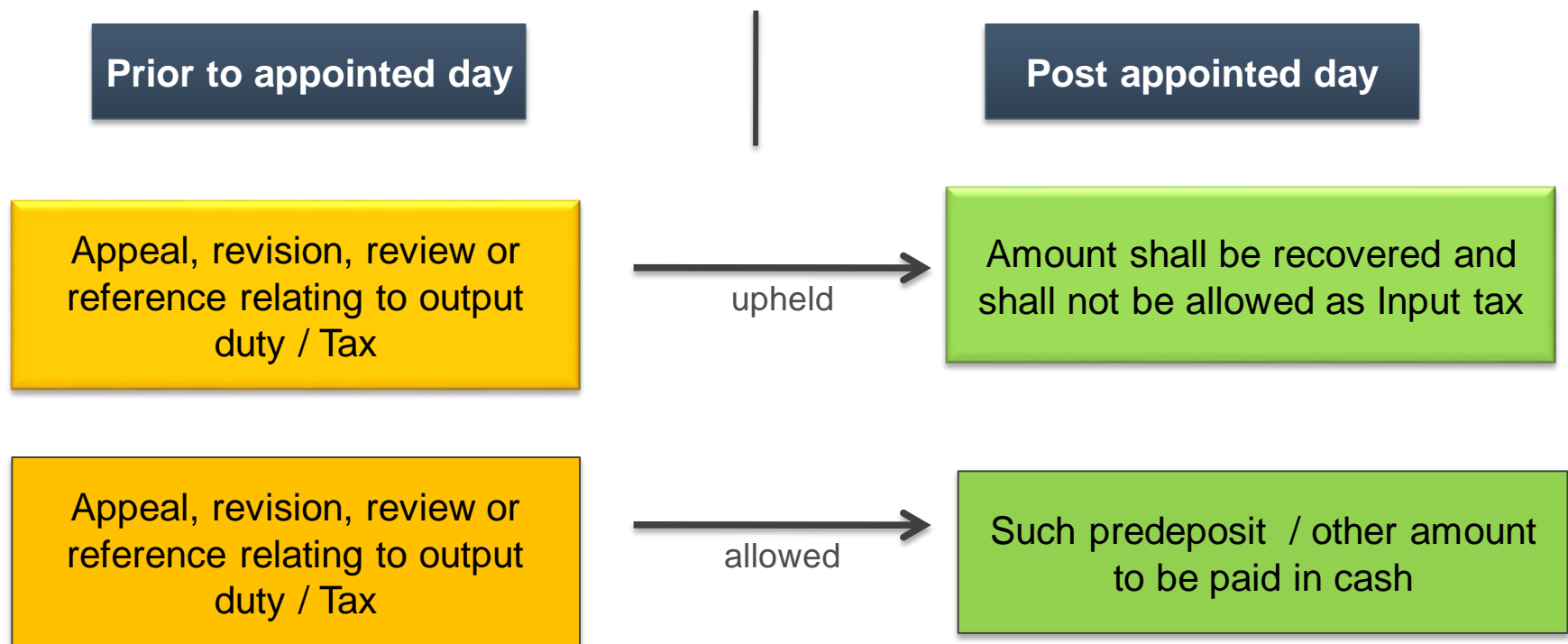
Claim of cenvat credit to be disposed of under the earlier law





Transitional Provisions

Finalization of proceedings relating to output duty liability





Transitional Provisions

Treatment of the amount recovered or refunded in pursuance of assessment or adjudication proceeding

Prior to appointed day

Post appointed day

Assessment or adjudication proceedings instituted, whether before or after the appointed day

Demand order

Amount shall be recovered and shall not be allowed as Input tax

Assessment or adjudication proceedings instituted, whether before or after the appointed day

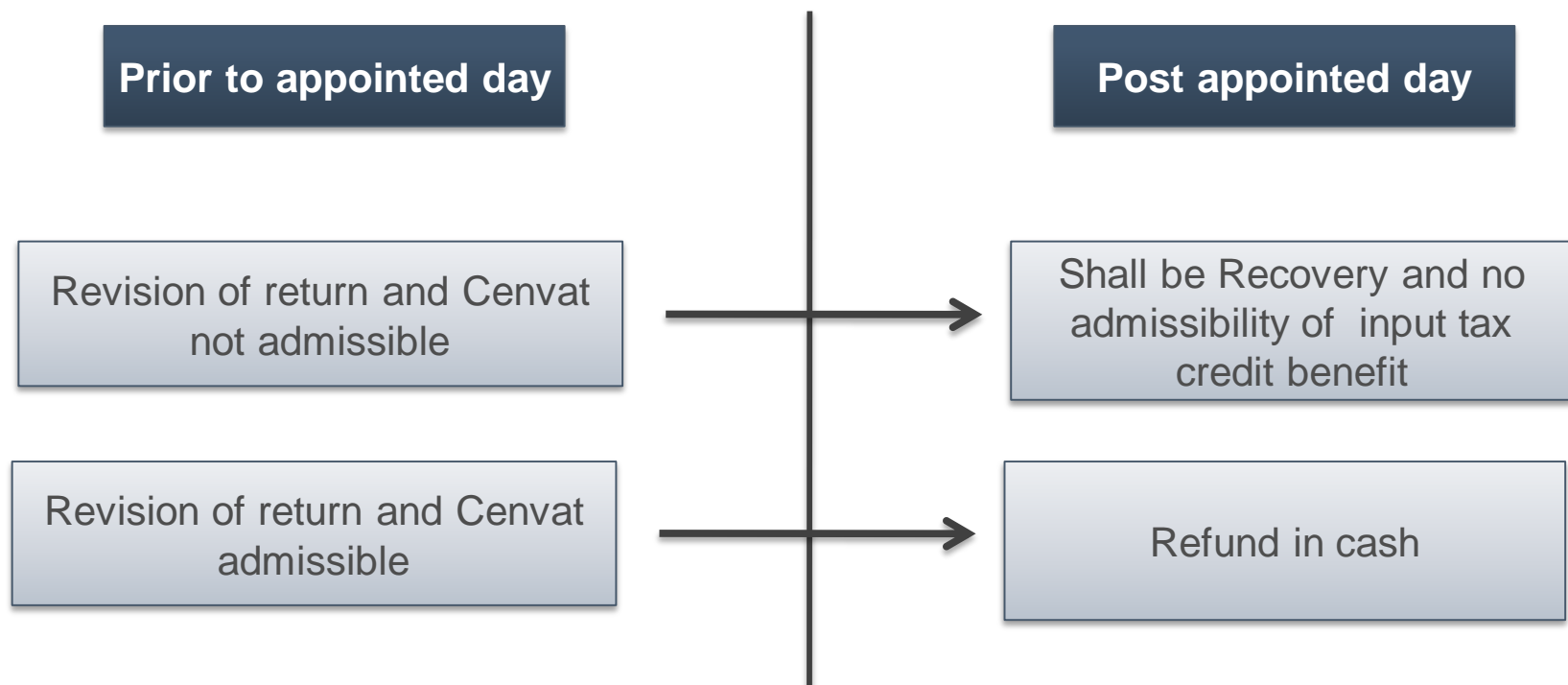
Refund adjudged

Such amount to be paid in cash



Transitional Provisions

Claim on account of revised return



Issues relating to
continuous supply
of goods/services





Transitional Provisions

Ongoing Works contract / Continuous supply

Works contract entered prior

goods and/or services
supplied after appointed
date

Pay taxes under GST Law
and take credit of taxes
paid under VAT / ST

Consideration received prior and tax paid

Tax was leviable under
VAT/ Service Tax law

no tax shall be payable on
the supply of goods and/or
services