



Webinar on **Transitional Provisions in GST**

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Presented By

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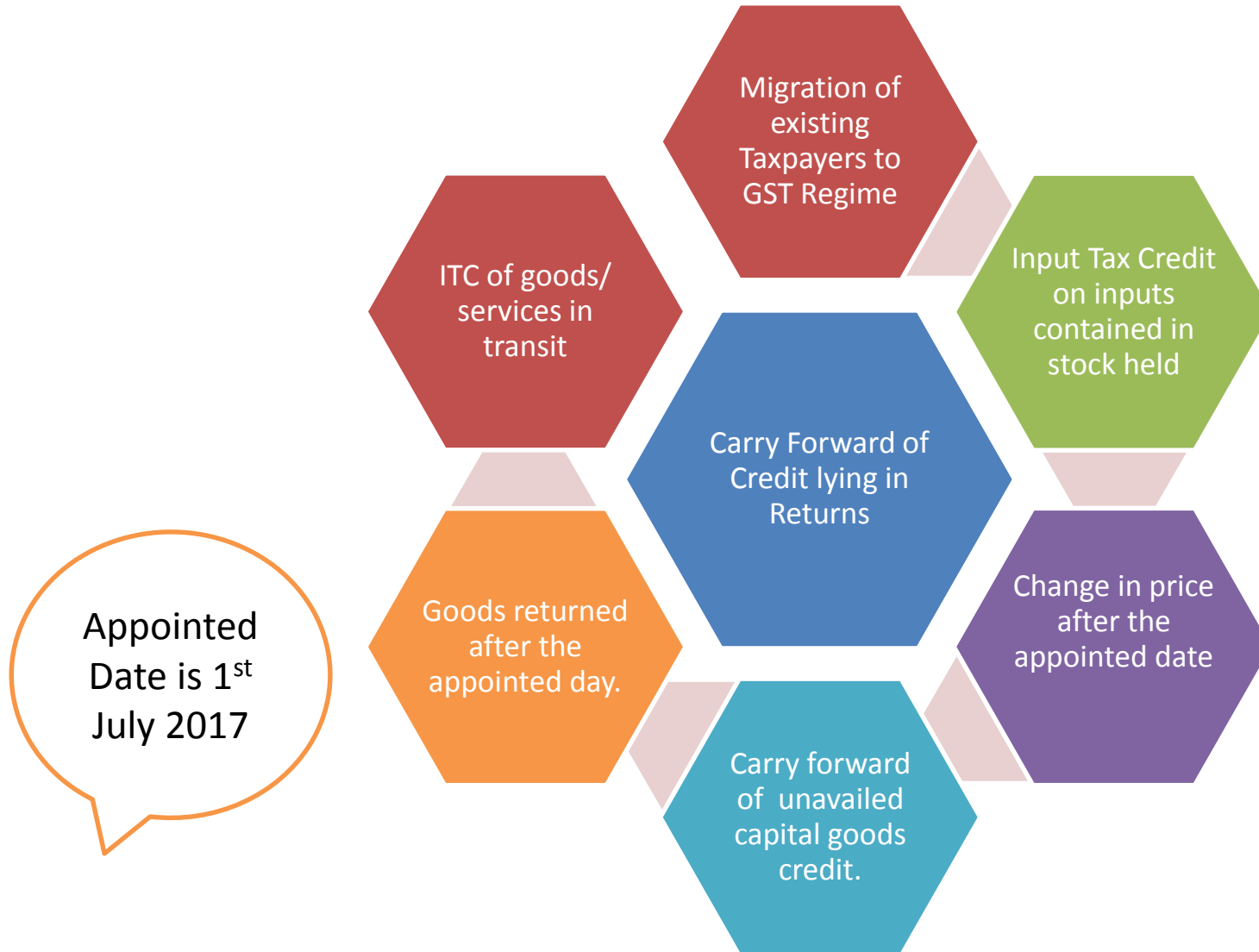
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- As GST System will come into effect from 1st July 2017, the existing system of indirect taxation will be replaced by the GST Law.
- GST is not only a tax reform but also a business reform which will impact all kinds of taxpayers and persons dealing with taxable goods and services, manufacturing, job work, trade and business activity, supply chain and logistics.
- The **main objective** of transitional provisions **is to provide a safe cushion** for existing tax payers to adopt the new GST regime without any confusion and **make the migration process smooth** and without any hassles.
- By providing the **clear cut guidelines** for transitions from the existing system of taxation into the new System, the transitional provisions related with Input Tax Credit **ensures that no Input Tax Credit will get blocked due to repeal of the existing laws and introduction of GST Laws.**
- It also take cares of the manner of disposal of the existing adjudication, appeal and recovery proceedings in the new regime.





Disposal of pending litigations

Treatment of long term contract

Impact of tax/duty paid in earlier regime

Appointed Date is 1st July 2017

Treatment of cases of demand of existing duty/taxes in the GST Regime.

Job work

Disposal of pending refund claims, appeal, recovery proceedings

- Transitional provisions broadly deals with the following issues.
 - Migration of Existing Tax Payers - Section 139 of CGST Act.
 - Transitional arrangements for input tax credit - Section 140 of CGST Act.
 - Transitional provisions relating to Job Work - Section 141 of the CGST Act.
 - Miscellaneous transitional provisions, like provisions on return of taxable goods, effect of price revision, disposal of existing refund claims, pending litigations, appeal, review or recovery proceedings - Section 142 of the CGST Act.
- Transitional Rules & Rule 16 of the Registration Rule
- Section 20 & 21 of the IGST Act
- Relevant SGST Act & Rules



“Existing Law” means

- Any law, notification, order, rule or regulation
- Relating to levy and collection of duty or tax
- On goods or services or both
- Passed or made before the commencement of this Act by Parliament or any Authority or person having the power to make such law, notification, order, rule or regulation;

Section 139 of CGST Act

Migration of Existing Tax Payers



- Applicable provisions - Section 22(2), 139 of CGST Act
- Every person, who are registered or holds a license under the existing laws, shall be liable to be registered w.e.f 1st July 2017



Migration of the Existing Tax Payers (Section 139 of CGST Act)

Shall be issued a certificate of registration on provisional basis in such form and manner as may be prescribed.

Every Registered person under any previous Law + Having a Valid PAN = Provisional RC will be granted

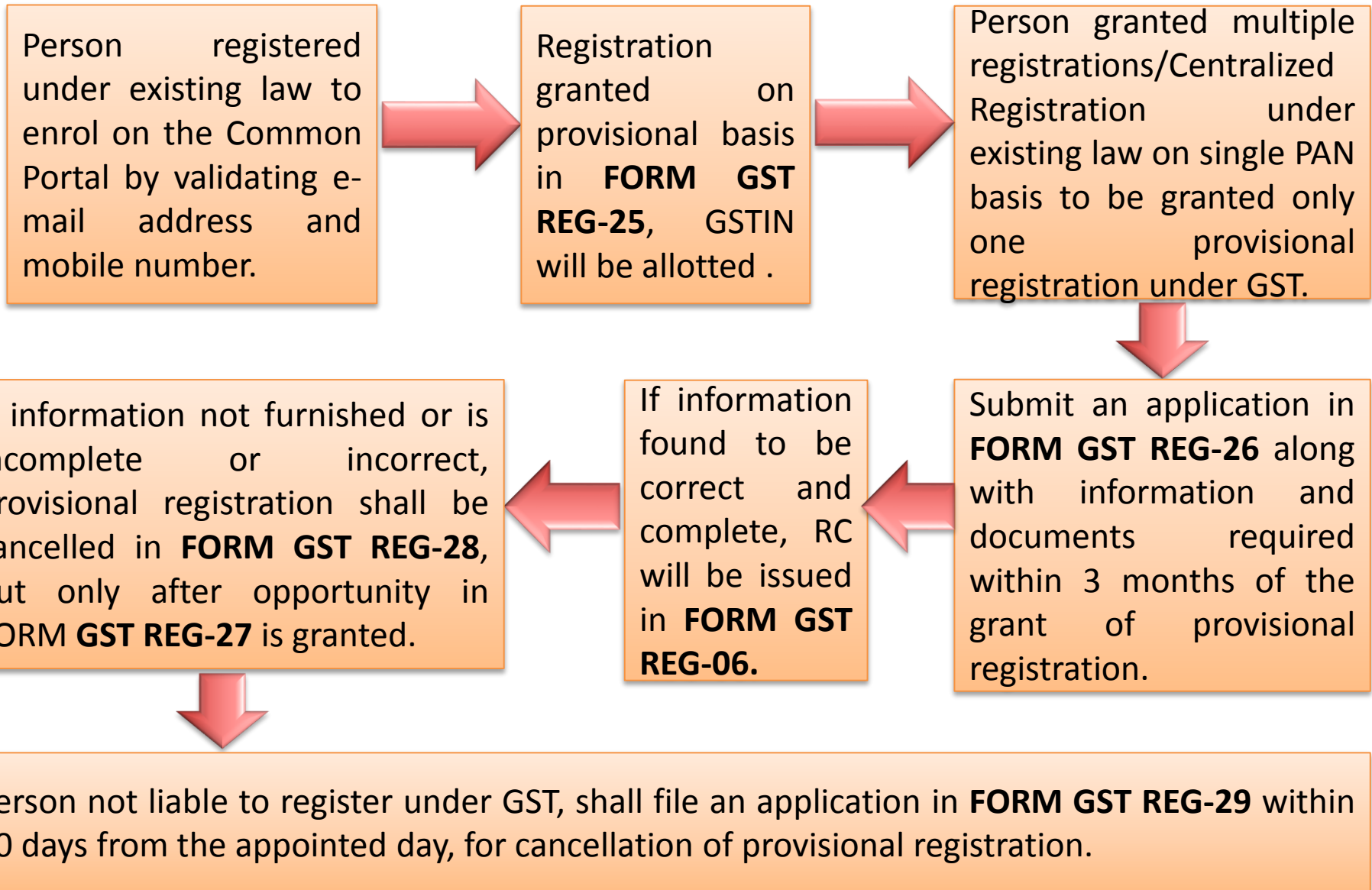
Shall be valid unless replaced by a final certificate of registration.

Provisional Certificate shall be liable to be cancelled if the conditions so prescribed are not complied with.

The final certificate of registration shall be granted in such form and manner and subject to such conditions as may be prescribed.

The certificate of registration issued to a person shall be deemed to have not been issued if the said registration is cancelled in pursuance of an application filed by such person that he was not liable to registration under section 22 or section 24.

Migration of Existing Tax Payer - Rule 17 of Registration Rules



Section 140 of CGST Act

Credit of Inputs, Services, ISD, Return etc.



- Applicable provisions - Section 140 (1) of CGST Act
- Transition Rules - Rule 1(1) (is applicable to whole of section 140)
- Subject to these Conditions:
 - 1) **Not applicable for persons opting to pay tax under composition Scheme in GST.** The person is registered under the existing law and have migrated to the GST portal as normal tax payer.
 - 2) The amount **should be carried forward in the return** relating to the period ending with the day immediately preceding the appointed date i.e. **in the return period ending on June 2017** filed under the existing laws.

Contd.....



Conditions:

- 2) If the said amount of **credit is admissible under the GST Act and Rules** .
- 3) If **all the Returns** required under the existing law for the period of **six months** immediately preceding the appointed date **has been furnished** by such registered persons.
- 4) Said **credit does not relate** to goods manufactured and cleared **under such exemption notifications** as are notified by the Government.

Contd.....



- Similar Provisions in Final State SGST Acts
 - These credit amount carried forward in the last Return shall be credited in the electronic credit ledger of the Registered person on the Common Portal
 - And these credits can be utilized for tax payment against supply of Goods and/or Services under GST regime.
- Procedure to be observed : Every registered person entitled to take credit of input tax credit shall
 - Within 90 days from appointed date
 - Submit a **declaration in Form GST TRAN-1** electronically on the common portal



- Specify in the **declaration**, the amount of input tax credit to which he is entitled under the provision of Section 140(1) of CGST Act.
- Above period can be extended for further 90 days by commissioner on recommendation of the council.
- (Remarks: where the inputs have been received from EOU/EHTP Unit, the credit shall be allowed to the extent as provided in sub-rule(7)of rule 3 of Cenvat Credit Rules 2004 (Applicable in CGST Rules only)
- Rule 1 (1) Transition Rule is applicable to all provisions of section 140



Applicable for claim of ITC of Commercial Tax/Entry Tax under Section 140(1) of State GST Act/State GST Rules

The declaration in Form GST TRAN-1 should specify separately-

- I. The value of claims under section 3, sub-section (3) of section 5, sections 6 and 6A and sub-section (8) of section 8 of the Central Sales Tax Act, 1956 made by the applicant during the financial year relating to the relevant return, and*
- II. The serial number and value of declarations in Forms C and/or F and Certificates in Forms E and/or H or Form I specified in rule 12 of the Central Sales Tax (Registration and Turnover) Rules, 1957 submitted by the applicant in support of the claims referred to in sub-clause (i) above;*



- Entitlement to take credit of the **unavailed Cenvat Credit in respect of Capital Goods, not carried forward in a Return** furnished under the existing Laws,
- Applicable provisions, Section 140 (2) of CGST Act
- Transition Rules : Rule 1(1) & 1(2) (a) of Transition Rules
- Applicable for Registered persons in the existing Laws
- Subject to these Conditions:
 - **Not applicable for persons opting to pay tax under composition Scheme in GST.**
 - Such unutilized credit on capital goods should not have been carried forward in the Return filed under existing Laws.

Contd.....



Entitlement for Carry forward of unavailed credit of Capital Goods



- No credit unless the said credit on Capital Goods was admissible under Existing Laws and is also admissible as input tax credit under GST Act.
- Unavailed credit = aggregate entitled amount of Cenvat credit involved – Cenvat credit already availed under the existing law on such capital goods.
- Procedure to be observed Rule 1 (1) & following procedure of Rule 1 (2)(a) of Transition Rules,
 - In the said declaration, specify separately in respect of every item of Capital Goods, (as on 1st July 2017), invoice wise details of ;
 - **Total Cenvat credit involved on such capital goods**
 - The amount of tax or duty availed or utilized
 - The amount of tax or duty yet to be availed or utilized



- Section 140(3) of CGST Act
- Transition Rules 1(2) (b) applicable to section 140 (4)(b), (6)& (8)
- Following Registered Taxable Person,
 - Who was **not liable to be registered under existing law**
 - Who was **engaged in manufacture of exempted goods or provision of exempted services**
 - Who **was providing work contract service and availing benefit of Notification No. 26/2012-Service Tax, dated 20.06.2012**
 - A First Stage dealer or a Second Stage Dealer
 - A Registered Importer
 - A depot of a manufacturer.

Are entitled to take credit of “eligible duties” in respect of **input held in stock and contained in semi/finished goods held in stock on the appointed day** **subject to Certain “CONDITIONS” :-**



subject to Certain “CONDITIONS” :-

- Inputs/Goods used or intended to be used **for making taxable supplies in GST.**
- Credit **allowed if admissible under GST law.**
- **Possession of invoice and other related documents** evidencing payment of duty.
- Such invoice/document **shall not be older than 12 months** preceding the appointed day.
- Supplier of Services is not eligible for any abatement under this Act.
 - ❑ Where taxable person (**other than manufacturer or supplier of services**) is **not in possession of an invoice** or any other evidencing document, then he shall be allowed to take **credit at the specified rate** subject to certain conditions.
 - ❑ Taxable Person **passes on the benefit** of credit by way of reduced prices **to the recipient.**

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Rule 1(4a) (i) of Transition Rule

- Where a registered person who was not liable to registered under the existing law is **not in possession of an invoice** or any other evidencing document, then he shall be allowed to take **credit (of CED, ADD cus) at the specified rate** subject to certain conditions.
 - Credit to be allowed **at the rate of 60 %** on such goods which attract central tax (CGST) **at the rate of 9% or more**
 - Credit to be **allowed at the rate of 40%** on such goods which attract **central tax at the rate of less than 9%**
 - **After the Central Tax payable on such supply has been paid**
 - **Where IGST tax is paid** on such goods, the amount of credit shall be allowed at the **rate of 30% and 20 %** respectively
- Scheme is available for 6 Tax periods from the appointed date.

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Rule 1(4)(a)(i) of Transition Rules/Section 140(3) of CGST Act
- The credit can be availed subject to following conditions:

- Such goods were not wholly exempt from excise duty or Nil rated.
- Document for procurement of such goods is available.
- Registered person furnish the details of stock held by him and submits a statement in **FORM GST TRAN--2** at the end of each of the six tax periods indicating therein the details of supplies of such goods effected during the tax period.
- The amount of credit allowed shall be credited to the electronic credit ledger **of the applicant.**
- The stock of goods on which the credit is availed is **so stored that it can be easily identified by the registered person.**



Rule 1(4) (a) (i) of Transition Rules. SGST Rules - Applicable in case of States offering Tax on MRP Scheme.

- This scheme shall be **available for 6 'tax periods'** from the appointed day subject to the **following conditions**:
 - State tax payable on supply of such goods has been paid.
 - Such **goods were not wholly exempt from Tax under the relevant State Vat Act**
 - **Document for procurement of such goods is available.**
 - Registered person **furnish the details of stock held by him submits a statement in FORM GST TRAN-2 at the end of each of the six tax periods indicating therein the details of supplies of such goods effected during the tax period.**
 - The amount of credit allowed shall be credited to the electronic credit ledger **of the applicant.**
 - The stock of goods on which the credit is availed is **so stored that it can be easily identified.**

Corresponding Section of SGST Act, /Rule 1(4a) (i) of Transition Rule, SGST

- A registered person, holding stock of goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State, shall be allowed to avail input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of value added tax.

Credit to be allowed **at the rate of 60 %** on such goods which attract state tax (SGST) **at the rate of 9% or more**

Credit to be **allowed at the rate of 40%** on such goods which attract **state tax at the rate of less than 9%**

After the State Tax payable on such supply has been paid

Where IGST tax is paid on such goods, the amount of credit shall be allowed at the **rate of 30% and 20 %** respectively of said tax.

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Section 140(4) of CGST Act - Applicable in case of Registered Taxable persons who are in the existing laws

- Engaged in manufacture of Taxable as well as Exempted goods
- Engaged in provision of Taxable as well as Exempted Service under the existing laws,
- But which are taxable under GST shall be entitled to take:
 - In terms of Sec. 140(1) for Amount of Cenvat Credit carried forward in return
 - In terms of Sec. 140(3) for Credit on inputs held in stock and inputs contained in semi-finished/finished goods in stock as on the appointed day



- Applicable provisions, Section 140 (5) of CGST Act
- Transition Rules : Rule 1(2)(c)
- **Credit is allowed only If ;**
 - If the invoices or any other duty or tax paying **documents** of the same was **recorded in the books of accounts** of such **person within 30 days** from the appointed day.
 - Commissioner can extend this duration by 30 days on sufficient cause.
 - The **person within 90 days from the appointed date, submit a declaration in Form GST-TRAN-1** and furnish the following details
 - The name of supplier, serial number and date of issue of the invoice or other document on which credit can be taken.
 - The description and value and quantity of goods and/or services.
 - The amount of duty/taxes charged by the supplier
 - Date of entry in the books of accounts of the recipient.

Credit of eligible duties on stock by persons availing compounded levy under existing law.



- Applicable provisions, **Section 140 (6)** of CGST Act/ Section of SGST Act.
- Transition Rules : Rule 1(2)(b) of Transition Rules
- A **Registered Taxable Person** Who, As per earlier laws was paying tax at fixed rate or was paying a fixed amount i.e. composition/compounding tax payer
- Shall be entitled to take credit of **eligible duties and & taxes** in respect of inputs held in stock/contained in semi-finished or finished goods on **appointed date, ONLY IF**
 - Such inputs or goods are used or intended to be used for making taxable supplies under GST.
 - That person is **not** paying tax under composition Scheme in GST regime.
 - The said person is **eligible for input tax credit** on such inputs under GST.
 - Is in **possession of invoices** or other prescribed documents evidencing payment of duty /tax under the existing law
 - Such invoices/duty paying documents are **not more than 12 months old**
 - **How:** Submit a **Declaration of stock in FORM GST TRAN-1** on common portal within 90 days from appointed date.



Eligible duties for section 140 (3), (4) & (6) on Inputs



As per explanation (I) Section 140 (10) the expression “eligible duties” means—

(i) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;

(ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975;

(iii) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975;

(iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;

(v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;

(vi) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985; and

(vii) the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001,

in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

(Credit of Service Tax on input services not eligible for this purpose)



Explanation 2.—For the purposes of sub-section 140 (5), the expression “**eligible duties and taxes**” means—

- (i) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;
- (ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975;
- (iii) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975;
- (iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978
- (v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;
- (vi) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985;
- (vii) the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001; and
- (viii) the service tax leviable under section 66B of the Finance Act, 1994

in respect of inputs and input services received on or after the appointed day.



- Applicable provisions, Section 140 (7) of CGST Act
- A **person registered as Input Service Distributor (ISD)** can distribute credit in respect of services received before appointed date even if invoices related to such services are received on or after appointed day.



Unutilized Cenvat Credit with Centralized Registration under Existing Laws



Section 140(8) of CGST Act.



Return under existing law to be furnished within 3 months from the appointed day.

Then Input credit will be allowed as claimed in **Original return** or **reduced amount** where it is reduced in the **revised return**.

- Credit allowed only if admissible under GST as ITC.
- Credit may be transferred to any of the unit of the registered taxable person having the same PAN for which centralized registration was taken.

How: Submit Declaration of Transitional ITC/Stock Statement in **Form GST TRAN-1** on the common portal **within 90 days** from the appointed day as specified in Rule 1 (1) of Transition Rules and specifies separately the details of stock held on appointed day Rule 1 (2) (b).



- Applicable provisions, Section 140 (9) of CGST Act
 - Section of SGST Act.
 - Transition Rules : Rule 1 (1) & 1(2)(b)
- in case cenvat credit of Inputs services is reversed under earlier law due to non payment of consideration within 3 months, such credit can be claimed again

PROVIDED

Such person has made payment of consideration within 3 months from the appointed day



Section 141 of CGST Act

Job Work, Tests etc.



- Applicable provisions, Section 141 of the CGST Act on
 - Inputs sent on job work in the existing law as such or after being partially processed to a job worker for testing, repair, Processing, reconditioning etc. are returned on or after 1st July 2017 (Section 141(1) of CGST Act.)
 - Semi finished goods removed to any other premises for carrying out certain manufacturing processes, prior to appointed date but returned to the said place on or after 1st July 2017 (Section 141(2) of CGST Act.)
 - Excisable goods removed for carrying out test or any other processes, not amounting to manufacture, Section 141(3) of CGST Act.
- No taxes is payable if the said inputs/semi-finished goods/excisable goods are **returned** to such place **within 6 months** from the appointed date in all such cases.

- This time period is further extendable by the Commissioner by 2 months on sufficient cause being shown.
- If goods are not returned within prescribed time then Input tax credit is liable to be recovered as section 142(8)(a) i.e. as arrear.
- In case of section 141 (2) and (3) manufacturer can transfer said goods directly from job worker's premises to another Buyer after paying the tax applicable or for export without payment of tax within the tax specified.
- The tax under section 141 (1), (2) and (3) **shall not be payable** if Manufacturer and job worker both declare details of such inputs/ semi finished goods or finished goods held in stock by the job worker on behalf of the manufacturer on appointed day in Form GST TRAN-1, within 90 days - Sec. 141(4), read with Rule 3 of Transitional rules.

Section 142 of CGST Act

Price Revision, Refund, Return Revision, Adjudication, Recovery etc.



- **Return of Duty paid Goods** - Section 142(1)
- Effect of Supply and Taxability on the **revision of Prices in the existing contracts** after the appointed date. Section 142(2)
- Disposal of **Refund Claims** for Cenvat credit, duty, tax , interest etc. **paid** under existing law– Section 142(3)
- Disposal of **Refund Claims** for duty/ tax paid in respect to **goods and/or services, exported** -Section 142(4)
- Disposal of **Refund Claims** for tax paid **on services not provided** – Section 142(5)
- Disposal of **Appeals, review and reference** relating to **Cenvat credit/recovery of duty or tax demand /tax liability** in GST Regime.- Section 142 (6) & (7)
- Handling of **recovery of arrear cases** –Section 142(8)
- Effect of Revision of Return filed under existing laws when revision is made on or after 1st July 2017 – Section 142(9)
- Taxability of Goods and /or Services **supplied in GST Regime, but contract entered prior to the appointed date**- Section 142(10)
- Effect on taxation of Goods/Services in GST **on which the tax/duty was paid under existing law** – Section 142(11)
- Taxability of **returned goods earlier sent on approval basis**- Section 142(12)
- When **Deduction of Tax at source** was made on sale of goods **before the appointed date**- Section 142(13)



Return of Duty paid Goods - Section 142(1)

Removal/Sale under Existing Law	Returned in post GST-Era	Taxability
<ul style="list-style-type: none"> • Duty paid under the existing law • At the time of removal • Removed not earlier than 6 months from appointed date. 	<ul style="list-style-type: none"> • By non registered person • Within 6 months from appointed date • Are identifiable to the satisfaction of the proper officer. 	Refund of duty paid under existing law to registered person
<ul style="list-style-type: none"> • Returned to any place of business. 	By registered person	Deemed as Supply



Effect of price revision – Section 142 (2)

- Where in pursuance of contract entered into prior to 1st July 2017,
- the prices of goods and/or Services are revised Upward or downward after 1st July 2017



Such supplementary invoice or debit/credit note shall be deemed to have been issued in respect of an outward supply made under this act

Note – Registered person shall be allowed to reduce his tax liability, if the recipient of invoice or credit note has reduced his **input tax credit corresponding to such reduction of tax liability.**

Pending Refund Claims as on 1st July 2017- Section 142(3)



Refund claim of Cenvat Credit/duty/tax / interest /any other amount paid under existing law

Application filed before/on/after the appointed day

Refund proceeding will be in terms of existing law

Eligible refund to be paid in cash and if Cenvat Credit is fully or partially rejected the amount so rejected shall lapse

Notwithstanding anything to the contrary contained in existing law other than Section 11B(2) of the Central Excise Act 1944

No Refund claim allowed if where credit balance has been carried forward under GST



Refund claim of any duty or tax paid under existing law in respect of goods or services exported before or after the appointed day

Refund proceeding will be disposed off in terms of existing law

The Refund Claim of Cenvat credit is **fully /partially rejected** the amount so rejected **shall lapse**

No refund shall be allowed of any amount of CENVAT credit where the balance of the said amount as on the appointed day **has been carried forward** under this Act



Refund claims filed for Services not provided – Section 142 (5)



Refund claims filed **after the appointed day** for refund of tax paid **under existing law** in respect of services not provided shall be disposed off in provisions of the existing law

Refund amount when admissible to be paid in **cash** only

Notwithstanding anything to the contrary contained in existing law other than Section 11B(2) of the Central Excise Act 1944



Appeal, review or reference proceedings relating to Cenvat credit – Section 142(6)



- All appeals, review or reference relating to a claim /recovery of Cenvat credit initiated whether before, on or after the appointed date under the existing law
- Shall be disposed of in accordance with the provisions of the existing law
 - Any amount of Cenvat credit/output duty/tax found to be admissible to the claimant shall be refunded in Cash.
 - ❑ Notwithstanding anything to the contrary contained in existing law other than Section 11B(2) of the Central Excise Act 1944
 - ❑ And the amount **rejected**, if any shall **not be admissible as input tax credit** under this Act.
 - ❑ No refund shall be allowed of any amount of CENVAT credit where the balance of the said amount as on the appointed date has been carried forwarded under this Act.
 - If any amount of Credit becomes **recoverable** the same shall **unless** recovered **under the existing** law, be recovered as an arrear of duty or tax under this Act and the amount so recovered shall **not be admissible as ITC** under this Act



Appeal, review or reference relating to output duty/tax – Section 142(7)

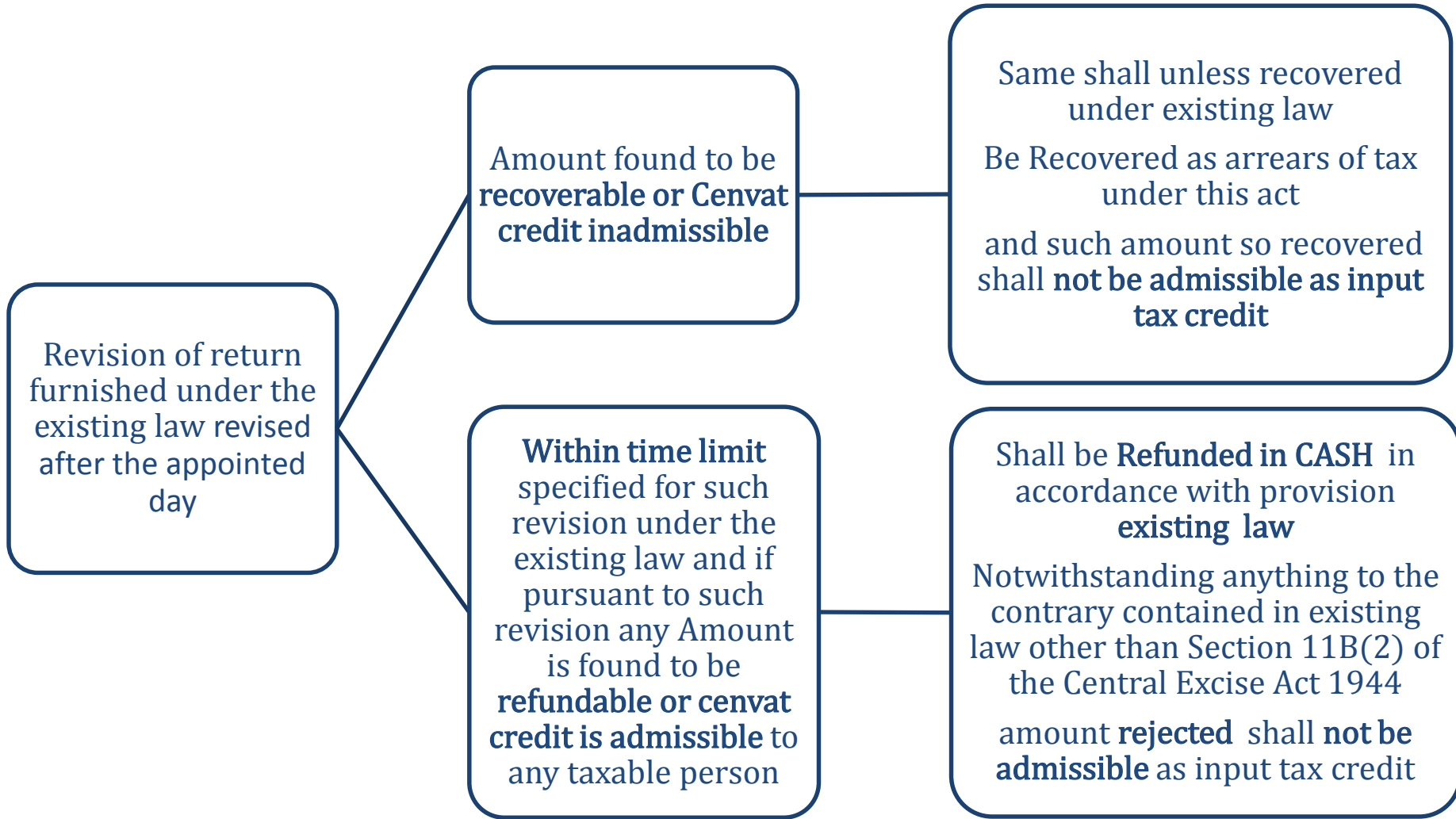
- All appeals, review or reference relating to **any output duty/tax liability**, initiated whether before, on or after the appointed date under the existing law
- Shall be disposed of in accordance with the provisions of the existing law
- If any amount becomes **recoverable** as a result of such appeal, review or reference, the same shall **unless recovered** under the existing law, be recovered **as an arrear** of duty or tax **under this Act**.
- ☐ And the amount so recovered shall **not be admissible as ITC** under this Act
- Any amount found to be admissible to the claimant shall be **refunded in Cash**
 - ☐ Notwithstanding anything to the contrary contained in existing law other than Section 11B(2) of the Central Excise Act 1944
 - ☐ And the amount **rejected**, if any shall **not be admissible as input tax credit** under this Act.



Assessment or adjudication proceedings – Section 142(8)

- Where in pursuance of an **assessment or adjudication instituted, whether before, on or after the appointed day**, under the existing law
- **If any amount of tax, interest, fine or penalty becomes**
 - **recoverable** from the person, the same shall unless recovered under the existing law, **be recovered as an arrear of tax under this Act** and the amount so recovered **shall not be eligible for input tax credit**
 - **refundable** to the taxable person, **the same shall be refunded to him in cash** under the existing law
- ❑ Notwithstanding anything to the contrary contained in existing law other than Section 11B(2) of the Central Excise Act 1944
- ❑ And the **amount rejected if any, shall not be admissible as input tax credit under this Act.**





Contract entered prior to the appointed date – Section 142(10)



- Notwithstanding anything contained in Sub-Section 12 of Section 142 of CGST Act, No tax shall be payable on the goods under this act to the extent tax was leviable on the said goods under the value added tax act of the state
 - Notwithstanding anything contained in Sub-Section 13 of Section 142 of CGST Act, No tax shall be payable on services under this act to the extent the tax was leviable on the said services under Chapter V of the Finance Act, 1994
 - Where tax was paid on any supply under VAT and Service Tax, Tax shall be leviable under this Act, and taxable person shall be entitled to take credit of the VAT/Service Tax paid under the existing law to the extent of supplies made after the appointed day, as prescribed
- Every person to whom the provision of clause (c) of subsection 11 of Section 142 applies, shall within a period of 90 days of the appointed day, submit a declaration in Form GST TRAN-2, specifying therein the proportion of supply on which VAT or service tax has been paid before the appointed day but the supply is made after the appointed day and the ITC admissible thereon.



Tax not to be payable when

- Goods sent on approval basis **not earlier than six months** before the appointed day;
- **Such goods** are rejected or not approved and **returned by buyer** within **six months** or within the extended period of two months by Commissioner from the appointed date

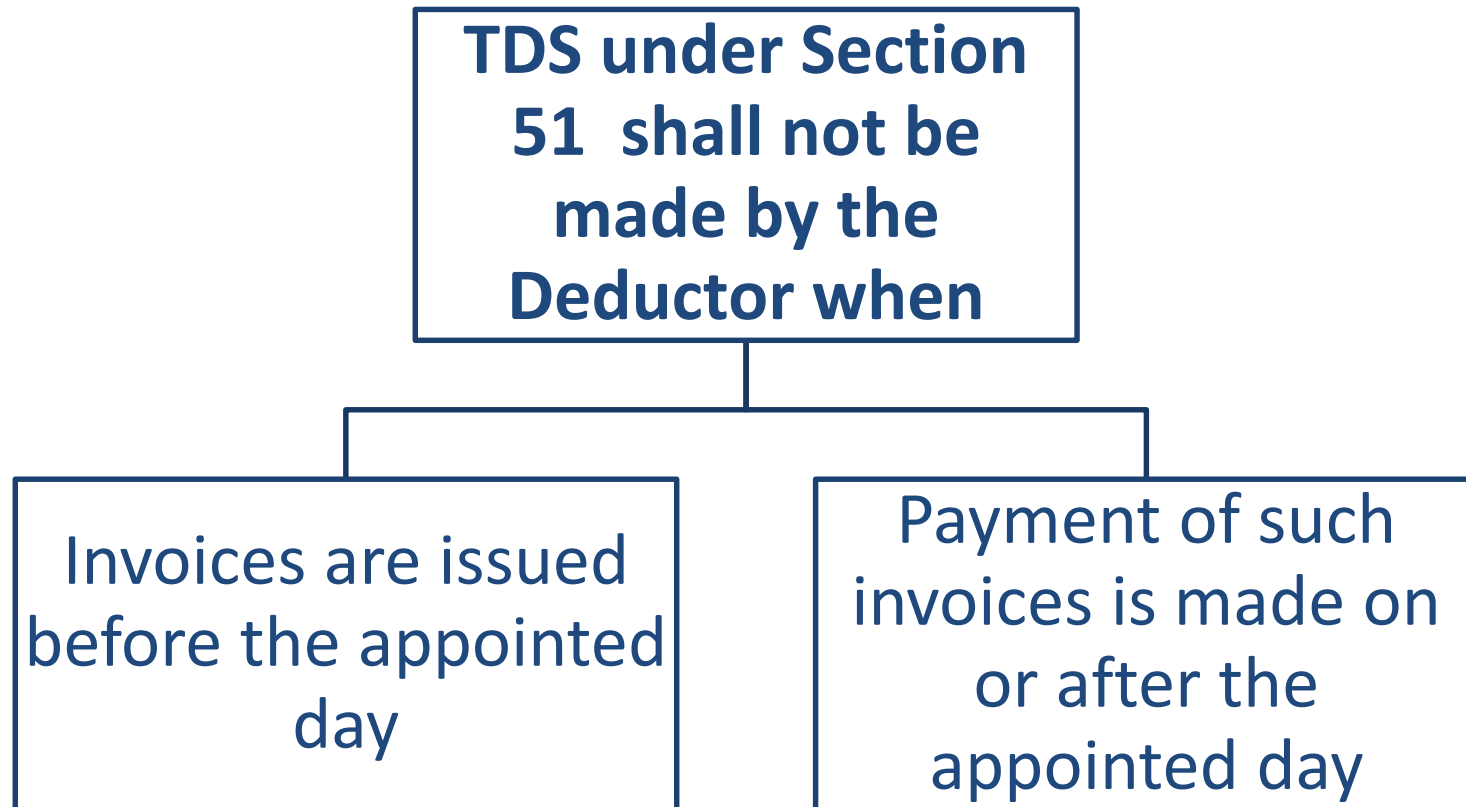
Tax to be payable

- Goods are liable for payment of tax under GST; and
- Tax shall be payable **by person returning the goods**, if the goods are returned **after a period of six months** or extended period of time from the appointed day
- Tax shall be payable by **person who has sent goods on approval basis**, if the goods are **not returned within the six months** or extended period of time from the appointed day

Transition Rule 4 - Every person having sent goods on approval shall submit **details** of such goods sent in form GST TRAN-1 **within 90 days**



Where a supplier has made any **sale of goods** in respect of which tax was required to be deducted at Source Under any law of a state or UT relating to Value Added Tax



Section 20 & 21 of IGST Act

Import of Services & Inter-state Supply



- The Transitional provisions as contained in CGST Act shall **mutatis mutandis apply**, in relation to integrated tax as they apply in relation to Central Tax, as if they are enacted under this Act. (**Section 20** of IGST Act)
- **Section 21** of IGST Act, deals with the **Import of Service** made on or after the appointed day,
 - Shall be **liable to tax** under the IGST Act regardless of whether the transactions for such import of services has been **initiated before** the appointed day.
 - Provided that if the tax on such import of services had been **paid in full** under the existing law, **no tax** shall be payable on such import under this Act.



- Provided further that if the tax on such import of services had been **paid in part** under the existing law, the **balance amount of tax** shall be payable on such import under IGST Act.
- A transaction shall be deemed to have been **initiated** before the appointed day if
 - Either the **invoice** relating to such supply or
 - **Payment either in full or part**, has been received or made before the appointed day.



Proposed changes in Cenvat Credit Rules

Credit Transfer Document



- Draft Rules for issue of Credit Transfer Document to be inserted in Cenvat Credit Rules 2004
- for transfer of Cenvat credit paid on specified goods available with a trader as on 1st July 2017
- Where the
 - i) The value of such goods is higher than **rupees twenty five thousand per piece**, bears the **brand name** of the manufacturer or the principal manufacturer and are **identifiable** as a distinct number such as chassis / engine no. of a car.
 - (ii) **Verifiable records** of clearance and duty payment relating to each piece of such goods is maintained by the manufacturer and are made available for verification on demand by a Central Excise officer.



(iii) The Credit Transfer Document **shall be** serially numbered and shall contain the Central Excise registration number, address of the concerned Central Excise Division, name, address and GSTIN number of the person to whom it is issued, description, classification, invoice number with date of removal, mode of transport and vehicle registration number, rate of duty, quantity, value and duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 paid thereon.

(iv) The **manufacturer is satisfied** that the dealer to whom Credit Transfer Document is issued is in possession of such manufactured goods in the form in which it was cleared by him.



(v) Credit Transfer Document shall be issued within **30 days** of the appointed date on which CGST Act, 2017 comes into force and copy of the **corresponding invoices** shall be enclosed with the Credit Transfer Document.

(vi) Copies of all **invoices** relating to buying and selling from manufacturer to the dealer, through intermediate dealers, is maintained by the dealer availing credit using CTDs.

(vii) CTD shall **not** be issued in favour of a dealer to whom **invoice was issued** for the same goods before the appointed date.

(viii) A dealer availing credit using Credit Transfer Document on manufactured goods shall not be eligible to avail credit under provision of rule 1(4) of Transition Rules made under CGST Act, 2017 on identical goods manufactured by the same manufacturer available in the stock of the dealer.

(ix) The dealer availing credit on the basis of Credit Transfer Document shall, at the time of making supply of such goods, **mention the corresponding Credit Transfer Document number in the invoice** issued by him under section 31 of the CGST Act, 2017.



(3) A **manufacturer** issuing a Credit Transfer Document shall **submit details thereof in table 1 of TRANS 3** on common portal within sixty days of the appointed date.

(4) A **dealer** availing credit on Credit Transfer Document shall submit details thereof in **table 2 of TRANS 3** on common portal within sixty days of the appointed date.

(5) Manufacturer issuing CTD shall maintain **record in the form TRANS 3A** and such record shall be made available to the Central Excise officer for verification on demand.

(6) Dealers availing credit on CTDs shall maintain **record in the form TRANS 3B** and such record shall be made available to the Central Excise officer for verification on demand.

[Note: Rule 9 of the CENVAT Credit Rules, 2004 shall be also amended to include Credit Transfer Document in the list of documents using which credit can be availed subject to the condition that such Credit Transfer Document is issued **after the appointed date and within thirty days** of the appointed date]



Transition Form

Form GST Tran 1 & 2



Form GST TRAN - 1

(See Rule -----)

Transitional ITC / Stock Statement

1.GSTIN -

2.Legal name of the registered person -

3.Trade Name, if any -

4.Whether all the returns required under existing law for the period of six months immediately preceding the appointed date have been furnished:- Yes/No

5.Amount of tax credit carried forward in the return filed under existing laws:

(a) Amount of Cenvat credit carried forward to electronic credit ledger as central tax (Section 140(1) and Section 140(4)(a))

Sl. no.	Registration no. under existing law (Central Excise and Service Tax)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance cenvat credit carried forward in the said last return	Cenvat Credit <u>admissible</u> as ITC of central tax in accordance with transitional provisions
1	2	3	4	5	6
Total					

(b) Details of statutory forms received for which credit is being carried forward

Period: 1st Apr 2015 to 30th June 2017

TIN of Issuer	Name of Issuer	Sr. No. of Form	Amount	Applicable VAT Rate
C-Form				
Total				
F-Form				
Total				
H/I-Form				
Total				

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(c) Amount of tax credit carried forward to electronic credit ledger as State/UT Tax(For all registrations on the same PAN and in the same State)

Registration No. in existing law	Balance of ITC of VAT and [Entry Tax] in last return	C Forms		F Forms		ITC reversal relatable to [(3) and] (5)	H/I Forms		Transition ITC 2-(4+6-7+9)
		Turnover for which forms Pending	Difference tax payable on (3)	Turnover for which forms Pending	Tax payable on (5)		Turnover for which forms Pending	Tax payable on (7)	
1	2	3	4	5	6	7	8	9	10

6. Details of capitals goods for which unavailed credit has not been carried forward under existing law (section140 (2)).

(a) Amount of unavailed cenvat credit in respect of capital goods carried forward to electronic credit ledger as central tax

Sr. no	Invoice Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details of capital goods on which credit has been partially availed		Total eligible cenvat credit under existing law	Total cenvat credit availed under existing law	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)	
					Value	Duties and taxes paid				
						ED/ CVD				SA D
1	2	3	4	5	6	7	8	9	10	11
		Total								

(b) **Amount of unavailed input tax credit carried forward to electronic credit ledger as State/UT tax**
(For all registrations on the same PAN and in the same State)

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details regarding capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing law	Total VAT [and ET] credit availed under existing law	Total VAT [and ET] credit unavailed under existing law (admissible as ITC of State/UT tax) (8-9)
					Value	Taxes paid VAT [and ET]			
1	2	3	4	5	6	7	8	9	10
		Total							

7. Details of the inputs held in stock in terms of sections 140(3), 140(4)(b) and 140(6).

(a) **Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) and 7(a)**

Sr. no.	Details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock				
	HSN (at 6 digit level)	Unit	Qty.	Value	Eligible Duties paid on such inputs
1	2	3	4	5	6
7A Where duty paid invoices or any other document are available					
Inputs					
Inputs contained in semi-finished and finished goods					
7B Where duty paid invoices are not available (Applicable only for person other than manufacturer or service provider) – Credit in terms of Rule 1 (4)					
Inputs					

(b) **Amount of vat and entry Tax paid on inputs supported by invoices/documents evidencing payment of tax carried forward to electronic credit ledger as SGST/UTGST**

Details of inputs in stock					Total input tax credit claimed under earlier law	Total input tax credit related to exempt sales not claimed under earlier law	Total Input tax credit admissible as SGST/UTGST
Description	Unit	Qty	Value	VAT [and Entry Tax] paid			
1	2	3	4	5	6	7	8
Inputs							
Inputs contained in semi-finished and finished goods							

(c) **Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 1 (4)) (To be there only in States having VAT at single point)**

Details of inputs in stock				
Description	Unit	Qty	Value	Tax paid
1	2	3	4	5

8. Details of transfer of cenvat credit for registered person having centralized registration under existing law (Section 140(8))

Sl. No.	Registration no. under existing law (Centralized)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance eligible cenvat credit carried forward in the said last return	GSTIN of receivers (same PAN) of ITC CENTRAL TAX	Distribution docume /invoice		ITC of CENTRAL TAX transferred
						No.	Date	
1	2	3	4	5	6	7	8	9
	Total							

9. **Details of goods sent to job-worker and held in his stock on behalf of principal under section 141**

a. **Details of goods sent as principal to the job worker under section 141**

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Job Worker, if available								
Total								

b. **Details of goods held in stock as job worker on behalf of the principal under section 141**

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Manufacturer								
Total								

10. **Details of goods held in stock as agent on behalf of the principal under section 142 (14) of the SGST Act**

a. **Details of goods held as agent on behalf of the principal**

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

b. **Details of goods held by the agent**

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

9. **Details of goods sent to job-worker and held in his stock on behalf of principal under section 141**

a. **Details of goods sent as principal to the job worker under section 141**

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Job Worker, if availabl								
Total								

b. **Details of goods held in stock as job worker on behalf of the principal under section 141**

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Manufacturer								
Total								

10. **Details of goods held in stock as agent on behalf of the principal under section 142 (14) of the SGST Act**

a. **Details of goods held as agent on behalf of the principal**

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

b. **Details of goods held by the agent**

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be take
1		2	3	4	5	6

Form GST TRAN - 2
(See Rule -----)



1. GSTIN -

2. Name of Taxable person -

3. Tax Period: month..... year.....

4. Details of inputs held on stock on appointment date in respect of which he is not in possession of any invoice/document evidencing payment of tax carried forward to Electronic Credit ledger.

Opening stock for the tax period			Outward supply made					Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	Central Tax	Integrated Tax	ITC allowed	Qty
1	2	3	4	5	6	7	8	9

5. Credit on State Tax on the stock mentioned in 4 above (To be there only in States having VAT at single point)

Opening stock for the tax period			Outward supply made				Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	State Tax	ITC allowed	Qty
1	2	3	4	5	6	8	9

Verification (by authorized signatory)

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom

Place

Date

Signature

Name of Authorized Signatory

.....
Designation /

Status.....



Proposed CTD

Form Trans 3, 3A & 3B



Proposed to be Incorporated in TRANS 3

To be filed by manufacturer issuing CTDs

S. No.	GSTIN of the dealer whom CTD is issued	Total No. of CTDs issued	No. of invoices against which CTDs have been issued	Total quantity for which CTD issued	Total value of Goods for which CTDs have been issued	Central Excise duty paid on such goods.

To be filed by dealer availing Credit on CTD.

S. No.	GSTIN of the dealer issuing CTDs	Total No. of CTD received	No. of invoices against which CTDs have been issued	Total quantity for which CTD issued	Total value of Goods for which CTD has been issued	Central Excise duty paid on such goods.

Proposed TRANS 3A

Documents to be maintained by the **manufacturer** issuing CTDs

S. No.	CTD No.	Invoices no. against which CTD has been issued	Invoice date	Months in which these clearances were made against the invoices	GSTIN Nos of all the intermediate buyers and sellers through whom the goods have passed.	Value of Goods .	Central Excise duty paid.

Conditions : Copy of invoices of the intermediate dealers through whom goods have passed shall be maintained in records by the dealer availing credit on CTD

Proposed TRANS 3B

Documents to be maintained by the **dealer** availing credit on CTDs

S. No.	CTD No.	Invoices no. against which CTD has been issued	Months in which these clearances were made against the invoice	GSTIN Nos of all the intermediate buyers and sellers through whom the goods have passed.	Value of Goods .	Central Excise duty paid on them.



For any Queries Please mail at
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Thank You!

