

"FAQ"

Ref-Jul/GST/01

Date : 07/07/2017

To,
The Deputy CAO (G)
HQ, FA & CAO Office
G.M. Building
West Central Railway
Jabalpur (MP)

Subject: Transitional Provisions – Migration from Present Regime to GST Regime

Sir,

With reference to the subject cited above and in response to most FAQ received to us , we hereby through this letter clarify the provisions of CGST Act 2017 relating to transition and invoicing during this migration phase.

1. Transitional provision related to **goods in transit** is summarised below:

• **Invoice raised before 1st July 2017 and payment & good received after 1st July 2017**

According to the time of supply rules of GST for goods, the point of taxation will be the earlier of either the **Invoice issue date** or the **Payment date**. In this case, it will be the Invoice issue date. Since the sale was made before GST implementation, it will be taxed under earlier law. GST will not be applicable.

• **Invoice raised & payment made before 1st July 2017 and goods received after 1st July 2017**

In this case, only existing taxes will be charged. GST will **not be applicable** as tax was collected under earlier tax law and an invoice was also issued before GST.

Above provisions are explained in tabular form:

Goods Supplied	Invoice raised	Payment made	Goods received	Point of Taxation	GST Applicable
27 th June	27 th June	5 th July	5 th July	27 th June	NO
30 th June	30 th June	25 th June	6 th July	25 th June	NO

2. Transitional provision related to long term contracts, in respect of a contract entered into prior to GST regime, the goods or services or both which are supplied on or after the introduction of GST would be liable to tax under the GST Act to the extent the supply takes place after introduction of GST.

For Example: A contract for a painting job was entered on 19th June, 2017. The applicability of GST from 1st July, 2017. The job is performed from 10th July, 2017 to 30th July, 2017. The said supply will be taxable under GST law.



3. Transitional provision related to Progressive or periodic supply of goods or services, transactions which have suffered tax (Value Added Tax or Service Tax) on the ground that consideration was received under the earlier law, whereas the supply is made after the date of introduction of GST.

- No CGST/SGST or IGST shall be levied on:
 - (i) **Goods**, to the extent tax was leviable under the Value Added Tax Act of the state;
 - (ii) **Service**, to the extent Service Tax was leviable on the said service.

For Example: Advance of Rs. 1,00,000/- was received on 10th June, 2017 for service to be rendered in July, 2017. The invoice for the service was raised for Rs. 1,50,000/- on 31st July, 2017. The appointed day as 1st July, 2017, GST shall be levied only on Rs. 50,000/-.

- Where tax was paid under both Value Added Tax Act and under Finance Act, 1994, viz., Construction service etc, Tax shall be leviable under CGST Act on the supplies effected after the appointed day.

For any further clarifications, you may contact our team present at the GST Cell at the Office of FA & CAO, WCR.

Thanks & Regards

For, Rahul & Co.

Chartered Accountants