

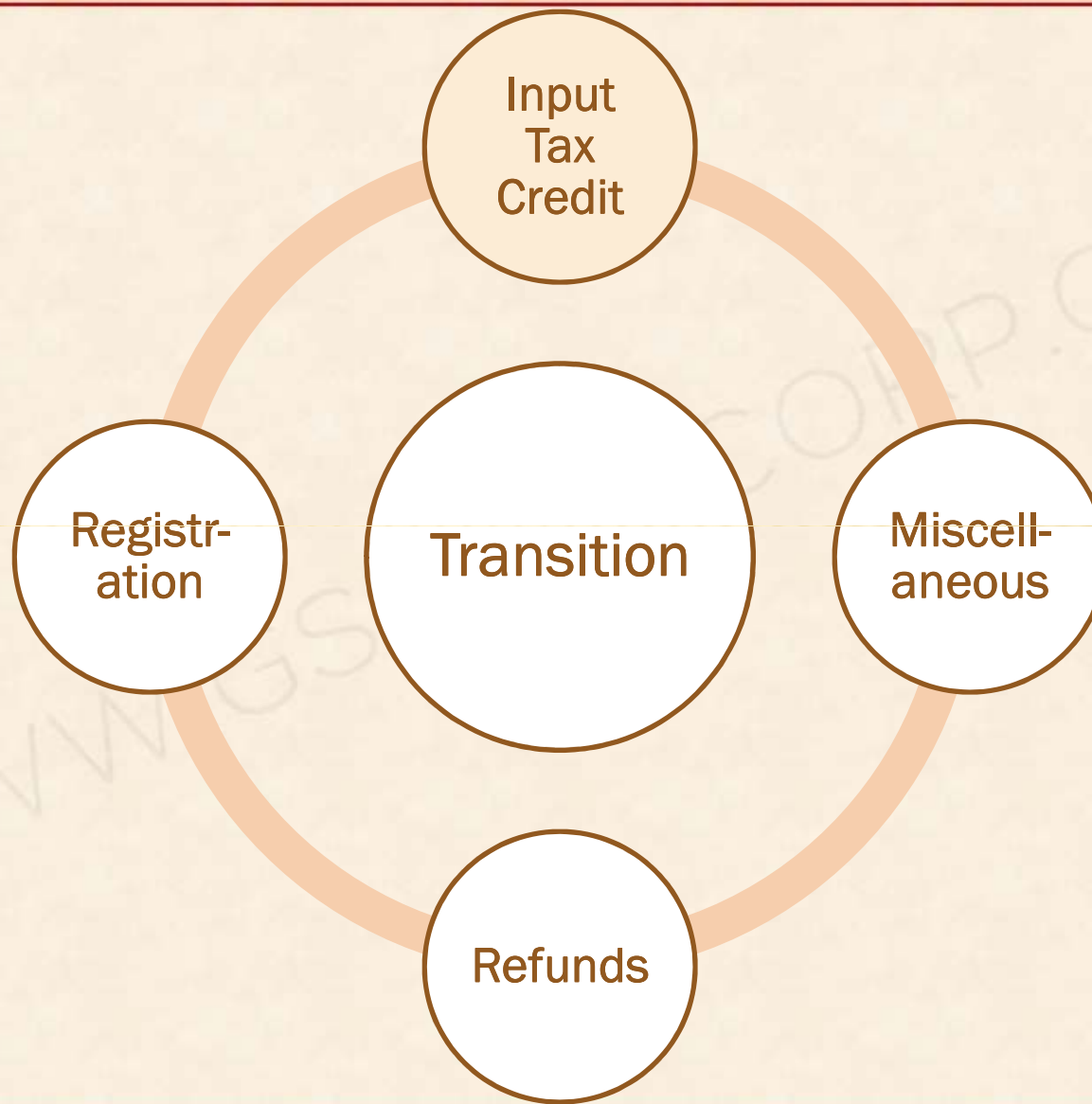
TRANSITIONAL PROVISIONS CGST ACT, 2017 PART - 1

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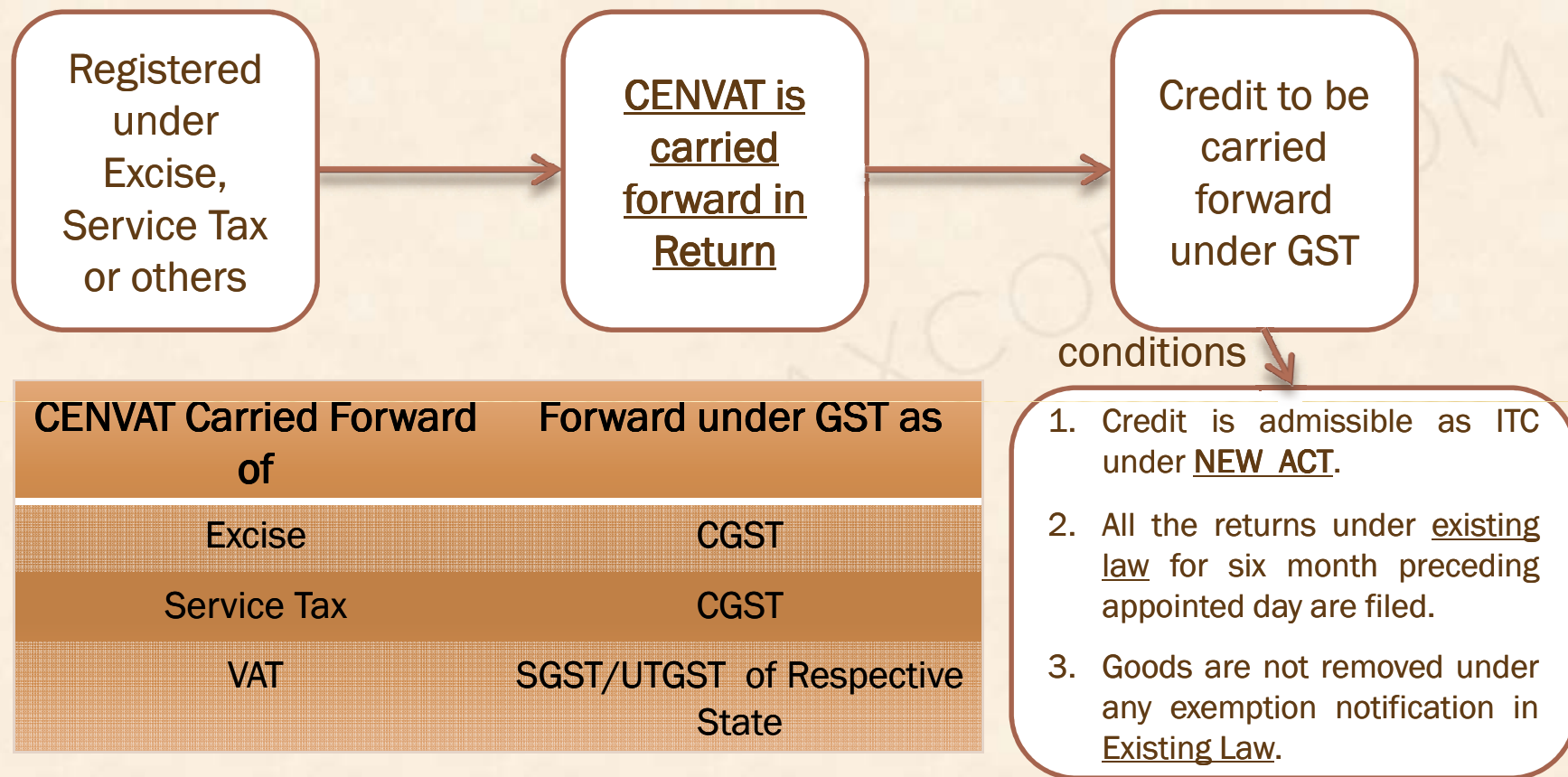
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TRANSITIONAL PROVISION CGST ACT, 2017



TRANSITIONAL PROVISIONS CGST ACT, 2017

Amount of CENVAT Carried forwarded in Return (Section 140(1))

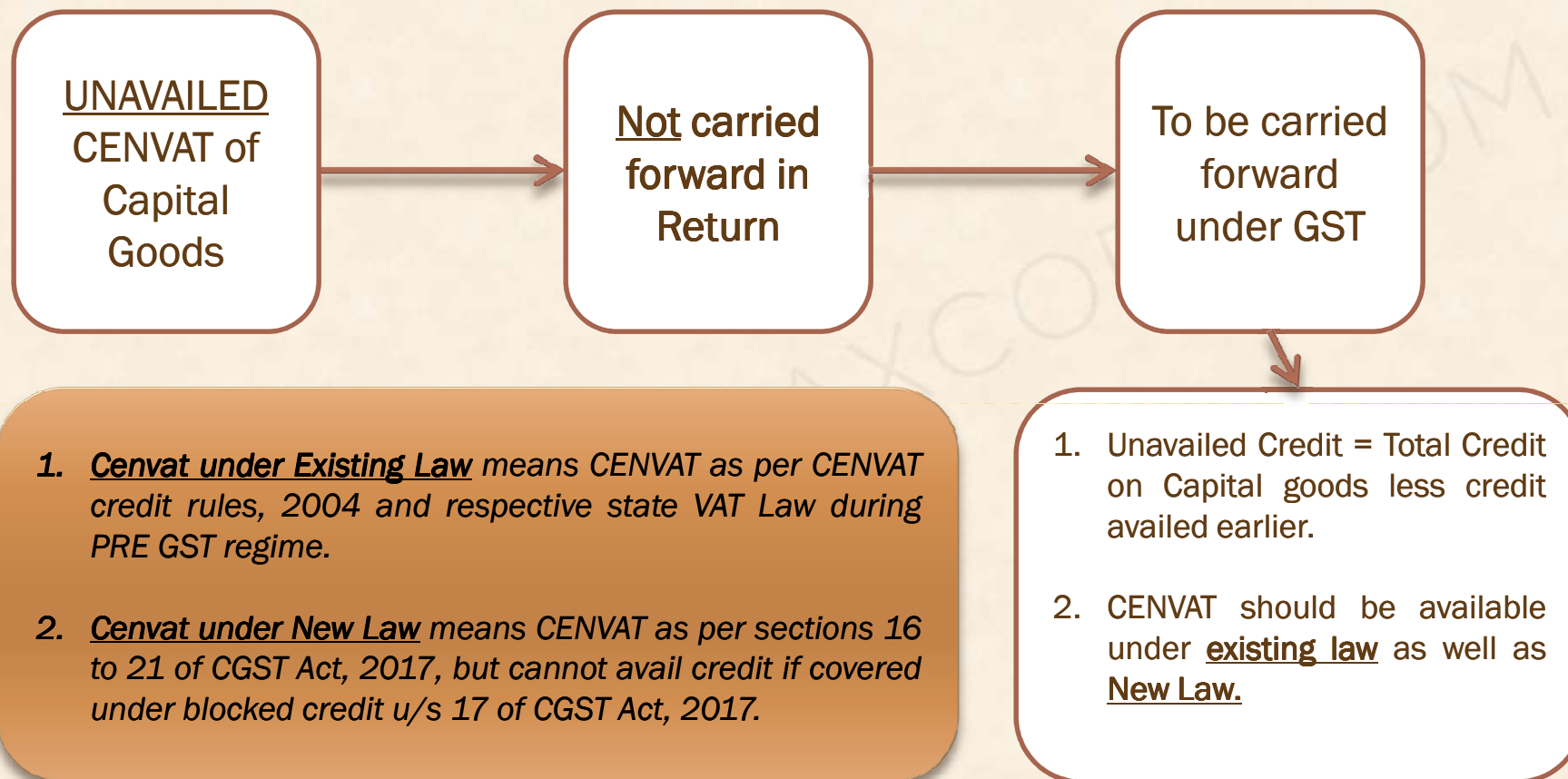


Note:- If Centralized registration in Service Tax, then CGST can be transferred to any registered person having same PAN. (3rd proviso to Sec 140(8) of CGST Act, 2017)

Existing Law:- All statutes going to be subsumed in GST.

Amount of CENVAT for CAPITAL GOODS

(Section 140(2))



TRANSITIONAL PROVISIONS CGST ACT, 2017

Amount of CENVAT for CAPITAL GOODS Cont..

(Section 140(2))

1	S No.	Total Cenvat on Capital Asset	1 st Year Cenvat availed	2 nd Year Cenvat Availed	Forward under GST as
	i	20,000	10,000	GST implemented	10,000 to be C/f under GST
	ii	20,000*	Not Taken	GST implemented	20,000 to be C/f under GST

In second case, If dealer forgot to avail cenvat credit in 1st year, then he can carry forward Amount of Rs. 20,000/- in GST, if such amount is not capitalized in books of accounts of dealer & Depreciation is not charged under Income Tax Act, 1961.

2

Amount is Capital Expenditure for Excise Purpose But Revenue expenditure as per Accounting Standard under PRE GST regime

Q:- Whether Unutilized CENVAT can be carried forward in this case?

In, author's opinion, CENVAT can be carried forward
(Proviso to section 140(2) of CGST Act, 2017)

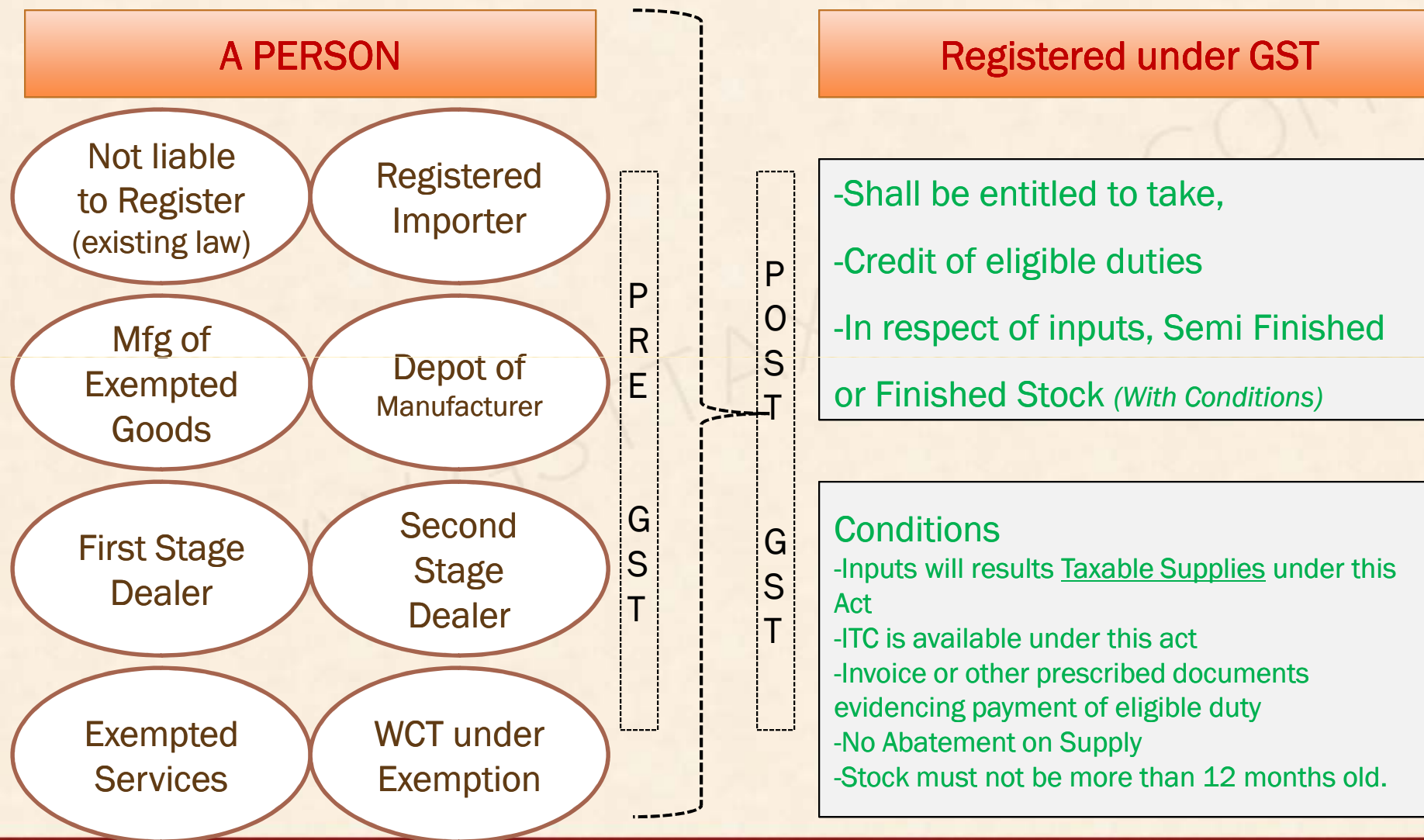
Check point is whether CENVAT is available under both existing law as well as new law.

Amount is Revenue expenditure as per GST as well as Accounting Standard under GST Regime

(Due to change in definition of Capital Asset)

TRANSITIONAL PROVISIONS CGST ACT, 2017

Amount of CENVAT of INPUTS for Specified Person (Section 140(3))



TRANSITIONAL PROVISIONS CGST ACT, 2017



Amount of CENVAT of INPUTS for Specified Delaers Contd...(Section 140(3))

Pre Gst Regime	Post GST Regime	Nature of Credit	Available or Not
One of specified Eight Categories	Taxable Goods or Services	Input Goods & Services	Available for Inputs goods only
Mfg Exempted Goods	Goods still exempted	Input Goods	No C/f Credit
Mfg Taxable Goods	Mfg Taxable Goods	Input Goods	Credit will be covered u/s 140(1)
Exempted Service Provider (Notf. 26/2012)	Now Taxable (No Abatement)	Input Goods, Capital Goods	Available only for Input Goods
Importer Importing goods on payment of CVD & SAD	Goods Taxable under GST	Input Goods	Can Avail credit of CVD & SAD
Mfg Exempted Goods	Mfg Exempted and Taxable Goods	Input Goods	Credit will be available subject to section 17 of CGST read with ICT rules

IN ALL CASES THERE MUST BE DUTY PAID INVOICE OR ANY DUTY PAID DOCUMENTS.

TRANSITIONAL PROVISIONS CGST ACT, 2017

Amount of CENVAT of INPUTS for TRADERS (Proviso to Section 140(3))

A PERSON

~~Manufacturer~~

Trader
(Other than
FSD & SSD)

~~Service
Provider~~

Not having
Duty Paid
Invoice or
document

Registered
under GST

- credit shall be allowed at the rate of forty per cent or
- Sixty per cent (if GST rate is 18% or more)
- of the central tax on
- supply of such goods
- shall be credited after the
- central tax is paid. (Conditions)

Conditions

- Stock is sold within Six Months
- Goods were not unconditionally wholly exempt from tax (1st Schedule to CETA)
- All documents for procurement of goods are in record.
- Such Credit is passed on to Customer.

TRANSITIONAL PROVISIONS CGST ACT, 2017



Amount of CENVAT of INPUTS for TRADERS Contd..(Proviso to Section 140(3))

Pre GST	Post GST	ITC Available or Not
Exempted Goods	Taxable	Input will not be available to TRADER
Goods bought in 2015 are still held in stock	Taxable	No Input available, (because goods are more than 12 months old.)
Opening Stock of Rs. 50,00,000	Exempt	No Input
Opening Stock of Rs. 50,00,000	Taxable and goods of Rs. 40,00,000 sold within six months from app day.	Input available only on Rs 40,00,000, balance will lapse.

Example:-

Opening Stock Rs 10,000/-

Sales price under GST Rs 20,000/-

CGST @9% Rs 1,800/-

SGST @9% Rs 1,800/-

Input Available- ~~a) 60% of 3600~~ b) 60% of 1800 (CGST)

60% will be replaced with 40% if rate of tax is lesser than 18%.

60% or 40% will be replaced with 30% or 20% if it is IGST.

TRANSITIONAL PROVISIONS SGST ACT, 2017

Amount of CENVAT of INPUTS for TRADERS (Proviso to Section 140(3))

A PERSON

~~Manufacturer~~

Trader
(Other than
FSD & SSD)

~~Service
Provider~~

Not having
Duty Paid
Invoice or
document

Registered
under
SGST

-credit shall be allowed at the rate of —
forty per cent or
-Sixty per cent (if GST rate is 18% or more)
-of the State tax on
supply of such goods
-shall be credited after the
-State tax is paid. (Conditions)

-Such goods have suffered tax at the FIRST POINT OF SALE in the state and subsequent sales are exempt
(Means manufacturer has paid VAT on such goods at removal on the MRP based valuation and all the subsequent sales are exempt thereafter.)

Conditions

- Stock is sold within Six Months
-Goods are not wholly exempt from VAT in particular state
- All documents for procurement of goods are in record.
-Such Credit is passed on to Customer.

TRANSITIONAL PROVISIONS SGST ACT, 2017



Amount of CENVAT of INPUTS for TRADERS Contd..(Proviso to Section 140(3))

Example:-

Opening Stock	Rs 10,000/-
Sales price under GST	Rs 20,000/-
CGST @9%	Rs 1,800/-
SGST @9%	Rs 1,800/-

On such stock Tax was paid on First point of Sale by Manufacturer and for trader such sale was exempted and VAT was not shown in invoice.

Input Available- **a) 60% of 3600** ~~b) 60% of 1800 (CGST)~~
~~b) 60% of 1800 (SGST)~~

In this, dealer is covered under this proviso in both acts CGST as Well as SGST, therefore he will be able to claim 60% credit on both taxes.

60% will be replaced with 40% if rate of tax is less than 18%.

60% or 40% will be replaced with 30% or 20% if it is IGST.

Credit Transfer Documents

-A MANUFACTURER CAN ISSUE CTD to evidence

-duty paid on goods **manufactured and cleared** by him **before the appointed day**

-under an invoice issued to a person who was not registered under the Central Excise Act,
on Specified Condition

Conditions:-

1. Value is higher than Rs. 25,000/- **PER PIECE**, have **BRAND NAME** and identifiable as a **DISTINCT NUMBER**
2. Dealers should be in **POSSESSION** of such goods **on appointed day**
3. Document should be issued **with in 30 days** from appointed day
4. CTD will not be issued if Duty Paid invoice is already issued to him
5. If Credit availed using CTD, then credit for **IDENTICAL GOODS** mfg by same manufacturer will not be available
6. Manufacturer will also be liable if credit wrongly availed.

Per Piece – A standard quantity as of length, weight or size in which something is sold (Merriam - Webster)

Identical Goods-

Two goods that are **alike** in all major respects. Identical goods have the same quantity and quality and are produced in the same country. Identical goods have the same value. They may have slight differences in appearance, however, but this does not affect their value. For example, two bricks of 14-carat gold fashioned in Belgium are considered identical goods.

(<http://financial-dictionary.thefreedictionary.com/Identical+Goods>)

REGISTRATION UNDER CGST ACT, 2017

Second Part – [Click Here](#)



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