

Transitional Provisions in GST...

by Raman Gupta



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Section 141- General Provisions

Persons working in Service Tax Department, Excise Department, various State VAT Departments and other indirect tax departments

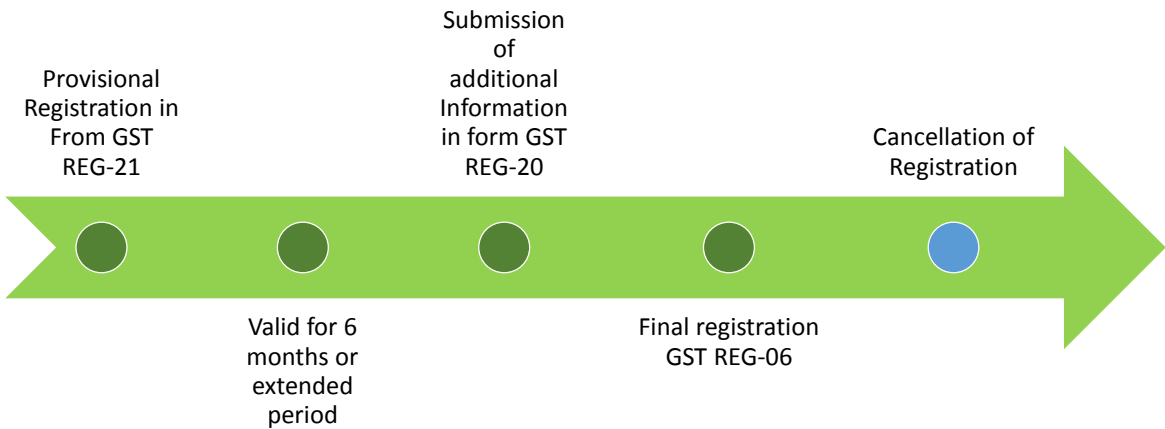
GST
Officers
and
staff.

The CG/SG may issue orders/ rules, not covered here, for the smooth transition to GST not in conflict with the GST Law.




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Migration of Existing Assessee



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Form GST REG 21 (Provisional Registration) and GST REG 20 (Information Required)


Government of India
And
Government of <State>
Department of <State>

Form GST REG-21
[See rule -----]

Provisional Registration Certificate

Central Goods and Services Tax Act, <20--> and <State> Goods and Services Tax Act, <20-->

1.	Provisional ID	
2.	PAN	
3.	Legal Name	
4.	Trade Name	
5.	Registration Details under Earlier Law	
	Act	Registration Number
(b)		
(c)		
(d)		
Date	<Date of creation of Certificate>	Place <State>

This is a Provisional Registration Certificate issued under the provisions of Central Goods and Services Tax Act, 20-- and <State> Goods and Services Tax Act, 20--.

This certificate will be valid till <30th September, 20--> or any other date notified in the Official Gazette. Final Registration Certificate will be issued after verification of Application for Enrolment.

Government of India / <<State>> Government
Department of -----

Form GST REG-20
[See Rule -----]

Application for Enrolment of Existing Taxpayer

Taxpayer Details			
1. Provisional ID			
2. Legal Name (As per PAN)			
3. Legal Name (As per State/Center)			
4. Trade Name			
5. PAN of the Business			
6. Constitution			
7. State			
7A Sector, Circle, Ward, etc. as applicable			
7B. Center Jurisdiction			
8. Reason of inability to obtain Registration	Registration under earlier law		
9. Existing Registrations			
Sr. No.	Type of Registration	Registration Number	Date of Registration
1	State VAT Registration		
2	CST Registration No.		
3	Service Tax Registration		
4	Central Excise Registration		
5	IEC No. (Importer Exporter Code)		
6	Corporate / LLP Identity Number		
10. Details of Principal Place of Business			
Building No./Flat No.		Floor No.	

Practical Case Studies (Sec 141-142)

Question 1:

Hotel 'X' have following registrations in the earlier laws:

Registration	Lucknow	Kanpur	Delhi	Agra
Luxury Tax	Yes	Yes	Yes	Yes
VAT	Yes	Yes	Yes	Yes
Service tax	Yes	Yes	Yes	Yes
Excise	Yes	Yes	Yes	Yes

How many registrations on provisional basis will be granted to Hotel 'X' under GST ?

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Practical Case Studies (Sec 141-142)

Question2:

'X' is a registered trader in the present H-VAT provisions. He is allotted provisional GST registration number. He is not able to furnish the required information under section 142 within the time prescribed. what will be the consequences ?

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Practical Case Studies (Sec 141-142)

Question 3:

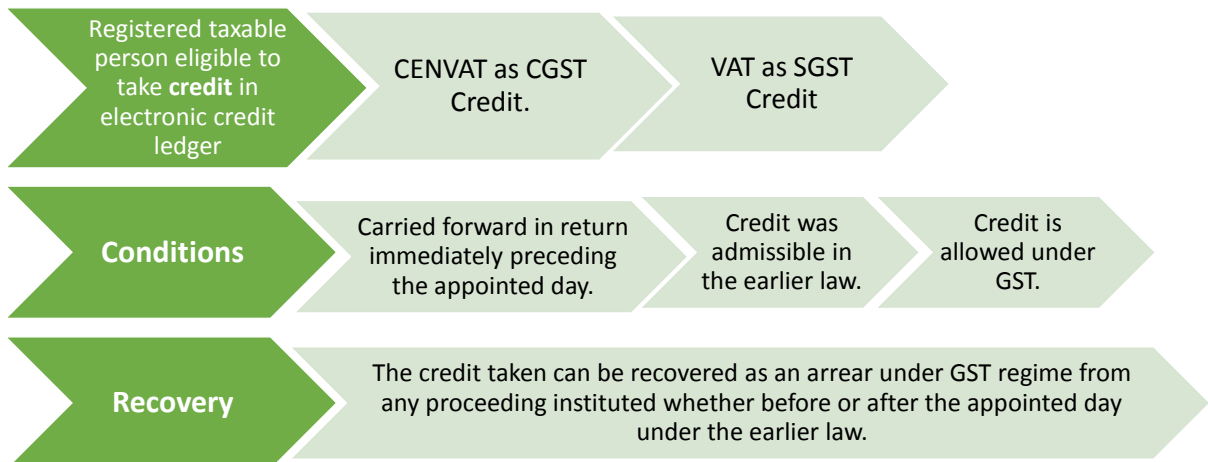
A registered HVAT dealer having a turnover of Rupees 7 lakhs will come under GST or not? If yes, then what will be the registration requirements and if not then how he will proceed ?

Question 4:

A CA firm is having offices in ten states and operating through a centralized registration in Delhi. How it will transit to GST ?

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Section 143- Amount of Credit carried forward in return



Section 144- Unavailed CENVAT Credit on Capital Goods

Registered taxable person eligible to take

- **CENVAT/Credit** in electronic credit ledger as CGST/SGST for *capital goods even if not carried forward in a return.*

Conditions for availing Credit-

- Credit was admissible in the earlier law.
- Credit is allowed under GST.

Recovery

- The credit taken can be recovered as an arrear under GST regime from any proceeding instituted whether before or after the appointed day under the earlier law.



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Section 145- Credit of eligible duties and taxes allowed

Eligible Persons to take Credit

Persons not liable to registered under the earlier law.

Manufacturer of exempted goods.

Seller of Exempted goods.

Credit of-

Inputs held in stock

Inputs contained in semi-finished goods

Inputs contained in finished goods



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Section 145- Credit of eligible duties and taxes allowed

Conditions:

- Inputs/ goods are used for making taxable supply in GST.
- Credit was admissible in the earlier law.
- Credit is allowed under GST.
- Possession of invoice/ other document evidencing payment of tax/ duty.
- Invoice/ document issued not earlier than 12 months preceding the appointed day.

Recovery:

- The credit taken can be recovered as an arrear under GST regime from any proceeding instituted whether before or after the appointed day under the earlier law.



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Practical Case Studies (Sec 143-145)

Question:

ABC is a trader in Gurgaon and registered under HVAT. He has a credit of Rs 20,000 carried forward in his VAT return. Will he be able to take credit?

Question:

ABC consultancy is a company providing services and carried forward in service tax return credit of Rs 20,000 as credit. Will it be able to take this credit under GST?

Question:

'Y' is a manufacturer as well as trader having tax liability of excise as well as VAT. He has credit of Excise paid Rs. 50,000 and of VAT of Rs. 20,000. How he will transit in GST and will take the credit?

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Practical Case Studies (Sec 143-145)

Question

'X', a manufacturer, purchased a machinery on 20th Feb 2017 of Rs. 1 crore and paid excise duty of Rs. 12,50,000.

availed the credit of 50% i.e. Rs. 6,25,000 in 2016-17.

closing balance of input credit as on 31.03.2017 of VAT of Rs 20,00,000 claimed in VAT return

CENVAT credit of Rs. 10 Lakhs claimed in Excise return.

How the CENVAT credit and credit of VAT will be allowed to 'X' under GST?

Question

X Ltd, a trader, purchased goods on 14th January 2017 worth Rs. 10 lakhs and paid VAT of Rs. 1.25 lakhs on such goods.

Out of the VAT credit of 1.25 lakhs, Rs. 50K was utilized in the earlier law and Rs. 75K is carried forward in the GST regime.

Suppose, on 2nd September, 2017, the said invoice is rejected by the VAT authorities in assessment proceeding. What will be consequences of the same?

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Practical Case Studies (Sec 143-145)

Question

XYZ Ltd, a manufacturer purchased machinery worth Rs 20 lakhs on 21st June, 2016.

- 50% of CENVAT is $20\text{lakhs} \times 12.5\% \times 50\% = \text{Rs } 1,25,000$ is available. However XYZ Ltd did not availed said credit in the first year.
- Will this credit be available in the GST?

Question

XYZ Ltd, a manufacturer sells goods worth Rs 1,20,000 to Mohit a trader. Taxes paid by XYZ Ltd are as follows:

- Excise Duty (12.5%) = Rs 15,000
- VAT (5%) = $[(1,20,000 + 15,000) \times 5\%] = \text{Rs } 6,750$

Apart from VAT credit, will Mohit be eligible for Excise Duty credit in the GST regime?

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Practical Case Studies (Sec 143-145)

Question:

ABC Ltd is a manufacturer manufacturing dutiable sanitary goods and having a turnover of Rs. 50,00,000. In earlier laws, he is not required to take registration under Excise. How much credit will be available if stock as on 31st March 2017 is as follows?

Components of Stock	Amount	Excise duty Paid
Raw Material	1,00,000	12,500
Semi-Finished Goods	2,00,000	15,000
Finished Goods	1,50,000	10,000

Question:

Sharma & Co. is a business concern and received certain legal services on 15th March 2017 but payment being made on 30th April 2017. In service tax laws the tax is to be paid on reverse charge basis in this transaction and the tax liability arises at the time of payment. How the transaction will be treated in GST ?

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Practical Case Studies (Sec 143-145)

Question

Sharma & Co. is a trader, selling goods including liquor (human consumption) and having total Input Tax Credit of VAT in books of Rs. 1 crore on 31st March 2017 as follows:

Items	Credit
Liquor (human consumption)	90,00,000
Other beverages	10,00,000

How much credit will be available to Sharma & Co. under GST?

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Practical Case Studies (Sec 143-145)

Question:

X Ltd is a company having the following registrations:

VAT and Excise registration			Service Tax registration	
States	ITC		States	ITC
	VAT	Excise		
Delhi	10,00,000	20,000	Delhi (Centralized)	50,00,000
Haryana	3,00,000	30,000		
Rajasthan	5,00,000	25,000		

How the credit of Excise, VAT and Service Tax will be treated under GST.? How will the Service Tax credit which is centralized in earlier law will apportioned under GST?

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Practical Case Studies (Sec 143-145)

Question:

Manohar received certain services on 25th March 2017. He has not availed the credit up to 31st March 2017 as invoice was issued on 31st March 2017 and the same was received on 10th April 2017.

What will happen to this credit under GST?

Question:

Trader A is engaged in trading of exempted goods under sales tax. These goods are taxable under GST regime. Trader A has stock of Rs. 50,000 as on 31.03.2017. Trader A has purchased these goods from Trader B, who has issued retail invoice. Will Trader A be eligible for the credit of VAT charged by Trader B?

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Practical Case Studies (Sec 143-145)

Question :

Trader A has purchased goods of Rs. 59,063. Invoice details are as under:

- Cost of goods: Rs. 50,000/-
- Excise Duty: Rs. 6,250/-
- VAT: Rs. 2,813/-
- Total: Rs. 59,063/-

Trader A has sold these goods to Manufacturer B for Rs. 68,219. Invoice details are as under:

- Cost of goods: Rs. 64,970/-
- VAT: Rs. 3,249/-
- Total: Rs. 68,219/-

Will the Manufacturer will be eligible for the excise duty of Rs 6,250 which has become the part of cost of goods?

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Section 146- Credit to taxable person switching over from Composition Scheme

- Persons paying tax at a **fixed rate/ amount**.



Section 146- Credit to taxable person switching over from Composition Scheme

Conditions:

- Inputs/ goods are used for making taxable supply in GST.
- Person is not paying tax under composition levy in GST.
- Credit was admissible in the earlier law.
- Credit is allowed under GST.
- Possession of invoice/ other document evidencing payment of tax/ duty.
- Invoice/ document issued not earlier than 12 months preceding the appointed day.

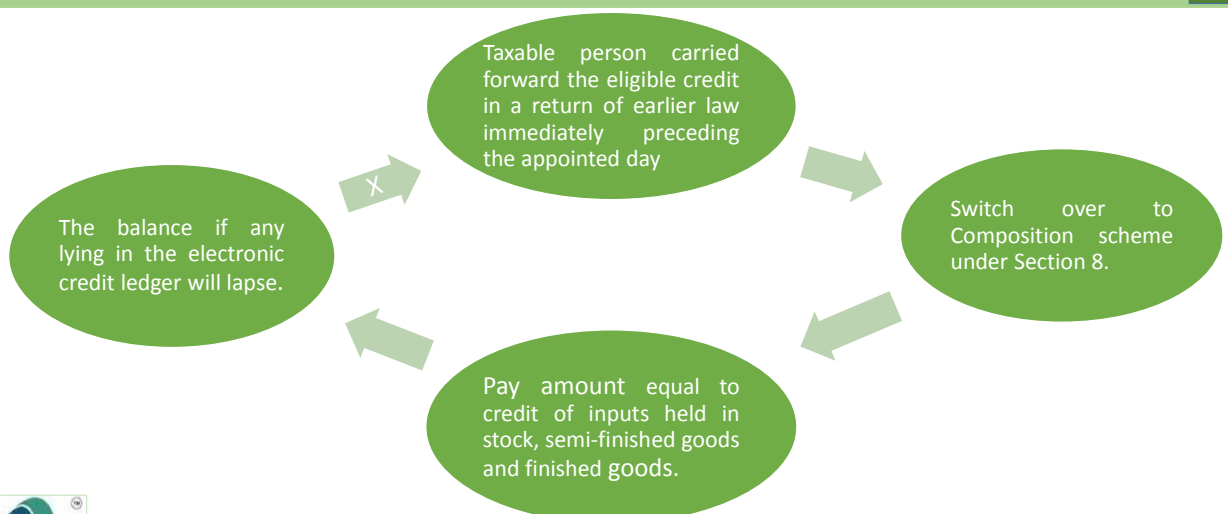
Recovery

- The credit taken can be recovered as an arrear under GST regime from any proceeding instituted whether before or after the appointed day under the earlier law.



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Section 147- Amount payable by a taxable person switching over to Composition Scheme



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Practical Case Studies (Sec 146-147)

Question

'X' is a kiln clink owner and opted for composition scheme under current VAT laws and paying tax at a fixed rate. On 1st April 2017, X went under the normal scheme and become a taxable person under GST. 'X' has stock of Rs. 12,00,000/- (inclusive of VAT Rs. 1,00,000/-) lying on 31st March, 2017. What will happen to the tax paid by 'X' in transition to GST?

Question

'Y' is a Halwai registered under H-VAT and discharging VAT liability at a fixed amount (per Bhatti) under the composition scheme. 'Y' has paid Rs. 25,000 as an input VAT on purchases of the goods lying in stock on 31st March 2017. Will the amount of VAT paid on inputs be eligible to 'Y' under GST as credit?

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Practical Case Studies (Sec 146-147)

Question

'Y' is a builder who is involved in building flats in Delhi/NCR and registered under the composition scheme of 1% under VAT. As a works contractor, Y is discharging tax liability under services tax and VAT both.

Service tax credit lying in service tax return as on 31st march, 2017: Rs. 25,00,000/-.

Being a composition tax payer Y is not getting credit of VAT paid on inputs. Input taxes paid by Y on the goods lying in stock on 31st March, 2016 is Rs 7,50,000/-.

How will these credit be treated under GST?

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Practical Case Studies (Sec 146-147)

Question

XYZ Ltd. is involved in production and packing of Pan Masala and is paying Rs. 64,80,000 (300 pouches*60*12*30) of excise duty per month. It has closing stock as on 31st March, 2017 of Rs. 4 crore including excise duty paid of Rs. 35 lakhs.

XYZ Ltd. is not eligible to avail CENVAT credit of the excise duty paid because it has opted for compounded levy in excise law. How XYZ Ltd. will get credit under GST?

Question

XYZ is trader, registered under VAT. Details of input tax credit lying in returns as on 31st March, 2017 is Rs. 1.50 lakhs.

XYZ has stock of Rs. 10 Lakhs , which includes VAT of Rs. 1.10 lakhs.

What will happen to the above Input Tax credit if XYZ opted for composition scheme in GST.

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Practical Case Studies (Sec 146-147)

Question

XYZ is trader, registered under VAT. Details of input tax credit lying in returns as on 31st March, 2017 is Rs. 50K.

XYZ has stock of Rs. 10 Lakhs , which includes VAT of Rs. 1.10 lakhs.

What will happen to the above Input Tax credit if XYZ opted for composition scheme in GST.

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Section 162: Credit distribution of service tax by ISD

- Input Services Distributor (ISD) is allowed to distribute credit of the services received by ISD prior to appointed day even if the invoices in relation to such supply received on or after appointed day.

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Practical Case Studies (Sec 162)

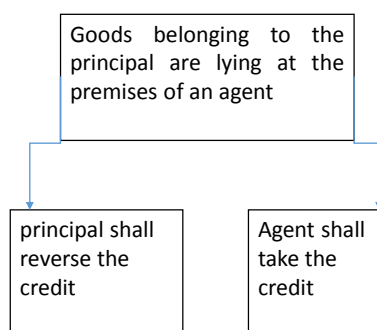
- A Ltd is an Input Services Distributor (ISD) registered in Delhi as ISD. In addition, A Ltd has branch office in Delhi and Gurgaon. A Ltd receives invoice of advisory services on 29th March 2017 for Rs 50,000 in office registered as ISD. Invoice details are as under:

Service Charge:	Rs. 50,000
Service Tax:	Rs. 7,500
Total:	Rs. 57,500

In addition to this A Ltd also has CENVAT Credit of service tax of Rs 3,00,000 in service tax return for the period October, 2016 to March, 2017. How the credit of above will be allowed in GST to A Ltd.

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Section 162A: Tax paid on goods lying with the agents to be allowed as credit



Conditions:

- Agent should be a registered taxable person under GST
- Both principal and agent declared the details of such stock lying with agent
- The invoice shall not be earlier than 1st April 2016.
- Principal has to reverse the credit availed on such goods if any.

Section 162B: Tax paid on Capital goods lying with the agents to be allowed as credit

- If any capital goods belonging to the principal are lying at the premises of an agent then the agent is eligible to take credit of such goods if the following conditions are fulfilled:
 - Agent should be a registered taxable person under GST
 - Both principal and agent declared the details of such stock lying with agent
 - The invoice shall not be earlier than 1st April 2016.
 - Principal has to reverse the credit availed on such goods if any.

Practical Case Studies

A Ltd has his agent B with whom some Inputs/Capital goods of the value of Rs 5,00,000 (VAT 25,000) are lying on 31st March 2017. Who will get the credit on such goods under GST and how.?



Thank You

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