GST- GOODS AND SERVICE TAX TRANSITIONAL PROVISIONS

PRESENTATION # 09

GST Transitional Provisions

GST would replace the following taxes and transitional provisions provides for the transition from existing law to the GST;

Taxes currently levied and collected by the Centre and will be subsumed under the GST.

1. Central Excise duty
2. Duties of Excise (Medicinal and Toilet Preparations)
3. Additional Duties of Excise
4. Additional Duties of Excise (Textiles and Textile
5. Products)
6. Additional Duties of Customs (CVD)
7. Special Additional Duty of Customs (SAD)
8. Service Tax
9. Central Surcharges and Cesses so far as they
10. relate to supply of goods and services

Taxes currently levied by the State taxes and will be subsumed under the GST.

1. State VAT
2. Central Sales Tax
3. Luxury Tax
4. Entry Tax (all forms)
5. Entertainment and Amusement Tax (except when levied by the local bodies)
6. Taxes on advertisements
7. Purchase Tax
8. Taxes on lotteries, betting and gambling
9. State Surcharges and Cesses so far as they relate to
10. supply of goods and services

GST - Transition for Registration

For existing taxpayers migrating to GST there are provision in the GST law covering various business scenarios that any business is likely to face during the transition period;

1. Every person registered under any of the earlier laws shall be issued a certificate of registration on a provisional basis.

2. Such Provisional certificate of registration shall be valid for a period of six months (or extended period on notification) from the date of its issue. Final registration certificate will be issued on furnishing requisite information and documents.

3. The certificate of registration issued to a person may be cancelled if such person fails to furnish, within the time specified.

4. If person wants to take use the option for composition scheme, he may proceed with requisite information and application for such option.

5. 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.

GST - Available CENVAT Credit

Closing Balance of CENVAT Credit as on appointed date (say 30th June 17)

- The amount of credit which is carried forward in return for immediately preceding period (say 30th June 2017), same can be entered in GST electronic credit ledger which can be used for paying output tax under GST.

- The above credit shall not be available for persons opting for composition scheme.

- Provided that the taxable person shall not be allowed to take credit unless the said amount was admissible as CENVAT credit under the earlier law and is also admissible as input tax credit under the GST Act.

- The amount taken as credit shall be recovered as an arrear of tax under this Act from the taxable person if the said amount is found to be recoverable as a result of any proceeding instituted, whether before or after the (say 30th June) appointed day, against such person under the earlier law.

- CENVAT Credit can be related to inputs, input services or capital goods. Balance shown in the return furnished under current tax regime will be opening balance in electronic tax ledger under GST to be known as CGST or SGST

GST - Available CENVAT Credit (Capital Goods)

Closing Balance of CENVAT Credit as on appointed date (say 30th June 17)

- A registered taxable person shall be entitled to take, in his electronic credit ledger, credit of the unavailed CENVAT credit in respect of capital goods, not carried forward in a return, furnished under the earlier law by him, for the period ending with the day immediately preceding the appointed day.

- The expression "unavailed cenvat credit" means the amount that remains after subtracting the amount of cenvat credit already availed in respect of capital goods by the taxable person under the earlier law.

- The condition is that credit must be eligible under GST law as well.

- If excess credit carried forward, it will be recovered under GST

GST - Available CENVAT Credit (INVENTORY)

Credit of eligible duties & taxes will be allowed in respect of inputs held in stock as semi-finished goods or finished goods on the appointed day (say 30th June 17)

1. Persons eligible for credit:
   a) Who was not liable to registration under earlier law but now is required under GST.
   b) Manufacturer of exempted goods or provider of exempted services which now became taxable.
   c) Works contract service provider.
   d) First stage or second stage dealer
2. Conditions for credit:
   a) Inputs are used for making taxable supplies
   b) Taxable person passes the benefit of credit to recipient
   c) Taxable person is eligible for input tax credit
   d) Invoice should be issued & should not be more than 12 months earlier
   e) No abatement is taken
3. A registered person, who has opted for composition scheme under earlier law can take credit of inputs held in stock semi-finished goods or finished goods, if he doesn't opt for composition scheme in GST law and other conditions are satisfied.

GST - Available CENVAT Credit (Return of Goods)

Duty/tax paid goods returned to the place of business on or after the appointed day (say 30th June 17)

1. Where any goods which have been removed under earlier law within 6 months prior to appointed day and duty has been paid thereon, are returned to place of business within 6 months from appointed day, the registered taxable person will be eligible for refund of duty paid under earlier law.
2. If the said goods are returned by registered taxable person, it is deemed to be supply.

3. If any inputs have been removed for job work and is returned within 6 months (can be extended further by 2 months) from appointed day, no tax shall be payable on such inputs.
4. If not returned within given time, tax credits will be recovered as per GST law.

GST - Credit Availability

Inventory Type	Transaction	Impact of Excise	Impact of VAT
Raw Material, Packing Material and other inventory	Traders invoice with VAT (not Excise invoice)	Not Applicable No Impact	VAT credit (wherever available) is already availed and VAT balance is carried forward as SGST balance.
Raw Material, Packing Material and other inventory	Manufacturer / Excise registered dealer's invoice with Excise & VAT	Avail excise duty credit as CGST receivable	Already availed (if available) & VAT balance is carried forward as SGST receivable.
Raw Material, Packing Material and other inventory	Composite invoice without Excise & VAT	Not Applicable No Impact	Not Applicable No Impact
Raw Material, Packing Material and other inventory	Carrying in stock by a person not liable to be registered under existing law, but is liable to registered under GST	Avail excise duty credit as CGST receivable if invoice is available as proof of payment	Already availed (if available) & VAT balance is carried forward as SGST receivable
Raw Material, Packing Material and other inventory	Carrying in stock by a person not liable to be registered under existing law, but is liable to registered under GST	Avail 40% of elligible excise duty credit as CGST receivable if invoice is available as proof of payment	Already availed (if available) & VAT balance is carried forward as SGST receivable
Capital Goods	Partially availed the credit.	Avail excise duty credit as CGST receivable for balance amount	Already availed (if available) & VAT balance is carried forward as SGST receivable.

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Disclaimer: The information contained herein is provided to generate a basic understanding of the GST provision and may not be complete, error & omission is expected. Please consult before taking your decision/action based on the information given through this presentations.