GST

Transitional Provisions pertaining to input tax credit – Sec. 140 read with Transition Rules

1. Unutilized VAT/Cenvat (i.e. Excise & Service Tax) Credit allowed to be carried forwarded (VAT=SGST and Cenvat=CGST) subject to the following conditions:
    a. Credit is admissible under GST law
    b. VAT/Excise/Service Tax Return is furnished for last six months
    c. Credit does not relate to goods manufactured & cleared under exemption notification

2. VAT/Cenvat credit not availed on capital goods can be availed if the same is admissible under GST law.

3. Person who was not required to be registered under VAT/Excise/Service Tax or person engaged in manufacture/sale of exempted goods or provision of exempted service or first stage dealer, second stage dealer, depot of manufacturer are entitled to avail credit in respect of inputs held in stock and inputs contained in semi-finished (WIP) or finished goods subject to following conditions:
    a. Such inputs or goods are used for making taxable supplies under GST
    b. Person is eligible for input tax credit under GST
    c. Person is in possession of invoice which was not issued earlier than 12 months.
    d. Supplier of service is not eligible for any abatement under GST.

If the person is not in possession of invoice, credit of 40%* of output tax liability will be admissible and the person will be required to pass on the benefit of credit to the customer. Such credit will be available for a period of six months. (*40% is subject to change, likely to be 60%).

4. Input Tax Credit admissible on goods/services received after implementation of GSTon which VAT/Excise/Service Tax is paid if the invoice is recorded within 30 days from implementation of GST. The said period of 30 days can be further extended by 30 days by Commissioner. Details of supplier, invoice details, amount of eligible taxes/duties and date of receipt of goods/service is required to be furnished.

5. Person, who was either paying tax at a fixed rate or paying a fixedamount in lieu of the tax payable under the existing law shall be entitled to take, in hiselectronic credit ledger, credit of eligible duties in respect of inputs held in stock and inputscontained in semi-finished or finished goods held in stock on the appointed day subject tothe following conditions:

(i) such inputs or goods are used for making taxable supplies under GST
(ii) the person is not paying tax under section 10 (composition levy);
(iii) the person is eligible for input tax credit on such inputsunder GST;
(iv) Person is in possession of invoice which was not issued earlier than 12 months

6. Credit in respect of services received prior to implementation of GST by Input Service Distributor will be available for distribution.

7. Person having Centralized registration under Service Tax will be allowed to carry forward unutilized Cenvat Credit if the same is admissible under GST as input tax credit. Such carried forward input tax credit can be transferred to any registered person having the same pan.

8. Where Cenvat Credit availed for input service has been reversed due to non-payment of the consideration within a period of three months (according to 2nd proviso to Rule 4(7) of CCR, 2004), the same can be reclaimed subject to the condition that the person has made the payment of the consideration for that supply of services within a period of three months.