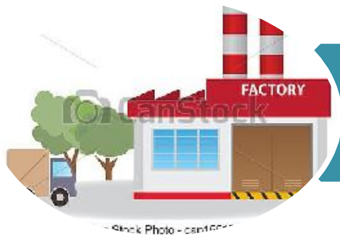
TRANSITION PROVISION UNDER GST 2017

- INPUT CREDIT ON STOCK OF
  - FINISHED GOODS,
  - RAW MATERIAL SUPPLIED,
  - SEMI FINISHED GOODS ON OR BEFORE JULY 1 2017.

- As GST countdown has begun and there is lot of confusion wandering in market among businessman, corporate and other persons regarding of input tax credit on stock held on or before July 1 2017.
- I hope you will get some idea about how to deal and what is transition provision on held stock through this PPT.

A) Input tax credit on finished goods held on 30 June:

- Finished goods may be held at



Factory

Depot

Dealer / Retailer

Case	Action Points
•Goods are held at own factory on 30 June	•Nothing need to be done as Excise Duty would not have been paid on that. From July 1 sale will be done by levying normal GST.
•Goods are held at Depot.	•For goods held at depot outside the factory, goods have to be segregated into stock for which excise duty paying documents are available and for those where they are not. •For stock of which documents are available, **actual excise duty paid** can be **claimed**. •For stock of which documents are not available, deemed credit of CGST liability can be claimed: A) For goods on **28% of GST bracket**: **60%** of CGST Liability and B) For rest of goods, it will be of **40%**

Case	Action points
•Goods are held with dealers and Retailers	•In a case they (Retailers and Dealers) have original excise paid document then actual excise duty paid can be claimed by them. This credit will be claimed by dealer/retailer not by manufacturer. •In a case they don't have original excise paid document and value of goods is more than Rs.25,000.00, then the **manufacture can issue credit transfer document**, a facility available for product that are **easily identifiable with a serial number.** •**In other case,** retailer/ dealer can claim a deemed credit of **60% of CGST Liability.**

B) Input credit on excise duty paid on Raw material :

Case	Action Points
•Raw materials that is in transit i.e. shipped by vendor but not received. •And also in case of semi finished inventory.	•Ensure tax paid is recorded properly and correctly in books of account. •This credit can be carried forward in GST regime. •Make sure that all the returns for last six months have been filled since it is a **precondition for carrying forward of credits.** **•If there is any material in transit,** then there is period of 30 days to record the credit of tax paid.

Conclusion:

Goods at own factory

- No need to do anything, as excise duty would not be paid.

Goods at depot

- Original excise paid document are available, full credit can be claimed
- Original excise paid document not available, goods of 28% GST bracket: 60% of deemed CGST liability
- For rest, 40% of deemed CGST liability can be claimed.

Goods held at retailer/ dealer

- Original excise paid document are available, full credit can be claimed. To be claimed by retailer/ dealer.
- Original excise paid document not available, credit transfer document are issued by manufacturer then in a case goods can be easily identifiable with serial no. **full credit.**
- For rest, 60% of deemed CGST liability can be claimed.

Some Issues on provision of Input Tax credit on spares lying as stock at Automobile Industry

Spares which have been in stock for a period more than one year

- No input tax credit on such stock and spares would be allowed on GST regime.

Spares which have been in stock for a period less than a year

- GST appointed government panel have made a provision for dealers only to claim 60% of input tax credit on such spares.

Note: But government has made provisions for **refunding of excise duty** on unsold stocks beyond July 1. but there is no provision for refunding of central state tax and national calamity contingent duty **(amounts to anywhere between 3 to 7 % of cost of vehicle)**