

TRANSITION PROVISIONS UNDER GST- STOCK & ITC

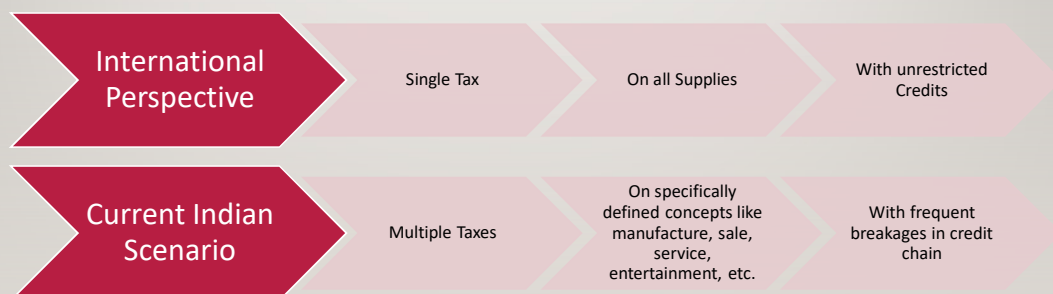
CA. PARTH SHAH
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J B Nagar CPE Study Circle
Study Group Meeting
25th February 2017

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2 UNDERSTANDING NEED FOR A GST



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3 IMPORTANT TAXES SUBSUMED



IGST instead of CGST and SGST for Interstate Transactions – Destination Based

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4 UNDERSTANDING THE AREA OF IMPACT

Stocks

- Stock in hand
- Stock held of / by agent
- Stocks sent on Job-work
- Goods sent on approval basis

Tax Payable/ Credit balances

- Already disclosed in the return
- Not disclosed in the return
- Claimed as refund
- Credit of goods/ services in transit
- ISD

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5 NEED FOR ANALYZING TRANSITION IMPACT- STOCK

	Manufacturer	Trader	Service Provider
Domestic Procurements			
Central Excise	Creditable	Not Creditable	Creditable
VAT/ Entry Tax	Creditable	Creditable	Not Creditable
CST	Not Creditable	Not Creditable	Not Creditable
Service Tax	Creditable	Not Creditable	Creditable
Octroi	Not Creditable	Not Creditable	Not Creditable
Imports			
Basic Customs Duty	Not Creditable	Not Creditable	Not Creditable
CVD	Creditable	Not Creditable	Conditionally Creditable
SAD	Creditable	Conditionally Refundable	Not Creditable

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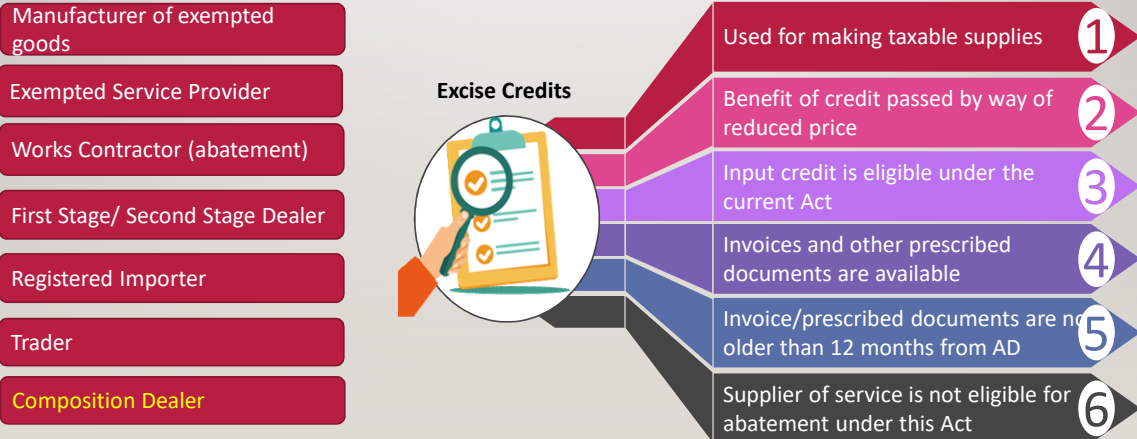
6 CREDIT OF STOCK ON AD

- Applicable for
 - Person not liable to be registered under earlier law
 - Person engaged in manufacture of exempted goods/ provision of exempted services/ *providing works contract service & availing abatement benefit (only CGST)*
 - First stage/ Second stage dealer or a registered importer
- Whether a works contractor discharging tax as per Valuation Rules, 2006 covered above?

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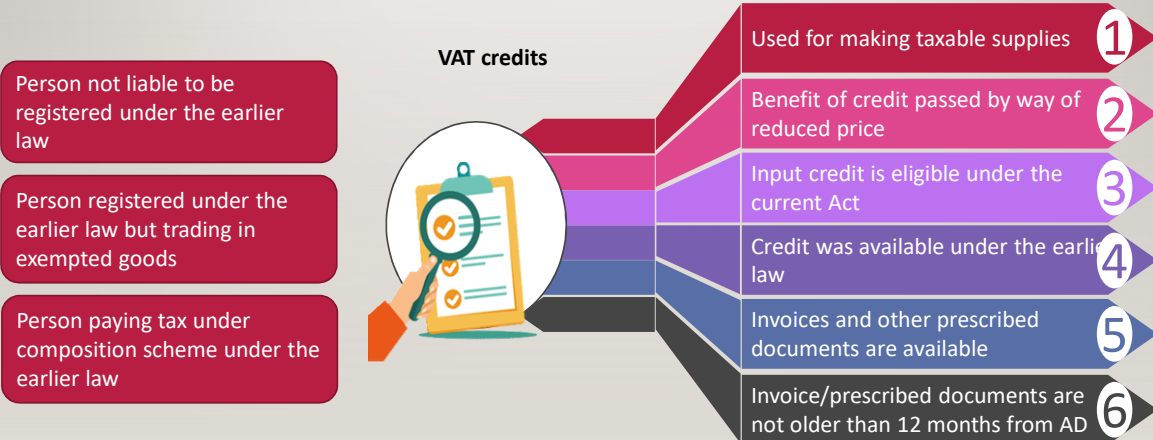
7 PROPOSED TRANSITION SCENARIO FOR ED PAID STOCK



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8 PROPOSED SCENARIO FOR VAT/ ENTRY TAX



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9 SOME STEPS TO BE TAKEN FOR SMOOTH CLAIM OF CREDIT

- Identification of stock in hand as on AD and tagging the same with corresponding purchase documents
- Quantum of credit claim to be decided in the prescribed manner
- Planning for slow-moving duty paid stocks
- Traders not registered as dealers should insist on Excise Invoice at the time of purchase to claim credit under GST

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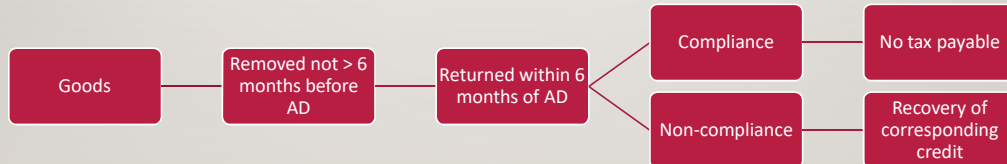
10 GOODS LYING WITH AGENT



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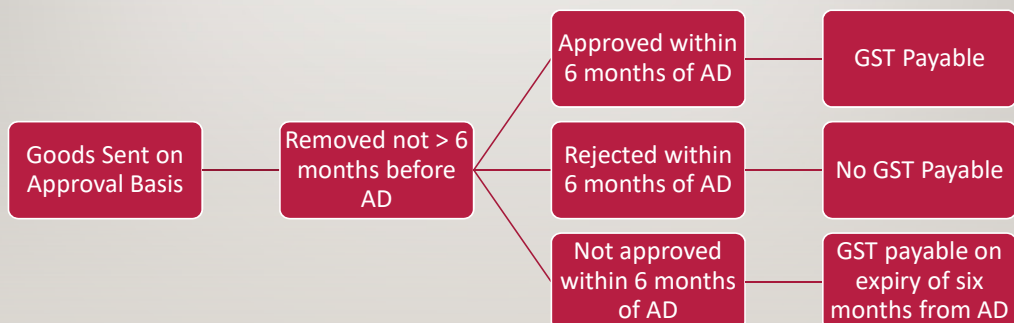
11 GOODS SENT ON JOB-WORK



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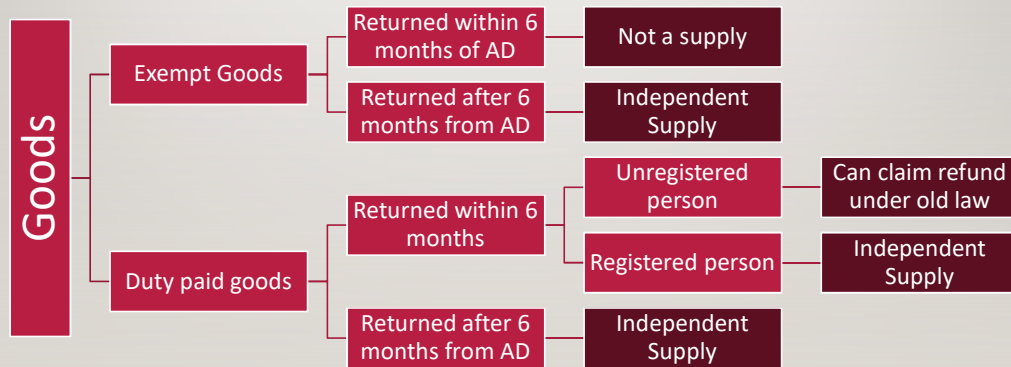
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12 GOODS SENT ON APPROVAL BASIS



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13 GOODS RETURNED AFTER AD



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CREDIT TRANSITION

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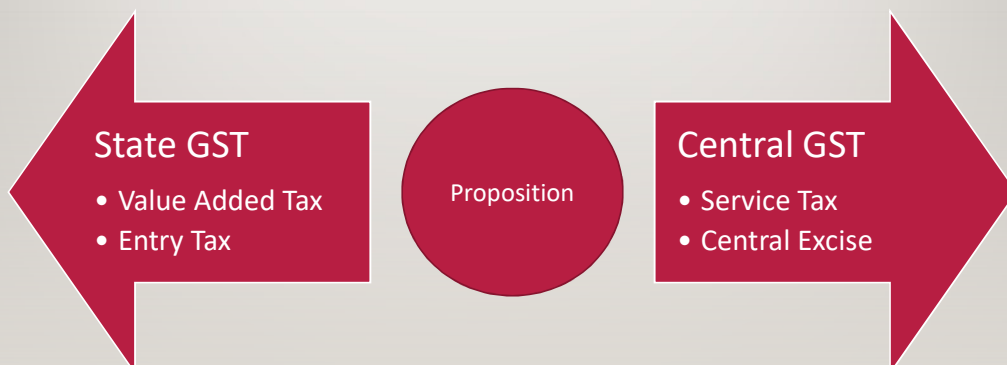
15 CREDIT BALANCES AS ON APPOINTED DATE - PROBABLE SCENARIOS



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16 TRANSITION PROVISION



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17 CONDITIONS

- Registered under GST
- Not discharging tax under composition scheme
- Balance c/f in the return
 - In case of SGST, return should have been filed within 90 days of AD
- Amount should be admissible as credit under this Act

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18 IMPORTANT POINTS...

- Credit should have been c/f in respective return
 - In case of SGST credits, return under the earlier law should have been filed within 90 days of Appointed Date
- SAD claim on already sold stock to be claimed under the earlier law
- Reconciliation between books and return to be critical
 - Amount of balance c/f under the earlier law to be reduced by amount for which refund claims already filed, if not done and accordingly accounting treatment to be provided

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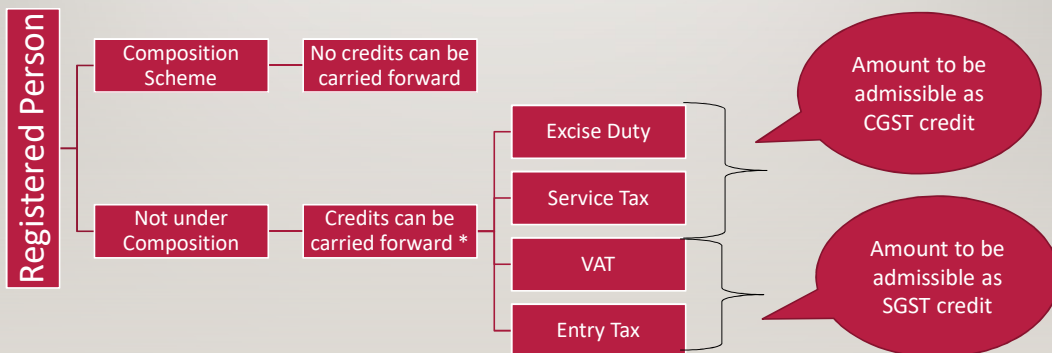
19 IMPORTANT POINTS

- Subsequent Revision of Returns
 - Resulting in increase in balance c/f under the earlier law
 - Refund becoming due to be paid under the earlier law
 - Resulting in decrease in balance c/f under the earlier law
 - To be recovered under the new law
- Unpaid creditors on AD to be paid within 90 days to reclaim the credit reversed
- Provision for Distribution of CENVAT Credit balances amongst location for centralized service tax registration under the earlier law to be prescribed

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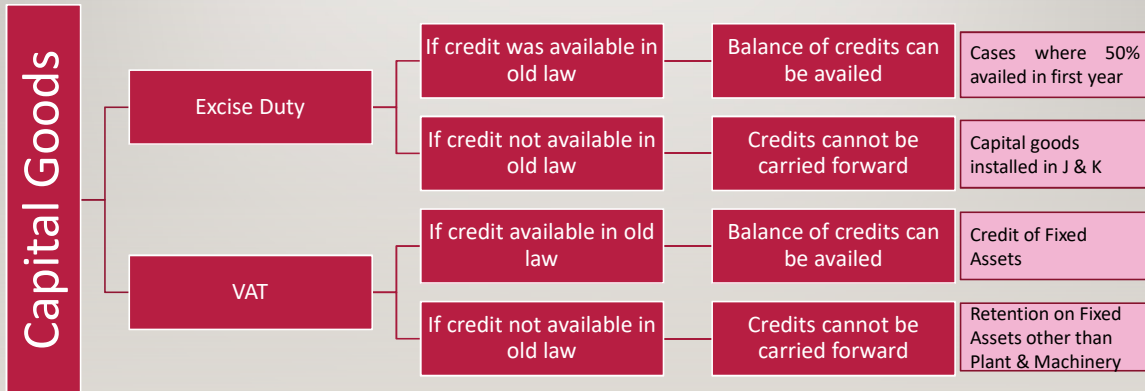
20 SUMMARY

* Credits as disclosed in returns under old laws



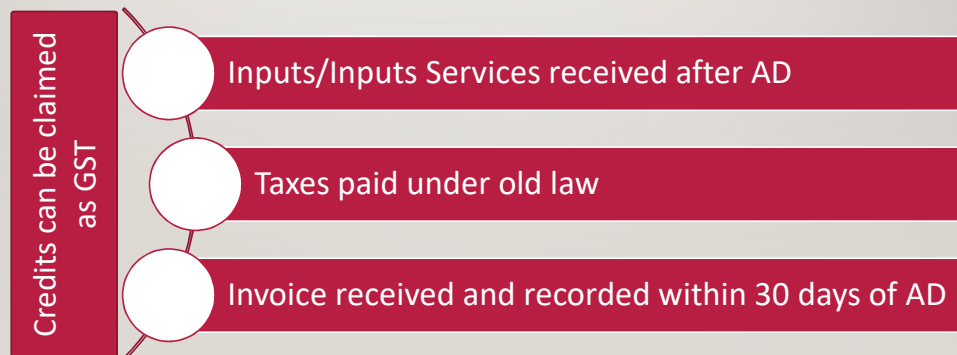
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21 UNAVAILABLE PORTION OF CREDIT ON CAPITAL GOODS



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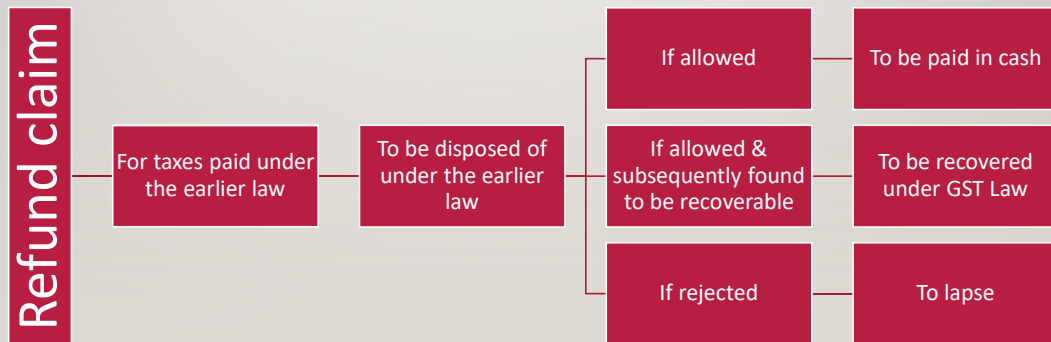
22 GOODS/ SERVICE IN TRANSIT ON AD



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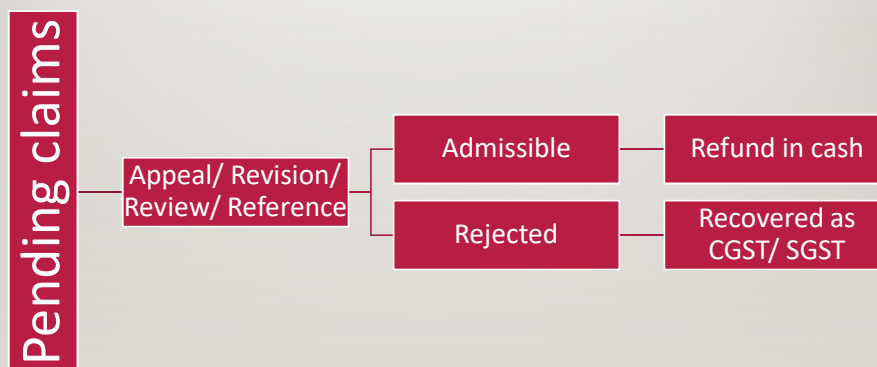
23 REFUND CLAIMS FILED UNDER THE EARLIER LAW



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24 PENDING CENVAT CREDIT CLAIMS



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