



GST ALERT II

Transitional Provisions in respect of closing stock and unabsorbed tax refund

GST is likely to be effective from 1st July 2017. So 1st July 2017 is called Appointed Day (A.D.).

I. Refund in respect of closing stock

If a person is not liable to be registered under say Excise law & if he has stock whereon excise has been paid and which appears in invoice held by him, he can claim credit of such excise duty if:

1. Such goods are taxable under GST
2. He is in possession of Invoices or other document evidencing payment of duty
3. Such invoices are within 12 months preceding the A.D.
4. Statement of such stock is filed electronically in 60 days

Where he is not in possession of invoices, evidencing payment of duty, he will be able to claim refund at reduced rate and as and when such goods are sold under GST regime.

II. Unabsorbed tax refund

It is very likely that as on A.D., you will have credit of excise duty (including capital goods), service tax and/or VAT. You will be able to carry forward this refund to GST regime subject to following conditions:

1. Such credit should be admissible as input tax credit under GST
2. Returns under the relevant laws (i.e. Excise/ Service tax/ VAT) for six months preceding the A.D. must have been filed
3. Relevant application is to be submitted electronically within 60 days

4. In case of carry forward of VAT refund on account of sale against declarations like Form C, F, H, I, E-1, E-2 etc., details of such forms are required to be given. Differential tax on account of pending forms will be adjusted against Refund. Such reduced refund will be given credit of if such Forms are received in time to be prescribed.

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Note: The above GST Alert is prepared on the basis of Draft Rules and is for your general information. Final Rules will be announced in due course.

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