Module 13 · Transition to GST P19 · topic 13

SM pp. 879–892. Not asked in the seven papers; Postal Q5(a) centralised-registration credit (3 marks) = **SM Illus. 5**. Expected ~0 marks — one page, read once. Appointed day = 1-7-2017.

A · CARRY-FORWARD OF CREDIT (S.140)

- **140(1) closing balance** in the last return → electronic credit ledger, only if returns for the **last six months** were filed; not for composition. Excise, CVD, SAD → **CGST**; VAT → **SGST**. Unavailed credit on capital goods in TRAN-1 Part B. [SM 880–881]
- **140(3) duty-paid stock** (inputs, WIP, finished goods) — for persons not registered earlier, exempt manufacturers / service providers, works contractors, dealers, importers, depots: duty-paid invoice not issued earlier than **12 months** before 1st July 2017. [SM 882]
- **Deemed credit without invoice — traders only**, for six months: on GST paid on such stock when sold, **60%** (CGST 9% or more) or **40%** (others); IGST **30%** / **20%**; benefit passed on in prices; stock identifiable. [SM 882–883]
- **140(4)** mixed (exempt + taxable) — credit for both; goods / services **in transit** — recorded within **30 days** of 1-7-2017 (+ 30 days by the Commissioner); **140(7) ISD** invoices received after 1-7-2017; **140(8) centralised registration** — return within **three months**, credit transferable to units with the **same PAN** in any ratio; **140(9)** credit reversed for non-payment reclaimable if paid within **3 months** of 1st July, 2017. [SM 884–889]
- Rule 121: wrong transitional credit recovered by s.73 / 74 / **74A** proceedings. *Adfert Technologies* (P&H, SLP dismissed) and *Rohan Dyes* (Guj): TRAN-1 not filed due to glitches — credit allowed. [SM 890–891]

B · CONTINUING PROCEDURES (S.141–142)

Situation (goods sent before 1-7-2017)	Rule
Job work, returned within **six months** (+2 months)	no GST; else ITC recovered from principal, job worker pays GST
Duty-paid goods returned within 6 months	unregistered returns → refund of old duty; registered returns → a supply
Sent on approval, returned within 6 months (+2)	no tax; later → recipient pays; not returned → sender pays
Price revision of an old contract	debit note / supplementary invoice within **30 days** → GST; credit note on a fall
VAT-TDS invoice before, payment after	no GST TDS

[SM 889–890]

C · OLD PROCEEDINGS

Pending and future claims (CENVAT / VAT, export rebate, service tax) are disposed of under the existing law; refund of CENVAT credit paid in **cash**, rejected amounts lapse, no refund if already carried forward; recoveries as arrears of GST. [SM 890]

PROBLEMS BOX (RECOMPUTED BY SCRIPT m13_patterns.py)

SM Illus. 1: trader, stock on 01-07-2017, sales ₹ 5,60,000 with CGST @9% and SGST @9%. (a) duty documents held → BED ₹ 62,500 as CGST, VAT ₹ 28,125 as SGST; (b) no documents → 60% of ₹ 50,400 = **₹ 30,240** CGST and ₹ 30,240 SGST. Example 1: CGST ₹ 8,400 × 60% = ₹ 5,040. [SM 884]

SM Illus. 5 = Postal Q5(a): X Academy, centralised registration in Chennai, balance credit ₹5 Lakhs on 30-06-2017 → can be distributed to Hyderabad and Cochin (same PAN), in any ratio — not necessarily turnover. [SM 888–889]

Practise: Postal Q5(a) · SM Illus. 1–5 · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"Six months of returns to carry credit; six months to bring goods back; 60-40 for traders without bills."