GST: Transitional Provisions
Contents

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**Issue of Supplementary Invoices, Debit or Credit notes where Price is Revised in pursuance of a Contract**

**Situation A: Revision upwards**

- Contract for revision entered prior to the appointed day
  - Price revised **upwards** on or after the appointed day
    - To issue supplementary invoice/ **debit note** to the recipient
      - Within 30 days of such revision
        - Debit note shall be deemed to have been issued under this Act

* **Appointed day shall be taken as 1st July, 2017**

**How price revision will be dealt under GST:**

- Suppose goods are sold in April, 2017 as per contract under current regime and service tax is charged @ 15%
- Rate of tax under GST is 18%
- A Debit Note is issued under GST i.e. after 1-July-17 for price revision upwards of Rs. 20,000/-
- Invoice should be issued within 30 days of such revision
- Such debit note is liable to tax under GST @ 18%
Section 178
Price Revision

Issue of Supplementary Invoices, Debit or Credit notes where Price is Revised in pursuance of a Contract
Situation B: Revision downwards

- Contract for revision entered prior to the appointed day
- Price revised **downwards** on or after the appointed day
- To issue supplementary invoice/ **credit note** to the recipient
- Within 30 days of such revision
- Credit note shall be deemed to have been issued under this Act

Example:

- Mr. A entered into a contract for providing professional services with Mr. B on 1-1-17 for Rs. 100,000
- Mr. A decreased price of the services on 1-7-17 by Rs. 30,000
- Mr. A issued a credit note to Mr. B of Rs. 30,000/- on 15-7-17 i.e. within 30 days, so this invoice is deemed to be issued under GST
- Mr. A is allowed to reduce his output tax liability only if Mr. B has reduced his ITC corresponding to such reduction of tax liability

[Matching of reversal by the recipient may become an issue]

*Similar enabling provisions under SGST*
Every claim for refund:
• filed by any person before or after the appointed day
• for refund of any amount of CENVAT credit, duty, tax or interest
• paid before the appointed day
• shall be disposed off
• in accordance with the provisions of earlier law
• and such amount shall be paid in cash
• Where any claim for refund of CENVAT credit is rejected, the amount so rejected shall lapse
• no refund shall be allowed of any amount of CENVAT credit where it is carried forward on the appointed day

*Similar enabling provisions under SGST*
Section 180
Refund claims filed after appointed day

Refund claims filed after the appointed day for goods cleared or services provided before the appointed day and exported before or after the appointed day to be disposed of under earlier law [CGST law]

Every claim for refund:
• of any duty or tax paid under any earlier law
• filed after the appointed day
• for the goods and services exported before or after the appointed day
• shall be disposed of in accordance with the provisions of the earlier law
• Where any claim for refund of CENVAT credit is rejected, the amount so rejected shall lapse
• no refund shall be allowed of any amount of CENVAT credit where it is carried forward on the appointed day
Section 181
Refunds claims filed after appointed day

Refund claims filed after the appointed day for payments received and tax
deposited before the appointed day in respect of services not provided [CGST
Law]

Every claim for refund-
• of tax deposited under the earlier law
• in respect of services not provided
• filed after the appointed day
• shall be disposed of in accordance with the provisions of the earlier law
• such refund shall be paid in cash
Section 182
Claim of CENVAT Credits

Claim of CENVAT credit to be disposed off under earlier law

Every proceeding of:
- appeal
- revision
- review
- reference
- relating to a claim of CENVAT credit
- initiated whether before, on or after the appointed day
- under the earlier law
- shall be disposed of in accordance with the provisions of earlier law
- Any amount of credit found to be admissible to the claimant
- shall be refunded to him in cash,
- and shall not be admissible as input tax credit under this Act
- No refund claim shall be allowed if such amount is claimed as carry forward on the appointed day
- Any amount becomes recoverable
- shall be recovered as an arrear of tax under this Act
- the amount so recovered shall not be eligible as input tax credit under this Act

*Similar enabling provisions under SGST*
Finalization of Proceedings relating to output duty liability

Any proceedings relating to output tax liability initiated before, on or after the applicability of GST shall be disposed off as per provisions of earlier law.

Amount to be refundable

Refundable in cash, Subject to Unjust Enrichment

Not Admissible as ITC

Recovered as an arrear of tax under GST

*Similar enabling provisions under SGST*
Section 184

Treatment of amount in pursuance of assessment

Treatment of the amount recovered or refunded in pursuance of assessment or adjudication proceedings

- Any assessment or adjudication proceedings initiated before, on or after the date of applicability of GST
  - Shall be disposed off as per provisions of earlier law
  - Amount to be recoverable

- Amount to be refundable
  - Recovered as an arrear of tax under GST
  - Refundable in cash, Subject to Unjust Enrichment
  - Not Admissible as ITC

* Similar enabling provisions under SGST
Section 185
Treatment of amount after revision of returns

Treatment of the Amount Recovered or Refunded pursuant to Revision of Returns

Due to Revision of return filed under earlier law, if any amount

Becomes, Recoverable or ITC found inadmissible

Then, it shall be recovered as an arrear of tax under GST Act.

Not Admissible as ITC

Under CGST Law, refund in cash shall be allowed only when return revised within time specified in earlier laws

Under SGST Law, refund would be in accordance with earlier law

Becomes, Refundable or ITC found admissible

*Similar enabling provisions under SGST*
Section 186
Treatment Long Term Contracts

Treatment of Long term Construction/ Works Contracts

The goods and/ or services supplied:
• on or after the appointed day
• in pursuance of a contract
• entered into prior to the appointed day
• shall be liable to tax under the GST law

*Similar enabling provisions under SGST
Progressive or Periodic Supply of goods or services

Notwithstanding anything contained in S.12 & S.13:
- no tax shall be payable
- on the supply of goods and/ or services
- made on or after the appointed day
- where the consideration
- for the said supply has been received prior to the appointed day, and
- the duty or tax payable thereon has already been paid under the earlier law

*Similar enabling provisions under SGST

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**BEFORE APPOINTED DAY (EARLIER LAWS)**

- Consideration is received whether fully or partly
- Tax is already paid Under earlier laws

**AFTER APPOINTED DAY (GST REGIME)**

- Supplies of goods or services made
- No tax payable under GST

Provisions of time of supply of goods or services under GST shall not be considered
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