

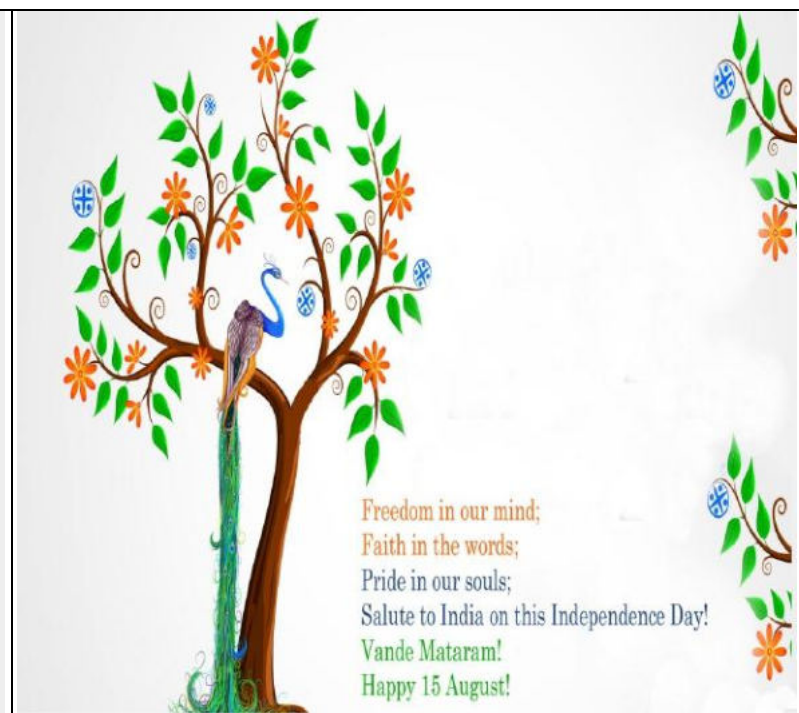
BHUJ BRANCH

OF
WESTERN INDIA REGIONAL
COUNCIL OF

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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“We cannot change our rulers, but we can change the way they rule us.” – Dhirubhai Ambani

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CA Bhavée Thacker

Chairperson's Message

Dear Professional Colleagues

Robin Sharma Quotes "Change is Hard at First, Messy in the Middle and Gorgeous at the End." This though perfectly goes with GST (Goods and Service Tax) as now we are in the month of August Messed up with implementation of GST , but it also gives me immense pleasure in mentioning that the Members at Bhuj Branch of WIRC of ICAI were ahead to cross the Messy Road of GST as the Members at Branch Premises held various sessions of GST Study Circle and they were successful in passing out the transition phase.

The Members of Bhuj Branch are heavily engrossed in helping one another in these tough times and they circulate among the group all new amendments and clarifications taking the social media platform.

This rightly brings me a thought that one of the secret of change is to focus all of our energy not in fighting the old but building the new. In coming days also we shall bring maximum participation for the enhancement of knowledge in GST Building.

Also in this Issue of Newsletter the Young Members have beautifully presented their thoughts on the Topics and for the first time we have an "ARTICLE" from the "ARTICLE STUDENT" who have displayed his mature thoughts on the subject makes the piece a worth reading.

This month is also the month of Festivals, Celebrations and the month of Religious Tranquility. Fasting gives us strength and peace to achieve means. This season hopes give us the strength to fight the next month also. It is said You Never Know How Strong You Are Until Being Strong Is the Only Choice You Have.

Wish You All the Happy Times Ahead !!!!!!!!!!!!!!!

CA Bhavée Thacker

Chairperson

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THE LOVELY GAME OF LAW

AN INTERESTING ITAT JUDGMENT

By CA Jekil Shah

B.Com, ACA

WHETHER THE “ON MONEY” RECEIVED AND DEPOSITED IN BANK IN RESPECT OF SALE OF RURAL AGRICULTURAL LAND, NOT A CAPITAL ASSET, BE TREATED AS “UNEXPLAINED CASH CREDITS” U/S 68?

If someone would not have gone through the basis on which this question has been raised, he would consider this question to be a very easy one, not required to be a part of discussion, and would be quick in saying that this would be added, as “On Money”, which means money received in addition to the Sale Consideration shown in the sale deed.

But, there is a judgement of ITAT Cochin bench, who have given a very interesting view on this element in the case of **ITO V/S Shri Abraham Varghese Charuvil**.

The basic facts of the case are:

“The assessee is an individual. For the assessment year 2013-14, the return of income was filed on 31/03/2015, declaring total income of Rs.71,430/-. The assessment was taken up for scrutiny by issuance of notice u/s. 143(2) of the I.T. Act. In the course of assessment proceedings, the assessee was asked to explain the source of cash deposits in Federal Bank amounting to Rs.80 lakhs. The assessee vide letter dated 30/11/2015 stated that he and his wife had sold agricultural for Rs.70,79,500/- which was deposited in Federal Bank and balance cash deposits are out of agricultural income. The Assessing Officer noticed that the sale proceeds of agricultural property as per sale deed is only Rs.30,59,500/-The Assessing Officer held that only Rs.30,59,500/- can be given credit. The Assessing Officer further gave credit for

agricultural income of Rs.10,40,500/- declared in return of income and balance of Rs.39,00,000/- (i.e., Rs. 80,00,000 -Rs.30,59,500 - Rs.10,40,500) was brought to tax as unexplained deposit under the head ‘income from other sources’.”

The Assessee contended that the On Money was also a Cash Receipt in respect of sale of the Agricultural Land that he had sold and he preferred an appeal to the Commissioner (Appeals) who gave his decision in favour of the Assessee.

Aggrieved with the order of the Commissioner (Appeals), The Department filed the appeal to the Income Tax Appellate Tribunal, arguing that the Cash Deposits and Sale of Agricultural Land cannot have a link, except when it has been

disclosed in the Sale deed, which was not the case here.

Sale of Rural Agricultural Land is outside the purview of Capital Gains as it isn't eligible to be called as a capital asset as per Section 2(14) of the Income Tax Act, 1961.

And Section 68 reads as follows:

“Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, **in the opinion** of the Assessing Officer, satisfactory, the sum so credited **may be charged** to income tax as the income of the assessee of that previous year.”

The entire discussion revolved around this point, where the AO relied on his view and the Assessee relied on the conclusion of the Commissioner (Appeals).

The ITAT took the similar view taken by the First Appeal Authority to set aside the addition of Rs 39 Lacs on the following:

1. The Assessee was a retired person aged about 75 years, spent most of his life in gulf countries and was unaware of the intricacies of tax laws in India.
2. The Bank Accounts of the assessee did not have much transactions in Bank Account before and after such sale

3. The Assessee did not have any other source of Income so as to generate Undisclosed Income of Rs 39 Lacs.

4. Most Importantly, there was no concealment of Income, because the Assessee and his wife had disclosed the entire value of Sale Consideration amounting to Rs 70,79,000 (Inclusive of the On Money)

Section 68 is a discretionary section and the Assessing Officer must apply his mind on each case, and decide whether the addition was warranted, which in this case, it didn't as per the learned ITAT. And here, the “On Money” would partake the character of Agricultural Income itself and it isn't an Unexplained Cash Credit u/s 68.

Based on this judgement, certain questions come to our mind regarding the Lawful aspects that get covered here:

1. Whether all the Assesseees who sell their Rural agricultural Land, getting “On Money” which is a general practice, be free to show such additional Cash receipts as their Income or it shall be subject to the facts as laid down by the Tribunal, in respect of only such assesses, whom the authorities don't find to be recipients of some other incomes.
2. What about the purchaser? If the base gets clear regarding the On Money getting exempt to the seller, in respect of sale of Rural Agricultural Land; whether the same shall be taxed to the purchaser of such Rural Agricultural Land as “Unexplained Expenditures” or “Unexplained Investments”, merely because the seller contends that the On Money

was received by him? Appears tough though.

3. If it cannot be taxed as Unexplained Expenditure or Investments merely because of the contention of the Seller, then is this a material ground, where Tax Evasion can be done, to

convert Black Money to white money, where the facts somewhere match with the case stated above? My question is based on the aforementioned judgement, where nowhere the response of the purchaser is said to be taken, before arriving at a conclusion by the ITAT!

INPUT TAX CREDIT UNDER GST: CONCEPT AND BASICS

By CA Virag Acahrya
B.Com., ACA

Mechanism of input tax credit is the heart of Goods and Service Tax regime, a concept borrowed from the erstwhile indirect taxation system with some additions & deletions. It is the essence of any indirect taxation system in any economy. In laymen language it is nothing but tax paid at the earlier stage of production process or services and the same being allowed to set-off against output tax liability. Provisions of input tax credit are covered under Section 16 to 21 of Chapter -V of GST Acts and rule 36 to 45. These provisions of input tax credit make GST a value added tax.

Definition of Input Tax credit:

Section 2(62) defines input tax as "input tax" in relation to a registered person, means the central tax, state tax, integrated tax or union territory tax charged on any supply of goods and services or both **made to him** and includes;

- a) IGST charges on imports
- b) Tax on reverse charge as per section 9(3)
- c) Tax in respect of the supply of taxable goods or services or both by suppliers, who is not registered to a registered person as per section 9(4) But doesn't include the tax paid under composition levy under section 10.

What is allowed as credit?

As per section 16(1) of CGST Act, "Every registered person subject to condition and restrictions specified in section 49, shall be entitled to take credit of **input tax** charged on supply of goods or services or both **"to him"** which are used or intended to use in

the course or furtherance of **his business**.

If we analyze the above two definitions credit allowed only to a registered person and the tax paid on supplies **"made to him" and used in "his business"**. The phrase "made to him" and "his business" is very important as it signifies the concept of **distinct person** here; we have to check eligibility to take credit from the viewpoint of each distinct person's. Further section 49 speaks about payment of GST to government treasury, so section 49 is overriding the section 16.

Condition for claiming Credit 16(2):

Subject to section 41, input tax credit is available only if,

- a. Goods or services are used or intended to be used in the course or furtherance of business
- b. He is in possession of tax invoice/debit note/or any tax paying documents issued by registered supplier.

- c. He has received the goods or services or both.
- d. Tax charged on the supply has actually been paid to government **and**
- e. He has furnished the monthly return in Form GSTR-3 under section 39
- f. Credit only upon receipt of the last lot/ instalment in case of goods received in lots / instalments

Conditions d & e are cumulative in nature; both should be fulfilled to claim the credit.

Claim of input tax credit in return is provisionally accepted by department on self assessment basis and such claim shall be credited to his electronic credit ledger (Sec 41)

Consequence on failure to pay value of supply along with tax thereon:

If recipient fails to pay to the supplier of goods or services or both, the amount towards the value of supplies along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the suppliers, in such case an amount equal to input tax credit availed by the recipient shall be added to his output tax liability along with interest thereon. Said condition is not applicable in case of the supplies on which tax is payable on reverse basis.

ITC in Case of Capital Goods:

If Depreciation is claimed on Tax Component of the cost of Capital Goods under Income Tax Act, then no ITC available.

Example:

Cost of asset = Rs. 100

Tax-10 % (Assumed) = Rs. 10

Total Cost = Rs. 110

If Depreciation is charged on Rs. 100, ITC available, however if depreciation under income tax is charged on Rs.110 then ITC will not be available in that case.

“Capital Goods” means the goods, the value of which is capitalized in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business. Definition of capital goods is integrated with generally accepted accounting rules.

Time limit to claim ITC:

A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing return under section 39, for the month of September following the end of financial year to which such invoice or debit note pertains or furnishing relevant annual return, whichever is earlier.

Documents on the basis of which credit can be claimed (Rule 36):

Input tax credit shall be availed by a registered person, including the input service distributors on the basis of the any of the following documents namely;

- a. Invoice issued by supplier of goods or services or both in accordance with section 31
- b. Invoice issued in accordance with section 31 (3)(f) subject to payment of tax.
- c. Debit note issued under section 34
- d. Bill of entry or similar documents prescribed under customs Act,1962

- e. Invoice or credit note or any other documents issued by Input Service Distributors

From the above discussion it seems that the procedure and restriction laid down in these provisions are important to make sure that there is seamless flow of credit in the whole scheme of taxation without any misuse. Although it is said that there shall be seamless flow of credit across the supply chain once GST applicable, but reality is far away from that.

BLOCKED INPUT CREDIT UNDER GST

By CA Pratik A Vyas
B.Com., ACA

This article intends to carry on the extracts from GST Ocean to enlighten the provisions of Blocked Credit under 17(5) of GST Act. We have been discussing about availability credit of Input Tax paid, this article will focus on Exceptions given in Section 17(5) where Credit of Input Tax paid is not available.

Section 17(5) of GST Act specifies some Input Tax paid which are not available as Credit. We shall discuss the said exclusions as under:

1. If Input Tax paid on **Motor Vehicles (i.e. Car, Bus, Truck, Lorry etc) and Other Conveyances (i.e. Vessel, Aircraft, Helicopter etc)**. The Credit of Input Tax paid on Motor Vehicles and Other Conveyances is available in following Circumstances:
 - i. If they are used for further supply as goods (i.e. used as good in trade for purchase and sales
 - ii. If they are used for supply of service as Transportation of Passengers using motor vehicles or other conveyances (i.e. bus operators, airways etc.)
 - iii. If they are used for supply of service by affiliated training Institutes (Affiliated under Motor Vehicles Act or Director General of Civil Aviation or Maritime Board etc.) for imparting training for Driving, Flying and Navigation.
 - iv. If they are used by owners for Supplying or Shifting of Own Goods or used for providing the service of Transportation of Goods by Motors Vehicles or Other Conveyances.

2. Input Tax Credit for Supply of Goods or Services listed below is not allowed:
 - i. If they are **used for supply of goods or Services for food and beverages, outdoor catering, beauty treatment, health services, cosmetic and**

plastic surgery. Input Tax Credit of such listed items is allowed only if supply of Goods or Services or both is of same category or as part of taxable composite or mixed supply (i.e. A hotel provided a service to a corporate for arranging its annual meeting in its banquet hall along with facility for providing rooms for stay to its members attending the meetings from outside and catering service after end of meeting and pick up and drop facility to its members, here the hotel provides all services from its account except pick up and

drop service, the hotel has contracted such part to a cab operating company. Here the input tax credit for GST will be available to hotel as it is providing the services under a taxable composite of banquet hall renting but no credit will be available to corporate as its not providing the similar service or part of any taxable composite)

- ii. If the Input tax credit relates to **Membership of a club, health and fitness centre** unless it relates to

supply of goods or services or both under same category or as part of taxable composite or mixed supply.

iii. If the input tax credit is of **Rent-a-cab, Life Insurance and Health Insurance** then it would be allowed only in below mentioned conditions:

a. If Government notifies such services to be provided to employees by employers under any law and which are obligatory in nature

b. If the Inward supply of goods or services or both is used for supply of goods or services or both of same category or as part of taxable composite or mixed supply.

iv. If such Input Tax Credit relates to **travel facilities provided to employees by employers under leave or home travel concession.**

3. If the Input Tax Credit belongs to **Works Contract Services supplied for Construction of Immovable Property** (Other than part of Plant and Machinery) then it is not allowed except when it is an input service for further supply of works contract service.

4. If the Input Tax Credit for **construction of immovable property (Other than part of Plant and Machinery) by a taxable person on his own** then such input tax credit is not allowed even if it is used in the course of business or expansion of business facilities.

5. If the Input Tax Credit relates to supply of **Goods or Services on which Tax is paid under Composition Scheme under section 10** then such Input Tax Credit is not allowed.

6. **If the Input Tax Credit received by non-resident taxable person** then it is not allowed as Input Tax Credit. The only exception to this entry is IGST paid by Importer on Imports.

7. If the Input Tax Credit relates to **Goods or Services which are for personal consumption** then Input Tax Credit of such Goods or Services is not allowed.

8. If the Input Tax Credit relates to **Goods or Services which are lost, Stolen, Destroyed, Written off or Disposed of by way of gift or free samples** then Input Tax Credit on such goods or services shall not be allowed as Input Tax Credit. Input Tax is allowed on the precondition that the goods or services shall be utilized/consumed in the furtherance of business if they are not utilized then credit is also not allowed, further is no outward tax in payable on supply in case of absence of consideration (i.e. gift or free supply) then Input Credit on Input Supply is not allowed.

9. If the Input Tax Credit relates to **Goods or Services on which Tax is to be paid Under Section 73 & 74 under demand for recovery of tax or Under Section 129 for detention by officers for investigation or further investigation or Under**

10. **Section 130 Confiscated goods or conveyances** then Input Tax Credit on such Goods or Services shall not be allowed as Input Credit.

The above listed is a brief introduction to concepts of Blocked Credit U/s 17 (5) of GST Act for reference as per my interpretation and understanding alternate interpretation and understanding may exist and we can invite a detailed discussions over the topic.

Articleship: More Than Just A Job For 3 Years.

Dheer Thacker
B.Com. CA Aspirant

IPCC results are now announced and for all the students the fun time must be on a break. For the students who have seen success, it must now have been digested and for others preparation must have been begun. The students who came out with glory must have found out a place where they should be molding their future for the next three years. The place of Articleship.

Articleship. The word itself holds a world in it. Most of the professional studies include a training programme within the curriculum popularly known as Internship or Articleship Training. Tenure for undergoing the training varies from profession to profession, but the importance of such training cannot be denied or undermined at all irrespective of any profession.

A CA student mandatorily needs to undergo articleship training under a Chartered Accountant holding the Certificate Of Practice issued by the Institute Of Chartered Accountants Of India within the meaning of The Chartered Accountants Act 1949 after passing first / both groups of IPCC. The tenure for the said training is decided as 3 years.

So, after the IPCC exam, during the slowdown period, while attending IT OT training all must have discussed amongst friends what do one expect from his future articleship, many plans of working together at the same office must have been made. Excitement of entering professional world is different

whole together. I remember, when I was on the verge of passing IPCC Gr-I, me and my friends too had some plans, but once the results declared we all ended up joining different firms. Yes, That is what is life is all about. You never know how many surprises it holds for you.

Articleship training is about the journey from Form 102 to Form 108. We all wish no one need to go for Form 109. As I said it's a separate world whole together. It contains various Flavours of Learning, Friendship, Ethics, Fun, Excitement, Jealousy, Pressure, Politics, etc .

We all have learned ABC analysis, Where Goods of "A" Category having 10% quantity holds 70% value of the Total, Likewise "B" Goods having 20% quantity hold 20% and "C" with 70% quantity hold remaining 10% of value. What I feel is Workload and degree of burdonesome tasks at Articleship follow the same rule. Though it is always said that and holds very much true that no work is inferior than any other work, In the 1st

year of articleship where learning mode is ON a

newly entered article will most probably get comparatively easier work to do which will have large quantity, will be time consuming but won't be having that much of an impact on the end process. As soon as your seniority grows in stature the work you do becomes more impactful and less clumsy. You start feeling pressure when the final comment in the Audit Report is dependent on what you have observed through the Audit. And in the last and the most important year of the articleship training the "Senior Most Article" will be supervising the newcomers and the other budding articled assistants.

But, the work is not the only product of a process named Articleship. It also has many by products as well. Some of them can be termed as Friendship, Public Relations, Honesty, Management, Handling Alien Situations etc, and honestly those by products are the reasons which make the articleship dynamic. Once you join the firm or a company you meet your fellow colleagues. As no human being is exactly the same as the other, every one cannot be the way you like. There are always people you like, people you don't like, people who become your friends, people who never become your friends everything. During the articleship you come across many seniors who you respect and vice versa.

One important facet of articleship is how you handle yourself while you are at the client's place for audit, how quick and correct you can be with your decision making as it is quite unlikely that you as an article will always be accompanied by the principal or seniors. Reputation and goodwill of your Principal and the firm you represent, depends on how well you carry yourself while you are out for an assignment. Situational awareness is what you gain from articleship. I can personally assure one thing, that if You as an Articled Assistant have been put under the pump without any assistance, you will come out flying. Your confidence will grow like anything. What you learn with such situation is "Men Management". Its how you deal with the person who knows you and not your principal. If you can "win" the client you are almost halfway there with your success. You will thrive for such demanding circumstances in future. If you undergo the articleship training with rigor and passion you will surely be a successful professional in future.

The coin always has two sides, unless of course it is the famous coin from the movie, Sholay. With serious articleship what may happen is that you may will miss or tend to ignore or forced to ignore your studies for CA Final. Deadlines pressure, Studies, Client Files, and Changing External Environment can prove to be a tough nut to crack while you are just a 20 year kid. Missing important social events and festivals due to unavailability of leaves puts the cherry on the top of the cake. But never the less you can always satisfy yourself

with THAT clichéd line *“Kuch Paane Ke Liye Kuch Khona Bhi Padta Hai”*

We, among friends discuss the monetary reward of being an Articled Assistant is too low for 2017. And yes it is quite low but we can't do anything in that manner until and unless the council decides something in that regard. But should that really matter to you? A Big No! At this point of time you are here to learn and not to earn. If you really want to earn something during the articleship, try earning a “Well Done” or a “Thank You” from your principal. (Not that the principals are rigid or unsupportive or have wrong attitude) I can guarantee with my personal experience that that “Thank you” or “Well Done” will give you much more happiness or pleasure than a pay cheque can ever give. I have starred a Thank You message in my WhatsApp received from my respected Principal. Even Cricketing God Sachin Tendulkar during his famous retirement speech had quoted that, “My Coach Shri Ramakant Achrekar sir,

has never said well played to me during my career, I hope he does that now.” See, that is how much a well done or well played should matter to anyone. And if you can earn that during your articleship, that will be great but just like with great power comes great responsibility you should never ever be complacent, and try to match up to your own standards. Set the performance bar so high that others look up to you when it comes to dedication.

If I need to put these three years in a simple manner, I should state that on the first day at the articleship training, each and every Articled Assistant plants a tree. After planting, it is up to him that during those three years how he waters the tree, nurtures that tree takes care of that tree. And he has done all that faithfully he will get the ripe fruits from that tree after those three years of nourishment. And those fruits are nothing but the Professional Success.

Material on GST – Compiled By CA. Deep Koradia | 9429042996 | koradia.deep@gmail.com

Form TRAN-1

This is the one of the very 1st form which you are going to use in GST and most crucial form which is required to be uploaded in the GST regime.

Deadlines with Due dates:

1. Returns of last 6 months has to be filled for getting credit u/ s 140(1)
2. If you are claiming credit on stock u/ s 140(3), Stock should not be older than 1 year
3. You have to file this TRAN1 within 90 days from appointment day
4. If you are claiming credit on stock as per the proviso to the Section 140(3) i.e. 60/ 40 formula, then TRAN2 need to be filled for every month till 6 months and that the benefit will be available only for 6 month. In other words, to take the benefit, that stock should be sold within 6 month of appointed day.

Now,

Form TRAN-1

1. **Credit of CENVAT to be carried forward as per closing balance of return u/ s 140(1) of CGST Act. Format of the same is as below:**

5. Amount of tax credit carried forward in the return filed under existing laws:

(a) Amount of Cenvat credit carried forward to electronic credit ledger as central tax (Section 140(1) and Section 140(4)(a))

Sl. no.	Registration no. under existing law (Central Excise and Service Tax)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance cenvat credit carried forward in the said last return	Cenvat Credit admissible as ITC of central tax in accordance with transitional provisions
1	2	3	4	5	6
Total					

Person Registered under Service Tax / Excise can take the credit of closing balance as on 30th june 2017 as carry forward credit as CGST credit in GST. For that, the details need to be provided in above mentioned format. It can be seen from the table that return of Service tax / excise must be filed before giving this data in TRAN-1

2. **Credit of VAT to be carried forward as per the closing balance of return u/ s 140(1) of SGST Act. Format of the same is as below:**

(b) Details of statutory forms received for which credit is being carried forward

Period: 1st Apr 2015 to 30th June 2017

TIN of Issuer	Name of Issuer	Sr. No. of Form	Amount	Applicable VAT Rate
C-Form				
Total				
F-Form				
Total				
H/I-Form				
Total				

(c) Amount of tax credit carried forward to electronic credit ledger as State/UT Tax(For all registrations on the same PAN and in the same State)

Balance of ITC of VAT	C Forms	F Forms	H/I Forms
	Difference		Turnover

Person Registered under VAT can take the credit of closing balance as on 30th June 2017 as carry forward credit as SGST credit in GST. For that, the details need to be provided in above mentioned 2 formats.

Now, if for the period 01-04-2015 to 30-06-2017, any Sales made against Form C/ H/ I/ F, then that forms need to be collected from the parties, need to be submitted to the VAT authorities and details are required to be mentioned in the above mentioned table in form TRAN1. For those part of turnover, for which forms are yet to come, the differential credit of that sales need to be reversed and balance if any, can be carried forward as SGST.

1. Credit of capital good's CENVAT to be carried forward which are not yet availed.- u/ s 140(2) of CGST Act. Format of the same is as below:

6. Details of capitals goods for which unavailed credit has not been carried forward under existing law (section 140 (2)).

(a) Amount of unavailed cenvat credit in respect of capital goods carried forward to electronic credit ledger as central tax

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details of capital goods on which credit has been partially availed			Total eligible cenvat credit under existing law	Total cenvat credit availed under existing law	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)
					Value	Duties and taxes paid				
						ED/ CVD	SAD			
1	2	3	4	5	6	7	8	9	10	11
		Total								

Person registered under excise / service tax can take unavailed credit on capital goods purchased under this section and format. Capital good's credit is being provided in two installments in excise law. Benefit is also given even if the asset may not have completed one year.

2. Credit of capital good's VAT to be carried forward which are not yet availed. - u/ s 140(2) of SGST Act. Format of the same is as below:

(b) Amount of unavailed input tax credit carried forward to electronic credit ledger as State/UT tax (For all registrations on the same PAN and in the same State)

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details regarding capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing law	Total VAT [and ET] credit availed under existing law	Total VAT [and ET] credit unavailed under existing law (admissible as ITC of State/UT tax) (8-9)
					Value	Taxes paid VAT [and ET]			
1	2	3	4	5	6	7	8	9	10
		Total							

3. Credit of Excise lying in stock to be carried forward for the person, who was not liable to be registered under the Excise / Service tax, or who was engaged in the manufacture of exempted goods or provision of exempted services, or who was providing works contract service and was availing of the benefit of notification No. 26/ 2012—Service Tax, dated the 20th June, 2012 or a first stage dealer or a second stage dealer or a registered importer or a depot of a manufacturer – U/ s 140(3) of CGST act. Format of the same is as below:

7. Details of the inputs held in stock in terms of sections 140(3), 140(4)(b) and 140(6).

(a) Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) and 7(a)

Sr. no.	Details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock				
	HSN (at 6 digit level)	Unit	Qty.	Value	Eligible Duties paid on such inputs
1	2	3	4	5	6
7A Where duty paid invoices or any other document are available					
Inputs					
Inputs contained in semi-finished and finished goods					
7B Where duty paid invoices are not available (Applicable only for person other than manufacturer or service provider) – Credit in terms of Rule 1 (4)					
Inputs					

1. Credit of VAT lying in the stock to be carried forward for the person, who was not liable to be registered under the VAT or who was engaged in the sale of exempted goods or tax free goods, by whatever name called, or goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State under the existing law but which are liable to tax under this Act or where the person was entitled to the credit of input tax at the time of sale of goods. – U/ s 140(3) of SGST Act. – Format of the same is as below:

(b) Amount of vat and entry Tax paid on inputs supported by invoices/documents evidencing payment of tax carried forward to electronic credit ledger as SGST/UTGST

Description	Details of inputs in stock				Total input tax credit claimed under earlier law	Total input tax credit related to exempt sales not claimed under earlier law	Total Input tax credit admissible as SGST/UTGST
	Unit	Qty	Value	VAT [and Entry Tax] paid			
1	2	3	4	5	6	7	8
Inputs							
Inputs contained in semi-finished and finished goods							

(c) Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 1 (4)) (To be there only in States having VAT at single point)

Details of inputs in stock				
Description	Unit	Qty	Value	Tax paid
1	2	3	4	5

2. Goods are sent on job-work under old law and are with job-worker as on appointed day. Details need to be provided in the following format:

9. Details of goods sent to job-worker and held in his stock on behalf of principal under section 141

a. Details of goods sent as principal to the job worker under section 141

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Job Worker, if available								
Total								

b. Details of goods held in stock as job worker on behalf of the principal under section 141

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Manufacturer								
Total								

If the Goods are with Job-worker as on appointed day, the above details are required to be filled by **Manufacturer as well as job-worker** in form TRAN-1. The goods need to be returned within 6 month without payment of GST. Section 141 says if the stock is not mentioned by the manufacturer and job-worker in the above format, then the benefit of 6 months will not be available.

Form TRAN2

1. Person availing benefit for the proviso to the section 140(3), (i.e. 60% / 40% scheme on stock) are required to file the TRAN2 form every month for 6 months. The format for the same is as below:

4. Details of inputs held on stock on appointment date in respect of which he is not in possession of any invoice/document evidencing payment of tax carried forward to Electronic Credit ledger.

Opening stock for the tax period			Outward supply made				Closing balance	
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	Central Tax	Integrated Tax	ITC allowed	Qty
1	2	3	4	5	6	7	8	9

5. Credit on State Tax on the stock mentioned in 4 above (To be there only in States having VAT at single point)

Opening stock for the tax period			Outward supply made			Closing balance	
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	State Tax	ITC allowed	Qty
1	2	3	4	5	6	8	9

If you are not registered under the Excise law, then the credit can be taken under sec 140(3) based on the duty mentioned on the purchase document. However, if you don't have the duty paying document, then a trader can claim credit on stock as per the scheme mentioned in the proviso to the section 140(3) read with Rule 1(4) of Transitional Rules. Which says that you can take the credit on stock for the excise portion @ 40 percent of CGST if your output product falls under the rate below 18% and @ 60 percent of CGST if your product falls 18% or above. The same credit will be available only after you sell the commodity and paid the tax. This form will determine the same as to which stock of 30th June 2017 has been sold in the month and based on that credit will be given in the next month of selling of that product / commodity.

This form need to be filled every month till 6 months and based on that credit will reflect in credit ledger.

PHOTO GALLERY - Celebration of Income Tax Day 26th July, 2017.













Bhuj Branch Contact Details:-

[BHUJ BRANCH OF WIRC OF ICAI](#)

311, Balram Complex, 3rd Floor,

Near ICICI Bank, Station Road,

Bhuj - Kutch - 370001.

(O) +91 2832 258580

Email: bhujbranch.wirc@gmail.com,

bhuj@icai.org