



Clarification to the queries of Members of Indian Corrugated Box Manufacturers Association, Mumbai on GST dated 10.07.2017

To	Members of Indian Corrugated Box Manufacturers Association, Mumbai
From	Rohit Kumar Singh, Dipak Tiwary - Karvy Data Management Services Ltd.
Date	July 11, 2017
Subject	Impact of GST on corrugated box industry

Query 2: From Rishabh Agrawal, Riyo Parapack Pvt Ltd:

The query is in regards to TRANS-1:

- 1. Please clarify on the section of C forms.**

The form shows details to be mentioned of C forms received for the Period 1.4.2015 to 30.6.2017.

- a. What is the significance & purpose of the same?**
 - b. What happens to C forms not yet received and will be received eventually.**
 - c. What are the implications and what care must be taken?**
- 2. When shall we be able to utilize the credit of amounts noted in TRANS-1?**

Answer: Section 140 of CGST Act 2017 stipulates provision to carry forward CENVAT credit and tax credit from the returns furnished under earlier tax regime to the GST regime.

A registered person under GST shall be in a position to carry forward the closing balance of CENVAT Credit of Excise Duty, CVD, SAD, Service Tax and VAT credit provided in the returns of previous law to GST regime. Such details needs to be provided by a registered person in Form GST TRAN-1 which needs to be submitted within 90 days from the date of implementation of GST (i.e. from 1st July 2017). Commissioner has power to extend it for further period of 90 days.

Apart from the details of CENVAT credit to be carried forward, other details such as receipt of statutory forms, goods held in stock, details of goods sent for job work under previous law etc. needs to be provided by the registered person in Form GST TRAN-1.

Details of statutory forms (Form-C, Form-F, Form-H & Form-I) received during the period 01.04.2015 to 30.06.2017 is required to be disclosed in the Form GST TRAN-1 in table 5 (b). Assumption is being made that this is required to derive the tax credit amount carried forward in GST TRAN-1 which relates to the outward supplies that had been made during these period by way of sale at concessional rate (against Form-C), by way of stock transfer (against Form-F), by way of sale to an exporter (against Form-H) and by way of sale to SEZ Unit (against Form-I).

At the same time, a registered person is required to disclose the value of turnover for which all statutory forms (Form-C, Form-F, Form-H & Form-I) are pending and differential tax payable amount as on the date of submitting the Form GST TRAN-1. Upon disclosure of such amount, input tax credit carried forwarded from VAT returns under previous law will automatically get adjusted to the extent of amount payable on pending statutory forms. Here the differential tax rate means the applicable VAT rate less concessional rate at which such goods were supplied against respective statutory forms (Example Maharashtra VAT @13.5% - CST @2% = Applicable rate @ 11.5%)

Government has not notified any mechanism as of now for re-claiming input tax credit which will get adjusted while filing of Form GST TRAN-1 towards pending statutory forms on outward supplies made during previous law at a concessional rate. Any amount withheld may be paid as cash refund at a later date on actual submission of declaration forms post submission of GST TRANS – 1. Under such circumstances, it is advised that a registered person should expedite collection of pending statutory forms (Form-C, Form-F, Form-H & Form-I) from their respective clients & branches before filing of GST TRAN-1. Last date of filing GST TRAN-1 is 30th Sep 2017. Failing to collect statutory forms till 30th Sep 2017, would lead to delay in carry forward of input tax credit that has been figured out for the purpose to carry forward the same under GST regime in Form GST TRAN-1.

Upon successful submission of GST TRAN-1 by a registered person, the amount of credit specified in the form shall automatically be credited to the electronic credit ledger of the registered person maintained in Form GST PMT-02 on common portal.