

CHAPTER – TRANSITIONAL PROVISIONS

1. Application in respect of tax or duty credit carried forward under any existing law or on goods held in stock on the appointed day

(1) Every registered person entitled to take credit of input tax under section 140 shall, within sixty days of the appointed day, submit an application electronically in **FORM GST TRAN-1**, duly signed, on the Common Portal specifying therein, separately, the amount of tax or duty to the credit of which the said person is entitled under the provisions of the said section:

Provided that where the inputs have been received from an Export Oriented Unit or a unit located in Electronic Hardware Technology Park, the credit shall be allowed to the extent as provided in sub-rule (7) of rule 3 of the CENVAT Credit Rules, 2004:

[this proviso only in CGST rules]

Provided that in the case of a claim under sub-section (1) of section 140, the application shall specify separately—

(i) the value of claims under section 3, sub-section (3) of section 5, sections 6 and 6A and sub-section (8) of section 8 of the Central Sales Tax Act, 1956 made by the applicant during the financial year relating to the relevant return, and

(ii) the serial number and value of declarations in Forms C and/or F and Certificates in Forms E and/or H or Form I specified in rule 12 of the Central Sales Tax (Registration and Turnover) Rules, 1957 submitted by the applicant in support of the claims referred to in sub-clause (i) above;

(this proviso only in SGST rules)

(2) Every application under sub-rule (1) shall:-

(a) in the case of a claim under sub-section (2) of section 140, specify separately the following particulars in respect of every item of capital goods as on the appointed day-

(i) the amount of tax or duty availed or utilized by way of input tax credit under each of the existing laws till the appointed day, and

(ii) the amount of duty or tax yet to be availed or utilized by way of input tax credit under each of the existing laws till the appointed day;

(b) in the case of a claim under sub-section (3), or the proviso thereto, or clause (b) of sub-section (4), sub-section (6), sub-section (8), sub-section (9) of Section 140 shall specify separately details of stock held on the appointed day;

(c) in the case of a claim under sub-section (5), shall furnish the following details—

(i) the name of the supplier, serial number and date of issue of the invoice by the supplier or any document on the basis of which credit of input tax was admissible under the existing law,

(ii) the description, quantity and value of the goods or services

(iii) the amount of eligible taxes and duties or, as the case may be, the value added tax [or entry tax] charged by the supplier in respect of the goods or services,

(iv) the date on which the receipt of goods or services is entered in the books of account of the recipient.

(3) (a) (i) A registered person, who was not registered under the existing law, availing credit in accordance with the proviso to sub-section (3) of section 140 shall be allowed to avail input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of central excise duty.

(ii) Such credit shall be allowed at the rate of [forty per cent.] of the central tax applicable on supply of such goods after the appointed date and shall be credited after the central tax payable on such supply has been paid.

(iii) The scheme shall be available for six tax periods from the appointed date.

(b) Such credit of central tax shall be availed subject to satisfying the following conditions, namely,-

(i) Such goods were not wholly exempt from duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985 or were not nil rated.

(ii) Document for procurement of such goods is available with the registered person.

(iii) Registered person availing this scheme and having furnished the details of stock held by him in accordance with the provisions of clause (b) of sub-rule (2) of rule 1, submits a statement in **FORM GST TRAN---** at the end of each of the six tax periods during which the scheme is in operation indicating therein the details of supplies of such goods effected during the tax period.

(iv) The amount of credit allowed shall be credited to the electronic credit ledger of the applicant maintained in **FORM GST PMT-2** on the Common Portal.

(v) The stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person.

(In CGST Rules)

(3) (a) (i) A registered person, holding stock of 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 availing credit in accordance with the proviso to sub-section (3) of section 140 shall be allowed to avail input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of value added tax.

(ii) Such credit shall be allowed at the rate of [---- per cent.] of the central tax applicable on supply of such goods after the appointed date and shall be credited after the central tax payable on such supply has been paid.

(iii) The scheme shall be available for six tax periods from the appointed date.

(b) Such credit of State tax shall be availed subject to satisfying the following conditions, namely,-

(i) Such goods were not wholly exempt from tax under the <Name of the State> Value Added Tax Act,.....

(ii) Document for procurement of such goods is available with the registered person.

(iii) Registered person availing this scheme and having furnished the details of stock held by him in accordance with the provisions of clause (b) of sub-rule (2) of rule 1, submits a statement in FORM GST TRAN--- at the end of each of the six tax periods during which the scheme is in operation indicating therein the details of supplies of such goods effected during the tax period.

(iv) *The amount of credit allowed shall be credited to the electronic credit ledger of the applicant maintained in FORM GST PMT-2 on the Common Portal.*

(v) *The stock of goods on which the credit is availed is so stored that it can be easily identified by the registered person.*

(4) *The amount of credit specified in the application in FORM GST TRAN-1 shall be credited to the electronic credit ledger of the applicant maintained in FORM GST PMT-2 on the Common Portal.*

(In SGST Rules of States offering tax on MRP scheme)

(4) The amount of credit specified in the application in **FORM GST TRAN-1** shall be credited to the electronic credit ledger of the applicant maintained in **FORM GST PMT-2** on the Common Portal.

2. Declaration of stock held by a principal

Every person to whom the provisions of section 141 apply shall, within sixty days of the appointed day, submit an application electronically in **FORM GST TRAN-1**, specifying therein, the stock or, as the case may be, capital goods held by him on the appointed day details of stock or, as the case may be, capital goods held by him as a principal at the place/places of business of his agents/branch, separately agent-wise/branch-wise.

3. Details of goods sent on approval basis

Every person having sent goods on approval under the earlier law and to whom sub-section (12) of section 142 applies shall, within sixty days of the appointed day, submit details of such goods sent on approval in **FORM GST TRAN-1**.

4. Recovery of credit wrongly availed

The amount credited under sub-rule (3) of rule 1 may be verified and proceedings under section 73 or, as the case may be section 74 shall be initiated in respect of any credit wrongly availed, whether wholly or partly.

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Note: Form GST TRAN--- (monthly declaration) (with illustration) as follows:

Sl no	Rate of Central tax applicable on such goods.	Value of the opening balance held in stock	Value of the goods sold during the tax period	Credit allowed @ 40% of the tax rate on goods sold	Value of closing balance of the goods.
1	2	3	4	5	6
1	5%	500000	200000	4000	300000
2	12%	500000	300000	14400	200000