



Transition credit allowed in GSTR-3B

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Twenty years of experience in Indirect Tax practice, specialist in Structuring & Planning and tax optimization under Indirect Tax. Lead eastern India Indirect Tax Practice of Ernst & Young in past.

With the onset of GST from 1st July, 2017 the registered persons under the GST regime were required to file their first detailed return in Form GSTR 1 by the 10th of August. Since the requisition were received from the industry to ease the pain of filing of detailed return under the new GST regime, GSTR 3B was introduced by the Government, being a summary return to disclose July, 2017 figures providing relaxation to the assesses from the detailed filing of series of returns.

Extension for filing of GSTR 3B

GSTR-3B is first return to be filed under the GST regime, which has been introduced for the month of July and August only. It must be filed for each GSTIN mandatorily. The filing of GSTR 3B is important because some portions of Part B of GSTR-3¹ will be auto populated from GSTR 3B filed. If there is any discrepancy between the two, the same can be corrected in GSTR-3 later.

However, the GSTR-3B introduced by the Government did not allow assesses to utilize the input tax credit of pre GST regime to set off their payment liability for the month of July. This caused hindrance to the industry in form of working capital blockage. In order to resolve this difficulty the Government has come up with new Notification², clarifying that the deadline for filing GSTR 3B for the month of July has been extended to 28th August, 2017, subject to certain conditions as mentioned in the table below:

Particulars	Last date of filing GSTR-3B	Remark
The persons who are entitled to take input tax credit of the pre GST regime but opt not to file Tran 1 on or before 28th August, 2017	20 th August, 2017	GST payment for July, 2017 liability needs to be paid before return filing i.e. on or before 20 th August, 2017
The persons who are entitled to take input tax credit of the pre GST regime and opt to file Tran 1 on or before 28th August, 2017	28 th August, 2017	<ul style="list-style-type: none"> • Last date for payment of GST liability remains as 20th August, 2017. • Choice to make payment through Electronic Credit Ledger. Government has clarified that Tran 1 shall be available from 21st August on GST portal • In case after utilization of Tran -1 credits, there remains July, 2017 GST liability, the assesses needs to pay interest on balance liability, if not paid within 20th August, 2017.
Any other registered person	20 th August, 2017	GST payment for July, 2017 liability needs to be paid before return filing on or before 20 th August, 2017

¹Notification No. 17/2017- CGST

²Notification No. 23/2017- CGST

Conclusion:

Above Notification is a great relief for those who have Credits on last date under earlier Indirect Tax regime. However, the most important question remain unanswered, is whether at this juncture, do we have such time to prepare and file Tran 1 within next 10 days, when most of the business was thinking about filing it just before the due date i.e 28thSeptember, 2017.

Above relief would be most beneficial for those having opening credit from the earlier returns and for those having VAT/ET credits or credits in respect of stock including goods/services in transit, it would be decision making time to either make all such calculation within 28thAugust and file both Tran 1 & Form 3B or incur further cash flow in terms of GST liability for the month of July, 2017.



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