

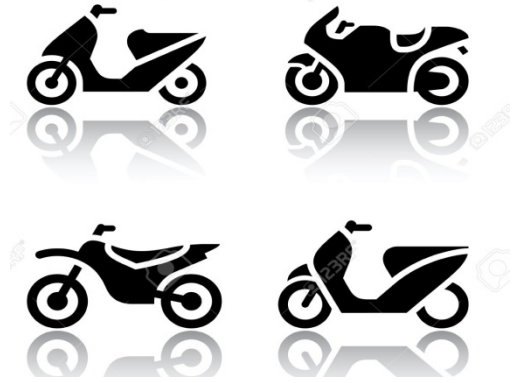
GST Updates- 39

Transitional provision - Input Tax Credit in GST regime for Automobile Dealers

BACK GROUND :

Automobile dealer/ stockiest are not registered in Central excise but generally in possession of excisable invoice for the purchase of Vehicles. These vehicles have been purchased in the course of interstate trade (i.e. means outside the state) or Intra State (Within the state). In case of interstate trade they have been billed CST and in case of Intra State VAT in the invoice .

These dealers used to sell to the customer within state after charging VAT applicable as per the commercial tax rate prevailing in the respective state.



CONCERN OF THE ASSESSEE:



During the transitional from current indirect tax regime (VAT / Excise/CST) to GST regime, **how much credit will he will be eligible for Excise duty, VAT and CST paid for stock in hand on the appointed date for vehicles.**

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GST Updates- 39

Transitional provision - Input Tax Credit in GST regime for Automobile Dealers

CENTRAL EXCISE CREDIT : Automobile dealers are not liable to be registered under central excise act as was engaged in generally trading of B2C transaction hence the section 140(3) will be applicable and **will be entitled to take, in his electronic credit ledger, credit of eligible Central excise duty paid at the time of purchase of vehicle in stock on the appointed date (Proposed date is 1st July 2017)**, provided the invoice were not issued not earlier than twelve months immediately preceding the appointed day (in our case will be 30th June 2016, assuming 1st July 2017).



VAT & CST REBATE/ CREDIT : Automobile dealers are generally registered under commercial tax, the section 140(1) of SGST act will be applicable and as per the section **only VAT & ENTRY TAX will be allowed** and credit of CST paid on the purchase of vehicle in interstate transaction will not be allowed as credit in the GST regime.

The amount of Value Added Tax [and Entry Tax] **carried forward in the return** relating to the period ending with the day immediately preceding the appointed day **(Credit mentioned in the last return to be filed for the period ending up to 30th June 2017 assuming that GST rolls out in 1st July 2017)** will be allowed as credit in the GST.

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Thank You

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GST Ind Global Solutions LLP is an independent accounting and consulting firm created by reputed professionals to cater towards best in class services in indirect taxation and allied services. This publication is general in nature. In this publication, we have endeavored to analyze briefly, certain significant aspects of the GST related updates/amendments.

It may be noted that nothing contained in this publication should be regarded as our opinion and facts of each case will need to be analysed to ascertain applicability or otherwise of the topics covered in this publication. Appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this publication.

