

TRANSITIONAL PROVISIONS IN GOODS AND SERVICE TAX ACT

For office discussion

TRANSITIONAL PROVISIONS IN GST

- ▶ For the purpose of this discussion and for the sake of simplicity, we will assume appointed date i.e. the day on which GST will come into force, as 1st July 2017
- ▶ There are transitional provisions under SGST as well. However, Maharashtra state has passed its SGST bill hence we will be focussing on transitional provisions envisaged in CGST as well as SGST Act.

CURRENT SCENARIO

- ▶ Service Providers are registered under Finance Act 1994
- ▶ Manufacturers are registered under Central Excise Act, 1994
- ▶ Dealers are registered under Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956
- ▶ All the above will subsume in GST and they will have some or the other credit balance lying in respective acts on the day before appointed date

Chapter XX in GST act and summary of relevant provisions

- ▶ 139 – Migration of existing tax payer
- ▶ 140(1) & (2) – Transfer of closing balance of credit
- ▶ 140 (3) – Credit of duties and taxes on stock of inputs, WIP and FG
- ▶ 140 (4) – Credit of goods in respect of stocks for person manufacturing exempted goods and non-exempted goods or providing non-exempted as well as exempted services
- ▶ 140 (5) – Input or Input services in transit
- ▶ 140 (6) – Switching from Composition scheme
- ▶ 140 (7) –Availment of credit by ISD
- ▶ 140 (8) – Transfer of credit with Centralised registration
- ▶ 140 (9) – Reversal of credit due to non-payment
- ▶ Rules – Method of computing credit amount

Chapter XX in GST Act and summary of relevant provisions...*continued*

- ▶ 141 – Stock of inputs, Semi-finished goods and FG at job-worker
- ▶ 142 (1) – Duty paid goods returned after appointed date
- ▶ 142 (2) – Revision in price upward or downward
- ▶ 142 (3) – Refund claim
- ▶ 142 (4) – Refund claim on export of goods or services
- ▶ 142 (5) – Refund for services not provided
- ▶ 142 (6) – Claim of CENVAT credit
- ▶ 142 (7) – Determination of output tax liability
- ▶ 142 (8) – Adjustment in pursuance of assessment or adjudication
- ▶ 142 (9) – Revision in return
- ▶ 142 (10) – Treatment of long term contracts
- ▶ 142 (11) – Tax liability when POT is after appointed date

Chapter XX in GST Act and summary of relevant provisions...*continued*

- ▶ 142 (12) – Goods on approval basis returned after appointed date
- ▶ 142 (13) – Tax deducted at source

Migration from existing registrations

- ▶ Existing registrations under certain Acts will be migrated to GST
- ▶ One registration for one state/ UT from where he makes taxable supply
- ▶ PPOB is defined as – POB specified in certificate of registration
- ▶ POB is defined in an inclusive manner to include the following:
 - Place from where business is ordinarily carried out (includes godown, warehouse, godown or where he stores his goods)
 - Place where Taxable Person maintains Books of Accounts
 - Place where Taxable Person is engaged in business through an agent

BUSINESS VERTICAL

- ▶ Multiple registrations permitted for separate business vertical – *already discussed in earlier session*
- ▶ **‘Business vertical’** means a distinguishable component of an enterprise that is engaged in supplying an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business verticals.
- ▶ It is at the option of Taxable Person to take separate registrations for separate verticals.

Migrating to GST by Manufacturer

- ▶ All Assesseees are bifurcated in to following 2 types:
 - Taxable Person registered under VAT/ Excise
 - Taxable Person registered under Finance Act, 1994 (Service tax)

- ▶ Persons registered with VAT authorities of different states will be granted separate registrations

Migrating to GST by Service Providers

- ▶ Migrating to GST by Service Provider – Procedure
 - Separate registrations in each state from where Service Provider makes taxable supply
 - Service Provider will be required to identify PPOB in each state
 - If he has branches in one state, one will be PPOB and others as APOB

CASE STUDY

- ▶ Where a Service Provider has centralised registration under Service Tax as under:
 - PPOB – Mumbai (Maharashtra)
 - APOB 1 – Pune (Maharashtra)
 - APOB 2 – Jamnagar (Gujarat)
 - APOB 2 – Rajkot (Gujarat)

How will the migration take place and how many provisional registrations will be granted under GST?

ANSWER TO CASE STUDY:

- ▶ In such a case, there will be 2 provisional registrations; one for Maharashtra with PPOB at Mumbai and other for Gujarat with PPOB; say Jamnagar. Address of Pune will be added as APOB in Maharashtra registration and address of Rajkot will be APOB in Gujarat registration.
- ▶ *(Note: both the provisional ID will be generated from Service tax login of MH state as there is no separate registration for GJ under ST)*

Conversion of Provisional registration into Final Registration

- ▶ We are aware how to procure provisional ID as it is already done from our office for most of the clients
- ▶ Taxable Person to submit application in Form GST-REG-24 with information and documents for final registration
- ▶ If information is found to be correct, then final certificate will be granted in Form GST-REG-06

Rejection of application

- ▶ In case officer is not satisfied, order to pass in form GST-REG-26 (Cancellation only after providing reasonable opportunity of being heard – personal hearing)
- ▶ Taxable Person liable to pay taxes for supplies made prior to cancellation of registration.
- ▶ Officer shall provide for reasons for rejection in GST-REG-27 (SCN) giving 15 days time (from the date of receipt of the said form) to amend details submitted earlier.
- ▶ If satisfied by Taxable Person's reply, Officer shall cancel his SCN in GST-REG-19

PRACTICAL ISSUES

- ▶ What about the persons who have applied for Provisional registration but are not actually liable to get registered under GST:
 - Apply for cancellation in GST-REG-28 on the GST portal
 - The officer will make suitable inquiries and cancel the provisional registration

Advise to be given to our clients:

- ▶ Keep documents ready for submission as mentioned in Annexure – III for the purpose of final registration
- ▶ Identify PPOB and APOB in each state which was not required under current Service Tax law
- ▶ To ensure that accounting records are available at PPOB so that these can be produced at the time of Audit
- ▶ Identify business verticals in case they want separate registrations for each business vertical

Various GST registration forms

- ▶ GST-REG-25 – Provisional certificate of registration
- ▶ GST-REG-24 – Application for Final Registration
- ▶ GST-REG-06 – Final registration certificate
- ▶ GST-REG-26 – Rejection Order of application made for registration
- ▶ GST-REG-27 – Provide Taxable Person with reasons for rejection (aka SCN)
- ▶ GST-REG-19 – Cancellation of SCN issued in GST-REG-27
- ▶ GST-REG-28 – Application of cancellation of application for GST registration when person was not liable to get registered under GST

Transfer of closing balance of credit to electronic credit ledger (Section 140(1) and 140(2) of GST Act

- ▶ Only closing balance available in the last return under existing law will be allowed to carry forward into GST regime
- ▶ Only credit which is admissible as Input Tax under GST Act will be allowed to be brought forward from old laws
- ▶ Rule 1 – Submission of application
 - As per rule 1, credit under existing law can be carried forward u/s 140
 - Form GST-TRAN-1 is to be submitted **within 90 days** on GST portal reflecting details of stock lying on the appointed day.
 - Advisable to upload the form ASAP as otherwise there may arise payment in initial months

It is seen that in following cases, clients do not show Cenvat credit in returns:

- On account of dispute with department (to avoid SCN from department)
- Some clients claim input service tax credit only on payment basis (i.e. after payment is done to vendor) to avoid 90 days reversal rule
- Services received regularly but bills received in next month, for e.g. security charges, telephone, rent etc. Advise clients to procure invoices before appointed date (wherever possible) so that no credit is lost.
- Credit of payment made on account of RCM is available only in the month when liability is paid to Government. For e.g. RCM on security charges for the month of June 2017 will be paid by 6th July 2017 and hence credit cannot be claimed in June 2017 return. Advise clients to make payments in June 2017 itself and take credit as well.

Input Tax is defined u/s 2(62) of GST Act as under:

- ▶ “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 or services or both made to him and includes—
 - (a) the integrated goods and services tax charged on import of goods;
 - (b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;
 - (c) the tax payable under the provisions of sub-section (3) and (4) of section 5 of the Integrated Goods and Services Tax Act;
 - (d) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective State Goods and Services Tax Act; or
 - (e) the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the Union Territory Goods and Services Tax Act,

but does not include the tax paid under the composition levy;

Definition of Input tax simplified:

- ▶ **Input Tax – must be in relation to a registered person**
 - CGST, UTGST, IGST, SGST
 - charged on any supply
 - Goods or services or both made to him

- ▶ **Inclusions:**
 - IGST on imports
 - Tax paid on reverse charge (first pay tax then avail credit)

- ▶ **Exclusions:**
 - Tax paid under composite levy



What about KKC, EC and SHEC?

GST Act allows to c/f of credit of old laws to the extent admissible under GST Act. As per definition of Input Tax under GST, KKC, EC and SHEC are not covered and hence not allowed to be carried forward

Conditions for availing closing credit of existing laws under GST

- ▶ Credit will be available to a Taxable Person only if he has filed returns of 6 months preceding the appointed date. For e.g. if appointed date is 1st July 2017, monthly returns of VAT from Jan 17 to June 17 should be filed or monthly ER-3 returns should have been filed. There is no clarity on service tax returns and we can expect that department will come up with Apr 17 - June 17 return format. In that case, Oct 16 - Mar 17 and Apr 17 to June 17 should have been filed in form ST 3.
- ▶ In case of manufacturers, credit pertaining to goods cleared under exemption notifications notified by Government will not be allowed to be carried forward and hence it will become necessary for Taxable Persons to segregate such type of credits for other ones. Government will come out with list of notifications under Central Excise which will be covered by this provision

Credit on capital goods – Unavailed Cenvat credit

- ▶ Rule 4 of CCR, 2004 allows credit of Cenvat on capital goods in 2 instalments viz. 50% in the year of receipt of CG and balance 50% in subsequent year.
- ▶ However, under GST, entire credit on CG is available in the year of receipt of CG itself.
- ▶ There will be cases where Taxable Persons have availed 50% credit upto appointed date and balance 50% is to be availed in FY 2018–19 under existing law.
- ▶ Relevant transitional provisions are made for availing credit of balance 50% under the GST Act.

Credit on capital goods – Unavailed Cenvat credit...continued

- ▶ Proviso to section 140(2) provides that only balance credit of those Capital Goods which are Capital Goods as per old law and as per GST law, will be allowed.
- ▶ However, Explanation 2 to Chapter XX states that ‘Unavailed Cenvat Credit’ means amount remaining after subtracting Cenvat already availed in respect of CG under existing law from total amount of Cenvat which was otherwise available to him under existing law:

$$\begin{aligned}
 &\text{Unavailed Cenvat Credit} = \\
 & (50\% \text{ already availed before appointed date} + 50\% \text{ which was} \\
 & \quad \text{available in subsequent year under existing law}) \\
 & \quad \quad \quad \text{(LESS)} \\
 & \quad \quad \quad \text{already availed 50\% before appointed date}
 \end{aligned}$$

Thus, as per this explanation, credit which has not been taken in previous year can be taken after appointed date.

Capital Goods:

- ▶ As per GST Act:

“Capital goods” means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business;

- ▶ No condition of capitalising in books of accounts was present in Rule 2(a) of CCR, 2004 and even stores, spares were considered as CG even when they were written off at the time of purchases itself.
- ▶ Note: Capital Goods as per explanation to Chapter XX is same as Rule 2(a) of CCR, 2004 and hence all credit will be allowed to be carried forward.

Rules framed for transitional provisions

- ▶ Sub-rule 1(2) provides that a person intending to avail credit u/s 140(2) – transfer of closing balance of credit, shall submit a statement specifying the following in respect of every CG as on appointed date:
 - Amt of tax/ duty availed or utilised in each of the existing law till the appointed date.
 - Amt of tax/ duty **YET TO BE AVAILED OR UTILISED** in each of the existing law till the appointed date.

Credit of duties and taxes on stock inputs, WIP and FG [Section 140(3)]

- ▶ A registered person (under GST) who:
 - Was not liable to be registered under existing law – *person carrying out activity not amounting to manufacture or person providing non-taxable service and hence not liable to get registered under existing laws but having in stock duty paid stocks which requires carry forward*
 - Was engaged in manufacture of exempted goods or provision of exempted services – *inputs to a manufacturer manufacturing lifesaving drug which is exempt from ED.*
 - Was providing works contract services and was availing benefit of N/No. 26/2012 –20.06.2012–ST – *in case of builders selling under construction flats, are liable to pay service tax after claiming 70% abatement (N/No. 26/2012) provided they do not claim Cenvat on inputs. Now on the day before appointed date, builders may have stock of cements, irons, steels of which credit is allowed to carry forward.*

Credit of duties and taxes on stock inputs, WIP and FG [Section 140(3)]...continued

- Was registered as first stage dealer or a second stage dealer or as imported or depot of the manufacturer – *FSD or SSD were only transferring credits from manufacturers to their customers and were not allowed to claim credit. Because of this provision, now they will be allowed to claim credit of stock lying with them on the appointed date.*

Shall be entitled to take credit of duties and taxes on stock inputs, WIP and FG held as stock as on date immediately preceding the appointed date subject to:

- Such stock must be used to provide taxable supply under GST
- The said person is eligible for Input credit on such inputs under GST Act
- Should possess invoice/ prescribed documents evidencing payment of tax/ duty under existing law
- Invoice should be not older than 12 months from the appointed date
- Supplier of service is not eligible for any abatement under GST Act

Concept of Deemed Credit – OLD

- ▶ Persons other than manufacturers and service providers will be allowed credit even without proper invoice subject to following rule:

- ▶ Rule 1(3) of transitional provisions states that:

- Goods have to be sold within 6 months
- Credit will be available @ 40% of central tax on such goods

For e.g. say if a person has opening stock of 1 crore on appointed date without invoices and he sells 70 lakhs worth of goods in July 2017. He is liable to pay CGST say 5 lakhs on this sale before 20th August 2017. In this case, he will get credit of 2 lakhs being 40% of 5 lacs in the month of Aug 2017.

If officer finds that credit is wrongly claimed, he may take action as per provisions of section 73 and 74 (tax short paid/ SCN etc)

Concept of Deemed Credit – revised

- ▶ Persons other than manufacturers and service providers will be allowed credit even without proper invoice subject to following rule:

Particulars	SGST	CGST	IGST
<9% CGST/ SGST	NA	40% of CGST liab on sale	20% of IGST
≥9% CGST/ SGST	NA	60% of CGST liab on sale	30% of IGST

Following conditions to fulfil to avail credit on closing stock:

- ▶ Such stock should be used to make taxable supplies under GST Act
- ▶ That the registered taxable person shall be eligible for input tax credit on such inputs. Input is defined in a very wide manner –
- ▶ *Section 2(59) “input” means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;*

Except when they are specifically mentioned in section 17 as ‘blocked credits’. For e.g. 17(5) excludes ITC paid on motor vehicles unless the person is engaged in activity specified in clause (i) and (ii) of section 17(5)

- ▶ Duty paying document should be available
- ▶ Document should not be older than 12 months from appointed date
- ▶ No abatement available to supplier of service if he avails credit of closing stock on appointed date (e.g. builder providing WCT service)

Credit in respect of stocks for person manufacturing exempted goods and non-exempted goods or provision of non-exempted service as well as exempted services [Section 140(4)]

- ▶ Such person shall be entitled to take credit in his electronic ledger following credit:
 - Cenvat credit c/f in last return under existing law
 - Amount of Cenvat credit of eligible duties in respect of inputs held as stock, semi-finished goods or FG on appointed date relating to exempted goods or services

For e.g. A pharmaceutical company producing medicine A and medicine B. It clears medicine A on payment of ED and medicine B is exempt from ED as it is a lifesaving drug. In such a case, the Taxable Person will be eligible to claim credit duty paid on inputs pertaining to medicine B lying in its stock as RM or WIP or FG on the day preceding appointed date.

Similarly, if a dealer has not taken credit of VAT paid on inputs contained on stock or WIP or FG, as the final product was exempt under VAT, such credit will also be available.

Input or Input Services in transit [Section 140(5)]

E.g. M/s X has cleared the product input B to M/s Y on 28/06/2017 and is received by M/s Y on 05/07/2017, which is after appointed date, but the tax on the same was paid on 28/06/2017. Such credit will also be available to M/s Y.

▶ Conditions:

- Tax should have been paid by the supplier under existing law
- Goods should have been received after appointed date and within 30 days of appointed date (30 days further extendible by 30 days on application to commissioner)
- Goods should be accounted as received in books within 30 days as stated above.
- A statement in prescribed format shall be furnished to the relevant authority

Question: Can Input services be in transit?

Answer: Yes. Say a person X has imported a product and paid custom duty on 29/06/2017, the inputs are received on 20/07/2017. The services of clearing house agent and services of transportation are used for input. The service tax paid thereon will also be available as credit to the registered person.

Capital Goods in transit

- ▶ It is possible that manufacturer clears capital goods before appointed date and purchaser receives the same after appointed date. In such a case, credit of input on CG should ideally be available to the purchaser. However, unlike inputs and input services in transit, there is no specific provision for CG in transit and hence department may dispute such credit availment.

Advisable that there are no Capital Goods in transit on appointed date.

- ▶ Following details to submit in order to avail credit of [Rule 1(2)(c)]:

Name of supplier, date of issue of invoice, description, value, qty of goods/ services, amount of eligible credit, date on which goods or services is entered in BOA of recipient.

Switching from composition scheme [Section 140(6)]

- ▶ In existing excise duty law, Section 3A of Central Excise Act empowers Government to charge Excise Duty based on production capacity as against quantum of goods manufactured, also in some cases, there is fixed percentage on quantity of goods and not on value.
- ▶ Section 140(6) provides such dealers to claim input in respect of inputs held in stock, semi finished goods or FG as on date immediately preceding appointed date.

Switching from composition scheme

[Section 140(6)]...continued

▶ Conditions:

- Such inputs should be used to provide taxable supply under GST
- Such registered person should not opt for composition levy under section 10 of GST
- Such person is eligible for ITC on such inputs under this Act
- He should possess necessary documents to like invoice etc.
- Such documents should not be older than 12 months from the appointed date

Transfer of credit with centralized registration under Service Tax [Section 140(8)]

- ▶ Service tax allows centralised registrations if certain conditions are fulfilled.
- ▶ Provisions are made to transfer credits available in last ST return to GST regime
- ▶ Due date for service tax return of Oct 16 – Mar 17 is 25th April 2017 and possibly Govt will come up with return for the period 1st April 2017 to 30th June 2017 – due date to file return being 25th July 2017 and closing balance in that return will be allowed to carry forward in GST

Transfer of credit with centralized registration under ST [Section 140(8)]...*continued*

- ▶ In case where original returns are filed lately (with applicable late fees under ST) i.e. after GST coming into force, credit of only those returns will be allowed which are filed within 3 months of the appointed date
- ▶ Thus, service tax returns filed after 30-09-2017 (assuming appointed date to be 01st July 2017), the credit will not be allowed to be carried forward
- ▶ Revised return are allowed but credit as per revised return will be allowed to be carried forward only if closing balance in revised return is less than that reflected originally in original return. Revision of return shall also be within 3 months of appointed date.

Distribution of credit

- ▶ Say a Taxable Person has branches in Mumbai, Rajkot and Bangalore and has obtained centralised registration under service tax with PPOB in Mumbai, and has closing credit of 3 crores
- ▶ In such a case, person with same PAN will be allowed to distribute credit to other GST registrations in other states.
- ▶ This is not required to be in turnover ratio, it can be as per Taxable Person's wish.

90 days reversal issue [Rule 4(7) of CCR, 2004]:

- ▶ Currently, service providers have to reverse credit on account of non-payment to vendor within 90 days and re-credit will be available when he makes actual payment.
- ▶ Relevant rules are drafted to avail credit in cases where payments are made after appointed date but not later than 3 months from appointed date.

Refund of tax paid in certain cases

- ▶ Sales made prior to appointed date and sales return takes place after appointed date, in such a case, refund is permissible subject to:
 - Tax is paid at the time of sale
 - Sales has taken place after 01/01/2017 and before 30/06/2017 (6 moths window preceding appointed date)
 - Goods to return within 6 months from appointed date
 - Sales should have been made only to unregistered person
 - Sales made to registered person will be treated as supply and GST will be charged.
 - Officer has to be satisfied about identification of goods sold and returned that they are same
 - No necessity on receipt of goods in same place from where they were sold

Supplementary invoice and deemed supply

- ▶ Sales made prior to appointed date and revision in price after appointed date, credit allowed under GST to buyer of differential tax paid on a condition that supplementary invoice is issued within 30 days of revision in price.
- ▶ Upward revision will be deemed supply under GST and will be to be reflected in GSTR-1
- ▶ In case of downward revision, re-credit will be available only if corresponding credit is reversed by recipient of goods in his GST returns.
- ▶ Contents of supplementary invoice are specified in Invoice Rules under GST

Goods sent on approval basis returned after appointed date

- ▶ Goods to be sent after 01/01/2017 but before 30/06/2017
- ▶ Goods to be rejected by buyer and returned between 01/07/2017 and 31/12/2017
- ▶ No tax will be payable by the buyer though it appears as a supply transaction
- ▶ If goods are not returned, GST will be paid by the seller
- ▶ Form GST-TRAN-1 to be submitted giving details of goods lying with third parties under sale on approval basis

Tax liability when POT is after appointed date

- ▶ Section 12 and 13 of GST Act provides for determining time of supply. The liability to pay GST arises on the date when supply is made. Thus all supplies made after appointed date, GST will be payable.
- ▶ It is possible that taxes under old law are paid before appointed date as POT has struck prior to appointed date.
- ▶ Provision are made to provide exemption for such supplies where taxes are paid under old law and POT as per GST is after appointed date
- ▶ E.g. Advance received before appointed date for service to be provided after appointed date

Tax deducted at source

- ▶ Most of the state VAT laws provide for TDS provisions in case of works contract
- ▶ Similarly, GST also has TDS provisions in section 196 for certain transactions
- ▶ Thus, on WCT, where tax may have been deducted and paid to the government under existing laws, no tax again needs to be deducted under GST as it will lead to double taxation

Miscellaneous provisions

- ▶ Purchase from EOU and EHTP – credit available as per rule 3(7) of CCR, 2004
- ▶ Credit under SGST – to be discussed after MH passes SGST
- ▶ Stock held by principle
- ▶ Stock of inputs/ semi finished goods and FG at job worker – continuous process/ declaration to be filed by both; manufacturer as well as job worker (separate for each manufacturer and job worker)/ goods to come back within 6 months (6+2 extra) of appointed date/ if not received within specified time limit, mfg to reverse credit as per section 142(8)(a) of GST Act.

Miscellaneous provisions...continued

- ▶ Refund claim on export of goods/ services – to be decided as per existing law and will have to be paid by department only in cash
- ▶ No credit if refund is claimed under existing laws
- ▶ Refund in case where service tax is paid before AD on a particular invoice/ or on advance but services are subsequently not rendered. Refund to be in cash only even if payment was done by utilising Cenvat credit.
- ▶ Principle of unjust enrichment will have to be complied with in all refund cases

Miscellaneous provisions...continued

- ▶ In cases where service tax assessee is in appeal and has paid under protest certain tax, later on the appeal is decided in favour of assessee...in such case, ideally credit is taken but it is specifically provided in GST Act that refund of tax paid in protest will have to be given in cash only.
- ▶ In case where appeal is against assessee, recovery provisions under existing laws will continue to apply and also amount so paid will not be available as credit under GST
- ▶ SCNs to be adjudicated as per existing laws
- ▶ If assessee pays differential liability (arising out of valuation), credit will not be available to purchaser
- ▶ In case where assessee loses appeal, tax shall be recovered under provisions of GST Act

Miscellaneous provisions...continued

- ▶ In case assessee files ST 3 return for Apr 17 – June 17 on 25–07–2017 and subsequently revises on 24–10–2017 (due to mistake/ omission). It is possible that there may arise amount payable or recoverable pursuant to revised return compared to original return. In case of excess paid by assessee, same shall be returned to him in cash and in case of excess payable, it will be recovered from him as if they are arrears under GST Act and no credit will be given to the service receiver.

- ▶ **Long term contracts**
 - Construction contracts usually long term say 4–5 years
 - Prior to appointed date, VAT, ED service tax is paid
 - However, after appointed date, only GST will be payable
 - Incidence of tax may increase compared to existing law

THANK YOU