

# Guide to CA Certificates in GST



**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
**New Delhi**

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## Foreword to the Second Edition

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Goods and Services Tax (GST), being one of the most significant indirect tax reforms in India, has had quite an impactful journey in the few years since it has been introduced in India. On 1st July 2023, GST in India turned six. Still in its early years, it has seen a lot of amendments and constant improvements based on the feedback received from various stakeholders. GST was introduced to reduce multiplicity of taxes and tax rates, compliance burden, do away with cascading effect of taxes and bring certainty, and transparency in the indirect tax regime.

Chartered Accountants are put in a fiduciary position and trusted upon by the Government and other stakeholders for issuing certificates for various special purposes. GST law also requires issuance of certificate by independent Chartered Accountants practitioners on certain specific matters.

The Institute of Chartered Accountants of India (ICAI) has always been proactive in providing the much-needed support to the members and honing their skills to provide such certifications. Publication "Guide to CA Certificates in GST" has been specifically developed by the GST & Indirect Taxes Committee to assist the members in carrying out certifications prescribed under the GST law.

I am glad to note that the GST and Indirect Taxes Committee of ICAI has revised this publication to make it more relevant for the members in meeting their professional commitments.

I appreciate the efforts of CA. Sushil Kumar Goyal, Chairman, CA. Umesh Sharma, Vice-Chairman, and all other members of the GST & Indirect Taxes Committee along with those who have worked tirelessly in revising this comprehensive guide.

I am sure that this publication will assist the members in complying with their professional commitments in an efficient and effective manner.

**CA. Aniket Sunil Talati**  
President, ICAI

Date: October 25, 2023  
Place: New Delhi



## Preface to the Second Edition

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The GST and Indirect Taxes Committee of ICAI had developed the publication “Guide to CA Certificates in GST” in 2020 to aid the members in carrying out the statutory responsibilities of certifications as provided under GST law. The Committee has now revised this publication to provide updated guidance to the members.

The formats given in the publication aim to provide guidance to the members in issuing the prescribed certificate and are not mandatory. While every effort has been made to include all the certifications required from a Chartered Accountant under GST law, members may exercise their discretion judiciously if they come across any situation not explicitly covered in the publication, considering the underlying purpose and spirit of the law. These certificates have been prepared in accordance with the Guidance Note on Reports and Certificates for Special Purposes (Revised 2016) issued by Auditing and Assurance Standards Board.

We are grateful to CA. Aniket Sunil Talati, President and CA. Ranjeet Kumar Agarwal, Vice-President, ICAI for supporting all the initiatives of the Committee. We humbly acknowledge the support of CA. A. Jatin Christopher, CA. Virender Chauhan, CA Rajiv Luthia and CA J Purushothaman along with the members of the Group constituted by Auditing & Assurance Standards Board for reviewing the various certificates included in the publication. We also thank the members of our Committee who have been a constant support system in all our endeavours. Further, we acknowledge and appreciate the dedicated efforts of CA. Smita Mishra, Secretary to the Committee and CA. Deepak Aggarwal in revising this Guide.

Readers are welcome to provide suggestions for the improvement of this guide at [gst@icai.in](mailto:gst@icai.in).

**CA. Umesh Sharma**  
Vice-Chairman  
GST & Indirect Taxes Committee

**CA. Sushil Kumar Goyal**  
Chairman  
GST & Indirect Taxes Committee

Date: October 25, 2023  
Place: New Delhi



## Foreword to the First Edition

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GST, a paradigm shift from origin based tax to destination based tax has been introduced in India with one of the objectives to provide an uninterrupted and seamless flow of input tax credit, a mechanism to avoid cascading of taxes. Thus, to ensure this smooth flow of credit and also authenticity of credit claimed by the taxpayers, in some cases they are required to make declarations in Form GST ITC-01, Form GST ITC-02 etc. which needs to be certified by a Chartered Accountant.

The Institute of Chartered Accountant of India (ICAI) being a partner in GST Knowledge Dissemination, has been regularly supporting the Government, its members and other stakeholder by knowledge sharing through its technical publications, Certificate Course, programme, conferences etc. Recognizing such endeavors of the Institute, the Goods and Services Tax Network invited nomination from the Institute in the Consultation Committee of Goods and Services Tax Network. It is my privilege to state that CA. Sushil Kumar Goyal, Chairman, GST & Indirect Taxes Committee has been nominated as representative of the Institute in aforesaid Committee, the first meeting of which is scheduled on 5<sup>th</sup> February, 2020.

Government has given the responsibility of certifying aforesaid declarations to Chartered Accountants, which I am sure will be taken care by our members with utmost care and dedication. In order to facilitate members and other stakeholders in understanding the requisite contents of certificates, supporting documents so as to assiduously discharge duties and responsibilities casted on them, GST & Indirect Taxes Committee has come out with a *Guide to GST Certificates*. In the Guide, an attempt has been made to cover each and every area in GST Law requiring furnishing of CA Certificate. Further, check points have been included for each Certificate which may be referred by the members before certifying the credential provided by the tax payers.

Therefore, I request my professional colleagues to equip themselves and exercise due care while certifying the credentials. I really appreciate the efforts put in by the Chairman and Vice-Chairman and other members of the GST & Indirect Taxes Committee of ICAI for undertaking this tedious task and coming out with this comprehensive Guide.

I wish the readers a fruitful and enriching experience.

Date: 04.02.2020  
Place: New Delhi

**CA. Prafulla P. Chhajed**  
President, ICAI





## Preface to the First Edition

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With rapid and dynamic changes in GST, its smooth implementation is an epitome for economic growth in India. This calls for in-depth understanding and comprehension of GST law both theoretically and practically. One of the practical aspects which needs to be addressed by our fraternity is the requirement of Chartered Accountant Certificate under various provisions in GST law like availability of ITC in certain special circumstances, refund claim exceeding Rs. 2 Lakh, disbursement of budgetary support under GST regime to the units located in States of J&K, Uttarakhand, Himachal Pradesh and North East etc.

Considering the above facts, the GST & Indirect Taxes Committee has come up with a publication namely, "*Guide to CA Certificates in GST*" which contain various Certificates required under GST regime to be issued by Chartered Accountants alongwith corresponding check list. These Certificates are purely recommendatory in nature, to facilitate members and stakeholders to discharge their duties and responsibilities proficiently. The Certificates provided, not only give illustrative guidance but also explicitly states the responsibility casted on Management and Practitioner in terms of provisions requiring such certificates. Although an attempt has been made in this guide to cover all the areas under GST requiring certification from Chartered Accountant but in case not covered, then members are request to apply his mind judiciously, keeping in view the intent behind the law, principles and policies.

We are happy to acknowledge the support of CA. S. Venkatramani, CA. A. Jatin Christopher, CA. Raaja Jindal, CA. Ashu Dalmia, CA Yash Daddha and others members of the GST & Indirect Taxes Committee committee and also the members of Auditing & Assurance Standards Board for reviewing the all the Certificates. I also appreciate the dedicated efforts of entire Secretariat of GST & Indirect Taxes Committee.

The readers are encouraged to provide suggestions for the improvement of this guide at [gst@icai.in](mailto:gst@icai.in).

**CA. Rajendra Kumar P**  
Vice- Chairman  
GST & Indirect Taxes Committee

**CA. Sushil Kumar Goyal**  
Chairman  
GST & Indirect Taxes Committee

Place: Delhi  
Date: 04.02.2020



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## **Chapter I**

### **Certificate under Section 18(1)(a) of the CGST Act**

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#### **STATUTORY PROVISIONS**

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
- (a) a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act;
  - (b) .....
  - (c) .....
  - (d) .....
- (2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
- (3) .....
- (4) .....
- (5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.
- (6) .....

##### **Rule 40 of the Central Goods and Services Tax Rules, 2017 - Manner of claiming credit in special circumstances [Extract]**

- (1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in

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semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-

- (a) .....
- <sup>1</sup>[(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid:  
  
Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]
- (c) the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods-
  - (i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;
  - (ii) on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;
  - (iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of subsection (1) of section 18;

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<sup>1</sup> Substituted vide Notification No. 22/2017 - CT dated 17.08.2017, w.r.e.f. 01.07.2017, Prior to its substitution, clause (b) read as under: "the registered person shall within a period of thirty days from the date of his becoming eligible to avail the input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid;".

**Certificate under Section 18(1)(a) of the CGST Act**

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- (iv) on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;
  - (d) the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;
  - (e) .....
- (2) .....



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### **Certificate under Section 18(1)(a) of the CGST Act**

#### **Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 18(1)(a) of the CGST and SGST/UTGST Acts and Rule 40(1)(d) of the rules issued under CGST and SGST/UTGST Acts.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN ..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(1)(a) of the CGST Act and SGST/UTGST Acts, a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take input tax credit in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the CGST and SGST / UTGST Acts by declaring the same, electronically, on the Common Portal in Form GST ITC-01 (hereinafter referred to as the Statement). The details furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant where the aggregate claim exceeds Rs. 2 Lakhs.

#### **Management's Responsibility for the Statement**

4. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and

### **Certificate under Section 18(1)(a) of the CGST Act**

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Rules issued under the said Acts, is the responsibility of the Management of..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules.

5. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock on the day immediately preceding \_\_\_\_\_, the date on which Management becomes liable to pay tax under the provisions of the CGST Act and SGST/UTGST Acts.
6. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

#### **Practitioner's Responsibility**

7. Pursuant to the requirements of Section 18(1)(a) of the CGST and SGST / UTGST Acts read with Rule 40(1)(d) of the CGST and SGST / UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents / records of the Applicant and to provide a reasonable assurance that the details furnished in the declaration in Form GST ITC-01 have been accurately drawn from the books of accounts and other relevant documents / records of the Applicant.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that

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Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

8. Based on our examination as above and the information and explanations given to us, in our opinion, the particulars declared by the Management of the Applicant as annexed herewith in Annexure - A are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.
9. The quantity and value of inputs, inputs contained in semi-finished or finished goods held in stock is based on the calculations and confirmation done by the Management and verified by us along with the corresponding tax invoices and books of accounts and other relevant records and documents maintained by the Applicant.

### **Restriction on Use**

10. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(1)(a) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.

Chartered Accountants

Firm Registration Number: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

Name of the Member Signing the Certificate)

(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

**Certificate under Section 18(1)(a) of the CGST Act**

**ANNEXURE - A**

Date from which liability to pay tax arises under Section 9, except under Section 9(3) and Section 9(4) - \_\_\_\_\_

Sr. No.	GSTIN/Registration under CX/VAT of supplier	Invoice*		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock	Unit Quantity Code (UQC)	Qty	Value (As adjusted by debit note/credit note)	Amount of ITC claimed (Rs.)					
		No.	Date					Central Tax	State Tax	UT Tax	Integrated Tax	Cess	
1	2	3	4	5	6	7	8	9	10	11	12	13	
(a) Inputs held in stock													
(b) Inputs contained in semi-finished or finished goods held in stock													

\* In case it is not feasible to identify invoice, the principle of first-in-first out may be followed.

As per our Certificate of even date attached  
For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number: \_\_\_\_\_  
Signature  
Name of the Member Signing the Certificate  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

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### **Check points for the Chartered Accountants –**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Do not take responsibility for filing the respective statutory form prescribed as the same is the responsibility of Management. Practitioner's responsibility is to certify the details furnished in the declaration in Form GST ITC-01.
- (iii) Check the books and records and other relevant documents and registers relating to quantity and value of inputs lying in stock and inputs contained in semi-finished or finished goods on the date immediately preceding the date from which the applicant becomes liable to pay tax under the CGST and SGST/UTGST Acts, 2017.
- (iv) Check the basis of calculation of equivalent units of inputs contained in semi-finished and finished goods in stock.
- (v) Statement of bills of entry / tax invoices attributed by Management to be the goods in stock that are not older than 1 year on the day on which the Applicant is liable to pay tax (Section 18(2) of the CGST and SGST/UTGST Acts, 2017) may be collected from the Management and subjected to audit verification tests. The tax invoice must be the one containing the prescribed particulars (Section 16(2) of the CGST and SGST/UTGST Acts to be read with Rule 46 of the CGST and SGST/UTGST Rules).
- (vi) Ensure that the debit notes / credit notes, if any, are recorded / accounted against the vendor invoice which are forming part of the closing inventory.
- (vii) This certificate is required to be issued only if the aggregate value of the claim on account of CGST, SGST / UTGST and IGST exceeds rupees two lakhs. (Rule 40 (1)(d) of the CGST and SGST/UTGST Rules, 2017)
- (viii) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (ix) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.
- (x) No input tax credit must be availed in respect of capital goods and input services and the certificate must contain details related to inputs only.
- (xi) Verify whether the registration of the principal place of business and the other places of business is in the State of \_\_\_\_\_ and is applied on \_\_\_\_\_ i.e., within the stipulated time of 30 days from the date of being liable to obtain registration.

## **Chapter II**

### **Certificate under Section 18(1)(b) of the CGST Act**

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#### **STATUTORY PROVISIONS**

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
- (a) .....
  - (b) a person who takes registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration;
  - (c) .....
  - (d) .....
- (2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
- (3) .....
- (4) .....
- (5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.
- (6) .....

##### **Rule 40 of the Central Goods and Services Tax Rules, 2017 - Manner of claiming credit in special circumstances [Extract]**

- (1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely, -
- (a) .....

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- <sup>2</sup>[(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid:

Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]

- (c) the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods-
- (i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;
  - (ii) on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;
  - (iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of subsection (1) of section 18;
  - (iv) on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;
- (d) the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost

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<sup>2</sup> Substituted vide Notification No. 22/2017 - CT dated 17.08.2017, w.r.e.f. 01.07.2017, Prior to its substitution, clause (b) read as under: "the registered person shall within a period of thirty days from the date of his becoming eligible to avail the input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid;".

**Certificate under Section 18(1)(b) of the CGST Act**

accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;

(e) .....

(2) .....



**Certificate under Section 18(1)(b) of the CGST Act**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017/Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 18(1)(b) of the said Acts and Rule 40(1)(d) of the rules issued under such Acts.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(1)(b) of the CGST and SGST/UTGST Acts read with Rule 40 of the CGST and SGST/UTGST Rules, 2017, a person who takes registration under sub-Section (3) of Section 25 of the CGST Act and SGST/UTGST Acts, is eligible to avail input tax credit in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration by declaring the same, electronically, on the Common Portal in Form GST ITC-01 (hereinafter referred to as the "Statement"). The details furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant where the aggregate claim exceeds Rs. 2 Lakhs.

**Management's Responsibility for the Statement**

4. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts is the responsibility of the Management of..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal

### **Certificate under Section 18(1)(b) of the CGST Act**

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control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules.

5. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock on the day immediately preceding \_\_\_\_\_, the date of grant of registration under the provisions of the CGST Act and SGST/UTGST Acts.
6. Management of the applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

#### **Practitioner's Responsibility**

7. Pursuant to the requirements of Section 18(1)(b) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents / records of the Applicant and to provide a reasonable assurance that the details furnished in the declaration in Form GST ITC-01 have been accurately drawn from the books of accounts and other relevant documents / records of the Applicant;

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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### Opinion

8. Based on our examination as above and the information and explanation given to us, in our opinion, the particulars declared by the Management of the Applicant as annexed herewith in **Annexure - A** are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents / records maintained under the CGST Act and the SGST/UTGST Acts.
9. The quantity and value of inputs, inputs contained in semi-finished or finished goods held in stock is based on the calculations and confirmation done by the Management and verified by us along with the corresponding tax invoices and books of accounts and other relevant records and documents maintained by the Applicant.

### Restriction on Use

10. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(1)(b) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.  
Chartered Accountants  
Firm Registration Number: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature  
Name of the Member Signing the  
Certificate)  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

**ANNEXURE -A**

Date of grant of voluntary registration -

Sr. No.	GSTIN/Registration under CX/VAT of supplier	Invoice*		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock	Unit Quantity Code (UQC)	Qty	Value (As adjusted by debit note/credit note) (specify the valuation method)	Amount of ITC claimed (Rs.)				
		No.	Date					Central Tax	State Tax	UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
(a) Inputs held in stock												
(b) Inputs contained in semi-finished or finished goods held in stock												

\*In case it is not feasible to identify invoice, the principle of first-in-first out may be followed.

As per our Certificate of even date attached  
For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number: \_\_\_\_\_  
Signature  
Name of the Member Signing the Certificate  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

**Check points for the Chartered Accountants**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Do not take responsibility for filing the respective statutory form prescribed as the same is the responsibility of Management. Practitioner's responsibility is to certify the details furnished in the declaration in Form GST ITC-01.
- (iii) Check the books and records and other relevant documents and registers relating to quantity and value of inputs lying in stock and inputs contained in semi-finished or finished goods on the date preceding the date of grant of registration for verifying quantity of goods held / lying in stock.
- (iv) Check the basis of calculation of equivalent units of inputs contained in semi-finished and finished goods in stock.
- (v) Check computation of input tax credit from tax invoices / bills of entry or other relevant documents. No input tax credit must have been availed in respect of capital goods and input services and the certificate must be issued for input tax credit in respect of inputs only.
- (vi) Statement of bills of entry / tax invoices attributed by Management of the Applicant to be the goods lying in stock and less than 1 year on the day on which registration is granted to the Applicant (Section 18(2) of the CGST and SGST/UTGST Acts) may be collected from Management and subjected to audit verification tests. The tax invoice must be the one containing the prescribed particulars (Section 16(2) of the CGST and SGST/UTGST Acts to be read with Rule 46 of the CGST and SGST/UTGST Rules, 2017).
- (vii) The books of account and relevant documents / records of the Applicant should be thoroughly verified to understand if it is actually entitled to benefit of credit under section 18(1)(b) of the CGST and SGST/UTGST Act, 2017 and was not liable to obtain registration under section 22 or section 24 of the CGST and SGST/UTGST Act.
- (viii) Ensure that the debit notes / credit notes, if any, are recorded / accounted against the vendor invoice which are forming part of the closing inventory.
- (ix) This certificate is required to be issued only if the aggregate value of the claim on account of CGST, SGST / UTGST and IGST exceeds rupees two lakhs (Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017)

#### **Guide to CA Certificates in GST**

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- (x) This certificate is to be issued in respect of a person who seeks voluntary registration u/s 25(3) of the CGST and SGST/UTGST Acts, 2017.
- (xi) Ensure that the certificate is issued in accordance with the Guidance note on Reports and Certificates for special purpose issued by the ICAI.
- (xii) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.

## Chapter III

### **Certificate under Section 18(1)(c) of the CGST Act**

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#### **STATUTORY PROVISIONS**

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
- (a) .....
  - (b) .....
  - (c) where any registered person ceases to pay tax under section 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9:  
  
Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed;
  - (d) .....
- (2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
- (3) .....
- (4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:
- Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.
- (5) The amount of credit under sub-section (1) and the amount payable

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**Certificate under Section 18(1)(c) of the CGST Act**

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under sub-section (4) shall be calculated in such manner as may be prescribed.

(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

**Rule 40 of the Central Goods and Services Tax Rules, 2017 - Manner of claiming credit in special circumstances [Extract]**

(1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely, -

- (a) the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice or such other documents on which the capital goods were received by the taxable person.
- <sup>3</sup>(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in **FORM GST ITC-01** to the effect that he is eligible to avail the input tax credit as aforesaid:

**Provided** that any extension of the time limit notified by the

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<sup>3</sup> Substituted vide Notification No. 22/2017 - CT dated 17.08.2017, w.r.e.f. 01.07.2017, Prior to its substitution, clause (b) read as under: "the registered person shall within a period of thirty days from the date of his becoming eligible to avail the input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid;".



## **Guide to CA Certificates in GST**

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Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]

- (c) the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods-
  - (i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;
  - (ii) on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;
  - (iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of subsection (1) of section 18;
  - (iv) on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;
- (d) the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;
- (e) the input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in FORM GSTR-1 or as the case may be, in FORM GSTR- 4, on the common portal.

(2) The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.

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**Certificate under Section 18(1)(c) of the CGST Act**

**Certificate under Section 18(1)(c) of the CGST Act**

Suggested Format of Certificate

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017/Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 18(1)(c) of the said Acts and Rule 40(1)(d) of the Rules issued under such Acts**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business .....:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(1)(c) of the CGST and SGST/UTGST Acts read with Rule 40 of the CGST and SGST/UTGST Rules, 2017, any registered person ceases to pay tax under section 10 of the CGST and SGST/UTGST Acts, he is eligible to avail input tax credit in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods (as reduced by the prescribed percentage points) on the day immediately preceding the date from which he becomes liable to pay tax u/s 9 of the CGST and SGST/UTGST Acts, by declaring the same, electronically, on the Common Portal in Form GST ITC-01 (hereinafter referred to as the "Statement"). The details furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant where the aggregate claim exceeds Rs. 2 Lakhs.

**Management's Responsibility for the Statement**

4. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts is the responsibility of the Management of ..... [Name of the Applicant] including the preparation and maintenance of all accounting and other

## **Guide to CA Certificates in GST**

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relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules.

5. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock and capital goods on the day immediately preceding \_\_\_\_\_, the date from which he becomes liable to pay tax under section 9 of the CGST Act and SGST/UTGST Acts.
6. Management of the applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

### **Practitioner's Responsibility**

7. Pursuant to the requirements of Section 18(1)(c) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents/ records of the Applicant and to provide a reasonable assurance that the details furnished in the declaration in Form GST ITC-01 have been accurately drawn from the books of accounts and other relevant documents / records of the Applicant;

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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**Certificate under Section 18(1)(c) of the CGST Act**

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**Opinion**

8. Based on our examination as above and the information and explanations given to us, in our opinion, the particulars declared by the Management of the Applicant as annexed herewith in **Annexure - A** are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.
9. The quantity and value of inputs, inputs contained in semi-finished or finished goods held in stock and capital goods is based on the calculations and confirmation done by the Management and verified by us along with the corresponding tax invoices and books of accounts and other relevant records and documents maintained by the Applicant.
10. The computation of input tax credit in respect of capital goods as reduced by the percentage points prescribed under Rule 40(1)(a) of the CGST and SGST/UTGST Rules, 2017 is annexed herewith as **Annexure - B**.

**Restriction on Use**

12. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(1)(c) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.

Chartered Accountants

Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

(Name of the Member Signing the Certificate)

(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

**ANNEXURE – A**

Date from which liability to pay tax arises under section 9, except section 9 (3) and section 9 (4) –

Sr. No.	GSTIN/ Registration under CX/VAT of supplier	Invoice*/ Bill of Entry		Description of inputs held in stock, inputs contained in semi- finished or finished goods held in stock, capital goods	Unit Quantity Code (UQC)	Qty	Value (As adjusted by debit note/credit note)	Amount of ITC claimed (Rs.)				
		No.	Date					Central Tax	State Tax	UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
(a) Inputs held in stock												
(b) Inputs contained in semi-finished or finished goods held in stock												
(c) Capital goods in stock**												

\*In case it is not feasible to identify invoice, the principle of first-in-first out may be followed.

\*\* The detailed calculation provided in Annexure - B, be treated as part of this certificate.

**Certificate under Section 18(1)(c) of the CGST Act**

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As per our Certificate of even date attached  
For XYZ and Co.

Chartered Accountants

Firm's Registration Number: \_\_\_\_\_

Signature

Name of the Member Signing the Certificate  
(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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### **Annexure - B : Computation of ITC on Capital Goods**

<b>Sl. No</b>	<b>Particulars</b>	<b>Reference</b>	<b>[Amount]<sup>4</sup></b>
1	Inward supply value of Machinery X IGST @ 12%	a	12,50,000 1,50,000
2	Invoice Value Date of invoice		14,00,000 15 <sup>th</sup> July 2022
3	Date on which the Applicant is liable to pay tax u/s 9 of the CGST/SGST 2017		01 <sup>st</sup> March 2023
4	Number of quarters till 28th February 2023	b	3
5	Reduction percentage prescribed per quarter / part thereof	c	5%
	Eligible ITC as on 1 <sup>st</sup> March 2023	$d = (a - (a*b*c))$	1,27,500

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<sup>4</sup> Figures given above are for illustrative purpose.

**Check points for the Chartered Accountants -**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Do not take responsibility for filing the respective statutory form prescribed as the same is the responsibility of Management. Practitioner's responsibility is to certify the details furnished in the declaration in Form GST ITC-01.
- (iii) Check the books and records and other relevant documents and registers relating to quantity and value of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods on the date immediately preceding the date from which he becomes liable to pay tax u/s 9 of the CGST and SGST/UTGST Acts.
- (iv) Check the basis of calculation of equivalent units of inputs contained in semi-finished and finished goods in stock.
- (v) Statement of bills of entry / tax invoices attributed by Management to be the goods in stock that are not older than 1 year on the day on which the Applicant is liable to pay tax (Section 18(2) of the CGST and SGST/UTGST Acts) may be collected from the Management and subjected to audit verification tests. The tax invoice must be the one containing the prescribed particulars (Section 16(2) of the CGST and SGST/UTGST Acts to be read with Rule 46 of the CGST and SGST/UTGST Rules, 2017).
- (vi) Ensure that the input tax credit on capital goods has been reduced by five percentage points per quarter of a year or part thereof, from the date of invoice.
- (vii) Make sure to obtain a Statement from the Applicant detailing the listing of both stock and capital goods, including their respective quantities.
- (viii) Obtain a list of existing capital assets with the purchase dates (for a period of 5 years). Cross check the listing with the fixed asset register/ledger maintained by the Applicant.
- (ix) Check if there is a depreciation claimed on the input tax credit portion of capital goods under the Income Tax Act, 1961. If depreciation has been claimed, then ensure that input tax credit on such amount has not been availed.
- (x) Ensure that the debit notes / credit notes, if any, are recorded / accounted against the vendor invoice which are forming part of the closing inventory.



### **Guide to CA Certificates in GST**

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- (xi) Ensure compliance with Rule 40(1)(e) of the CGST and SGST/UTGST Rules, 2017 regarding verification of the credits claimed with the details furnished by the corresponding supplier in Form GSTR-1 or as the case may be, in Form GSTR-4 on the Common Portal.
- (xii) This certificate is required to be issued only if the aggregate value of the claim on account of CGST, SGST/UTGST and IGST exceeds rupees two lakhs (Rule 40 (1)(d) of the CGST / SGST Rules, 2017)
- (xiii) This certificate is to be issued in respect of a person who ceases to pay tax u/s 10 of the CGST and SGST/UTGST Acts and is liable to pay tax u/s 9 of the CGST and SGST/UTGST Acts.
- (xiv) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (xv) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.
- (xvi) Verify the period during which the Applicant has been paying taxes u/s 10 of the CGST and SGST/UTGST Acts. Also check the date from which, the Applicant ceases to pay tax u/s 10 of the CGST and SGST/UTGST Acts and has opted / required to pay tax under the normal scheme of taxation.

## Chapter IV

### Certificate under Section 18(1)(d) of the CGST Act

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#### STATUTORY PROVISIONS

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
- (a) .....
  - (b) .....
  - (c) .....
  - (d) where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable:  
  
Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed.
- (2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.
- (3) .....
- (4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

## **Guide to CA Certificates in GST**

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Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

(5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.

(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

### **Rule 40 of the Central Goods and Services Tax Rules, 2017 - Manner of claiming credit in special circumstances**

(1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-

- (a) the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice or such other documents on which the capital goods were received by the taxable person.
- <sup>5</sup>[(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in

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<sup>5</sup> Substituted vide Notification No. 22/2017 - CT dated 17.08.2017, w.r.e.f. 01.07.2017, Prior to its substitution, clause (b) read as under: "the registered person shall within a period of thirty days from the date of his becoming eligible to avail the input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the common portal in FORM GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid;".

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**Certificate under Section 18(1)(d) of the CGST Act**

**FORM GST ITC-01** to the effect that he is eligible to avail the input tax credit as aforesaid:

**Provided** that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]

- (c) the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods-
  - (i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;
  - (ii) on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;
  - (iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of subsection (1) of section 18;
  - (iv) on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;
- (d) the details furnished in the declaration under clause (b) shall be duly **certified by a practicing chartered accountant or a cost accountant** if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax **exceeds two lakh rupees**;
- (e) the input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in FORM GSTR-1 or as the case may be, in FORM GSTR- 4, on the common portal.

(2) The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.

**Certificate under Section 18(1)(d) of the CGST Act**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017/Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 18(1)(d) of the said Acts and Rule 40(1)(d) of the rules issued under such Acts**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
  - (a) M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN and is having its principal place of business at. .... in the State of ..... The Applicant has the following additional places of business:
    - (b) \_\_\_\_\_
    - (c) \_\_\_\_\_
2. In terms of Section 18(1)(d) of the CGST and SGST/UTGST Acts read with Rule 40 of the CGST and SGST/UTGST Rules, 2017, where an exempt supply by a registered person becomes taxable supply, the registered person is eligible to avail input tax credit in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supplies and on capital goods exclusively used for such exempt supply on the day immediately preceding the date on which such exempt supplies become taxable supplies under the CGST and SGST/UTGST Acts i.e. \_\_\_\_\_ by declaring the same, electronically, on the Common Portal in Form GST ITC-01 (hereinafter referred to as the "Statement"). The details furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant where the aggregate claim exceeds Rs. 2 Lakhs.

**Management's Responsibility for the Statement**

3. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts, is the responsibility of the Management of..... [Name of the Applicant]

### **Certificate under Section 18(1)(d) of the CGST Act**

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including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the statements and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Act and CGST and SGST/UTGST Rules.

4. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock and capital goods on the day immediately preceding \_\_\_\_\_, the date from which he becomes liable to pay tax under section 9 of the CGST Act and SGST/UTGST Acts.
5. Management of the applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

#### **Practitioner's Responsibility**

6. Pursuant to the requirements of Section 18(1)(d) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to provide a reasonable assurance that the details furnished in the declaration in Form GST ITC-01 have been accurately drawn from the books of accounts and other relevant documents / records of the Applicant;

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on our examination as above and the information and explanations given to us, in our opinion, the particulars declared by the Management of the Applicant as annexed herewith in **Annexure - A** are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.
8. The quantity and value of inputs, inputs contained in semi-finished or finished goods held in stock and capital goods is based on the calculations and confirmation done by the Management and verified by us along with the corresponding tax invoices and books of accounts and other relevant records and documents maintained by the Applicant.
9. The computation of input tax credit in respect of capital goods as reduced by the percentage points prescribed under Rule 40(1)(a) of the CGST and SGST/UTGST Rules, 2017 is enclosed as **Annexure - B**.

**Restriction on Use**

12. This certificate is addressed and provided to the ..... [Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(1)(d) of the CGST and SGST/UTGST Acts read with Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature  
(Name of the Member Signing the Certificate)  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

**ANNEXURE - A**

Date on which goods or services or both becomes taxable –

Sr. No.	GSTIN/Registration under CX/VAT of supplier	Invoice*/Bill of Entry		Description of inputs held in stock, inputs contained in semi- finished or finished goods held in stock, capital goods	Unit Quantity Code (UQC)	Qty	Value (As adjusted by debit note/credit note)	Amount of ITC claimed (Rs.)				
		No.	Date					Central Tax	State Tax	UT Tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
(a) Inputs held in stock												
(b) Inputs contained in semi-finished or finished goods held in stock												
(c) Capital goods in stock **												

\*In case it is not feasible to identify invoice, the principle of first-in and first out may be followed.

\*\* The detailed calculation provided in Annexure - B, be treated as part of this certificate.



As per our Certificate of even date attached  
For XYZ and Co.

Chartered Accountants

Firm's Registration Number: \_\_\_\_\_

Signature

Name of the Member Signing the Certificate  
(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Certificate under Section 18(1)(d) of the CGST Act**

**Annexure - B : Computation of ITC on Capital Goods**

Sl. No	Particulars	Reference	[Amount] <sup>6</sup>
1	Inward supply value of Machinery X IGST @ 12%	a	12,50,000 1,50,000
2	Invoice Value Date of invoice		14,00,000 15 <sup>th</sup> July 2022
3	Date on which the Applicant is liable to pay tax u/s 9 of the CGST/SGST 2017		01 <sup>st</sup> March 2023
4	Number of quarters till 28 <sup>th</sup> February 2023	b	3
5	Reduction percentage prescribed per quarter / part thereof	c	5%
	Eligible ITC as on 1 <sup>st</sup> March 2023	$d = (a - (a*b*c))$	1,27,500

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<sup>6</sup> Figures given above are for illustrative purpose.

**Check points for the Chartered Accountants –**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Do not take responsibility for filing the respective statutory form prescribed as the same is the responsibility of Management. Practitioner's responsibility is to certify the details furnished in the declaration in Form GST ITC-01.
- (iii) Check the books and records and other relevant documents and registers relating to quantity and value of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supplies and capital goods exclusively used for such exempt supplies on the date immediately preceding the date on which such exempt supplies become taxable supplies under the CGST and SGST/UTGST Acts.
- (iv) Check the basis of calculation of equivalent units of inputs contained in semi-finished and finished goods in stock.
- (v) Ensure that the input tax credit on capital goods has been reduced by five percentage points per quarter of a year or part thereof, from the date of invoice.
- (vi) Check if there is a depreciation claimed on the input tax credit portion of capital goods under the Income Tax Act, 1961. If depreciation has been claimed, then ensure that input tax credit on such amount has not been availed.
- (vii) Obtain a list of existing capital assets with the purchase dates (for a period of 5 years). Cross check the listing with the fixed asset register maintained by the Applicant.
- (viii) The books of accounts and other relevant documents / records of the Applicant should be thoroughly verified to identify the exempt supplies effected by the Applicant. The relevant notifications issued by the CBIC should also be meticulously perused and documented to identify the date on which such exempt supplies have become taxable supplies.
- (ix) Make sure to obtain a statement from the Applicant detailing the listing of both stock and capital goods, including their respective quantities.
- (x) Ensure that the claim of credits under this section is made only on inputs held in stock and inputs contained in semi-finished or finished

### **Certificate under Section 18(1)(d) of the CGST Act**

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goods held in stock relatable to such exempt supplies and capital goods exclusively used for such exempt supply. Where capital goods have been used for both taxable and exempt supplies, no input tax credit would be eligible to the Applicant.

- (xi) Statement of bills of entry / tax invoices attributed by Management to be the goods in stock that are not older than 1 year on the day on which the Applicant is liable to pay tax (Section 18(2) of the CGST and SGST/UTGST Acts) may be collected from the Management and subjected to audit verification tests. The tax invoice must be the one containing the prescribed particulars (Section 16(2) of the CGST and SGST/UTGST Acts to be read with Rule 46 of the CGST and SGST/UTGST Rules, 2017).
- (xii) Ensure that the debit notes / credit notes, if any, are recorded / accounted against the vendor invoice which are forming part of the closing inventory.
- (xiii) Ensure compliance with Rule 40(1)(e) of the CGST and SGST/UTGST Rules, 2017 regarding verification of the credits claimed with the details furnished by the corresponding supplier in Form GSTR-1 or as the case may be, in Form GSTR-4 on the Common Portal.
- (xiv) This certificate is required to be issued only if the aggregate value of the claim on account of CGST, SGST / UTGST and IGST exceeds rupees two lakhs. (Rule 40(1)(d) of the CGST and SGST/UTGST Rules, 2017)
- (xv) This certificate is to be issued in respect of a registered person who effects exempt supplies, those of which have become taxable supplies subsequently.
- (xvi) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (xvii) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.
- (xviii) Check the period during which the Applicant has been effecting exempted supplies of \_\_\_\_\_ (HSN : \_\_\_\_). Further, check the date from which such exempted supplies have become taxable and ensure that the Applicant has been discharging the applicable taxes on such supplies.

## Chapter V

### Certificate under Section 18(3) of the CGST Act

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#### STATUTORY PROVISIONS

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
  - (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
- (2) .....
- (3) Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.
- (4) .....
- (5) .....
- (6) .....

##### **Rule 41 of the Central Goods and Services Tax Rules, 2017 - Transfer of credit on sale, merger, amalgamation, lease or transfer of a business**

- (1) A registered person shall, in the event of sale, merger, de-merger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in **FORM GST ITC-02**, electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee:

**Provided** that in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

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**Certificate under Section 18(3) of the CGST Act**

<sup>7</sup>[**Explanation** : - For the purpose of this sub-rule, it is hereby clarified that the "value of assets" means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.]

(2) The transfer or shall also submit a copy of a certificate issued by a practicing chartered accountant or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.

(3) The transferee shall, on the common portal, accept the details so furnished by the transfer or and, upon such acceptance, the un-utilized credit specified in **FORM GST ITC-02** shall be credited to his electronic credit ledger.

(4) The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

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<sup>7</sup> Inserted vide Notification No. 16/2019-CT dated 29.03.2019, w.e.f. 01.04.2019.

**Certificate under Section 18(3) of the CGST Act**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act (in short "SGST/UTGST Act") in terms of Section 18(3) of the said Acts and Rule 41(2) of the Rules issued under such Acts.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant" or 'Transferor') is a registered person vide GSTIN ..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(3) of the CGST and SGST/UTGST Acts read with Rule 41 of the CGST and SGST/UTGST Rules, 2017, where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains un-utilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in the manner prescribed in the CGST and SGST/UTGST Rules, 2017 by declaring the same, electronically, on the common portal in Form GST ITC-02. (hereinafter referred to as the "Statement")

Rule 41(2) of the CGST and SGST/UTGST Rules, 2017 provides that the transferor shall also submit a copy of a certificate issued by a practicing Chartered Accountant or Cost Accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.
4. The Applicant has sold / merged / de-merged / amalgamated / leased / transferred [strike whichever not applicable] its business to M/s ..... GSTIN: ..... (hereinafter referred

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**Certificate under Section 18(3) of the CGST Act**

to as “Transferee”) vide amalgamation / merger / demerger Order No..... dated ..... passed by ..... with a specific provision for the transfer of all liabilities.

OR

Business Transfer Agreement dated ..... with a specific provision for the transfer of all liabilities vide clause ..... of the said document.

OR

Change in ownership of business taken place due to death of the transferor on dated ..... and the business of the transferor stands transferred to ..... Legal heir of the transferor having GSTIN ..... (hereinafter referred as “Transferee” on dated.... )

**Management’s Responsibility for the Statement**

5. The preparation of the Statement is the responsibility of the Management of..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules.

6. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

**Practitioner’s Responsibility**

7. Pursuant to the requirements of Section 18(3) of the CGST and SGST/UTGST Acts read with Rule 41(2) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents / records of the



## **Guide to CA Certificates in GST**

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Applicant and to provide a reasonable assurance that the sale, merger, demerger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.

8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

9. We have examined the books of accounts and other relevant documents / records of the Applicant for the purpose of Section 18(3) of the CGST Act and SGST/UTGST Acts and Rule 41(2) of CGST and SGST/UTGST Rules, 2017.
10. Based on our examination as above and the information and explanation given to us, in our opinion, the sale, merger, demerger, amalgamation, lease or transfer of business has been done with the specific provision for the transfer of liabilities.

### **Restriction on Use**

11. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(3) of the CGST and SGST/UTGST Acts read with Rule 41(2) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.
12. The certificate as per Rule 41(2) is only required to be issued to certify that the sale, merger, demerger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities. The certificate has not been issued to certify admissibility of

**Certificate under Section 18(3) of the CGST Act**

the input tax credit with reference to any other condition as per the provisions of Section 18(3) read with Rule 41 or any other provision under the Statute.

For XYZ and Co. \_\_\_\_\_,

Chartered Accountants

Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

(Name of the Member Signing the Certificate)

(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

**Check points for the Chartered Accountants -**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Do not take responsibility for filing the respective statutory form prescribed as the same is the responsibility of Management. Practitioner's responsibility is to certify that the sale, merger, demerger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.
- (iii) Ensure that the transferee has a valid GSTIN. The Amalgamation / Merger / Demerger Order or relevant Business Transfer Agreements should be thoroughly perused to ensure that there is a specific provision for transfer of liabilities.
- (iv) Ensure that the inputs or capital goods whose credit is proposed to be transferred are also accounted in books of the Applicant as transferred.
- (v) This certificate is to be issued in respect of a person who has sold / merged / de-merged / amalgamated / leased / transferred its business with a specific provision for the transfer of liabilities.
- (vi) Ensure that the certificate issued is in accordance with the Guidance note on Reports and Certificates for special purpose issued by the ICAI.
- (vii) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.

## Chapter VI

### Certificate under Section 54 of the CGST Act

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#### STATUTORY PROVISIONS

##### **Section 54 of the Central Goods and Services Tax Act, 2017 - Refund of tax**

(1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date in such form and manner as may be prescribed:

**Provided** that a registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in <sup>8</sup>[such form and] manner as may be prescribed.

(2) A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, in such form and manner as may be prescribed, before the expiry of <sup>9</sup>[two years] from the last day of the quarter in which such supply was received.

(3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period:

**Provided** that no refund of unutilised input tax credit shall be allowed in cases other than-

- (i) zero rated supplies made without payment of tax;
- (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other

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<sup>8</sup> Substituted vide section 113 of The Finance Act 2022 (No. 06 of 2022) notified through Notification No. 18/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022, prior to substitution, it was read as: "the return furnished under section 39 in such".

<sup>9</sup> Substituted vide the Finance Act, 2022, w.e.f. 01.10.2022, prior to its substitution, it was read as: "six months"

## **Guide to CA Certificates in GST**

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than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council:

**Provided** further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty:

**Provided** also that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

(4) The application shall be accompanied by-

- (a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and
- (b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

**Provided** that where the amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

(5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.

(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent. of the total amount so claimed, <sup>10</sup>[\*\*\*\*]in such manner and subject

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<sup>10</sup> Omitted vide The Finance Act, 2023 dated 31.03.2023, notified through Notification No. 28/2023 – Central Tax dated 31.07.2023, w.e.f. 01.10.2023, prior to omission, it was read as: "excluding the amount of input tax credit provisionally accepted".

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**Certificate under Section 54 of the CGST Act**

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to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

(8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to-

- (a) refund of tax paid on <sup>11</sup>[export] of goods or services or both or on inputs or input services used in making such <sup>12</sup>[exports];
- (b) refund of unutilised input tax credit under sub-section (3);
- (c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- (d) refund of tax in pursuance of section 77;
- (e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- (f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

<sup>13</sup>[(8A) The Government may disburse the refund of the State tax in such manner as may be prescribed.]

(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance

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<sup>11</sup> Substituted vide sec 23 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019, prior to its substitution, it was read as: "zero-rated supplies".

<sup>12</sup> Substituted vide sec 23 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019, prior to its substitution, it was read as: "zero-rated supplies".

<sup>13</sup> Inserted vide sec 103 of The Finance (No. 2) Act, 2019 (No. 23 of 2019) notified through Notification No. 39/2019 - C.T., dt. 31.08.2019 - Brought into force w.e.f. 01.09.2019.

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with the provisions of sub-section (8).

(10) Where any refund is due <sup>14</sup> [\*\*\*] to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may-

- (a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;
- (b) deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.

**Explanation.**-For the purposes of this sub-section, the expression "specified date" shall mean the last date for filing an appeal under this Act.

(11) Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.

(12) Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent. as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.

(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.

(14) Notwithstanding anything contained in this section, no refund under subsection (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.

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<sup>14</sup> Omitted vide sec 113 of The Finance Act 2022 (No. 06 of 2022) notified through Notification No. 18/2022 – CT dated 28.09.2022) - Brought into force w.e.f. 01.10.2022, prior to its omission, it was read as: "under sub-section (3)".

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**Certificate under Section 54 of the CGST Act**

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**Explanation.-** For the purposes of this section,-

(1) "refund" includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3).

(2) "relevant date" means-

- (a) in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,-
  - (i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or
  - (ii) if the goods are exported by land, the date on which such goods pass the frontier; or
  - (iii) if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India;
- (b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;
- <sup>15</sup>[(ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies;]
- (c) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of-

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<sup>15</sup> Inserted vide sec 113 of The Finance Act 2022 (No. 06 of 2022) notified through Notification No. 18/2022 – CT dated 28.09.2022 – Brought into force w.e.f. 01.10.2022.



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- (i) receipt of payment in convertible foreign exchange <sup>16</sup>[or in Indian rupees wherever permitted by the Reserve Bank of India], where the supply of services had been completed prior to the receipt of such payment; or
- (ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice;
- (d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction;
- (e) <sup>17</sup>[in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises;]
- (f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;
- (g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and
- (h) in any other case, the date of payment of tax.

### **Rule 89 of the Central Goods and Services Tax Act, 2017 - Application for refund of tax, interest, penalty, fees or any other amount**

(1) Any person, except the persons covered under notification issued under section 55 claiming refund of <sup>18</sup>[any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 or] any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file electronic cash ledger in accordance with the provisions of sub-section (6) of

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<sup>16</sup> Inserted vide sec 23 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>17</sup> Substituted vide sec 23 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019, prior to its substitution, it was read as: "(e) in the case of refund of unutilised input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises;"

<sup>18</sup> Inserted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022.

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section 49 or <sup>19</sup> [subject to the provisions of rule 10B,] an application electronically in **FORM GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

<sup>20</sup> [\*\*\*\*]

<sup>21</sup> [Provided that] in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the -

- (a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorised operations, as endorsed by the specified officer of the Zone;
- (b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone:

<sup>22</sup> [<sup>23</sup> [Provided further that] in respect of supplies regarded as deemed exports, the application may be filed by, -

- (a) the recipient of deemed export supplies; or
- (b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund]

**Provided** also that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the

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<sup>19</sup> Inserted vide Notification No. 35/2021-C.T., dated 24.09.2021. Brought into force w.e.f. 01.01.2022 vide Notification No. 38/2021-C.T., dated 21.12.2021.

<sup>20</sup> Omitted (w.e.f. 01.10.2022) vide Notification No. 19/2022 - CT dated 28.09.2022, prior to omission, it was read as: "Provided that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may be made through the return furnished for the relevant tax period in FORM GSTR-3 or FORM GSTR-4 or FORM GSTR-7, as the case may be".

<sup>21</sup> Substituted (w.e.f. 01.10.2022) vide Notification No. 19/2022 - CT dated 28.09.2022 for "Provided further that".

<sup>22</sup> Substituted vide Notification No. 47/2017-CT dated 18.10.2017 for "Provided also that in respect of supplies regarded as deemed exports, the application shall be filed by the recipient of deemed export supplies"

<sup>23</sup> Substituted (w.e.f. 01.10.2022) vide Notification No. 19/2022 - CT dated 28.09.2022 for "Provided also that".

time of registration, shall be claimed <sup>24</sup>[only after the last return required to be furnished by him has been so furnished].

<sup>25</sup>[**Explanation.**—For the purposes of this sub-rule, — “specified officer” means a “specified officer” or an “authorised officer” as defined under rule 2 of the Special Economic Zone Rules, 2006.]

<sup>26</sup>[(1A) Any person, claiming refund under section 77 of the Act of any tax paid by him, in respect of a transaction considered by him to be an intra-State supply, which is subsequently held to be an inter-State supply, may, before the expiry of a period of two years from the date of payment of the tax on the inter-State supply, file an application electronically in **FORM GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

**Provided** that the said application may, as regard to any payment of tax on inter-State supply before coming into force of this sub-rule, be filed before the expiry of a period of two years from the date on which this sub-rule comes into force.]

(2) The application under sub-rule (1) shall be accompanied by any of the following documentary evidences in Annexure 1 in **FORM GST RFD-01**, as applicable, to establish that a refund is due to the applicant, namely:-

- (a) the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;
- (b) a statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices, in a case where the refund is on account of export of goods, <sup>27</sup>[other than electricity];

<sup>28</sup>[(ba) a statement containing the number and date of the export invoices, details of energy exported, tariff per unit for export of

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<sup>24</sup> Substituted vide Notification No. 38/2023 - CT dated 04.08.2023, prior to substitution, it was read as: "in the last return required to be furnished by him".

<sup>25</sup> Inserted by Notification No. 14/2022- CT, dated 05.07.2022.

<sup>26</sup> Inserted vide Notification No. 35/2021-CT, dated 24.09.2021.

<sup>27</sup> Inserted by Notification No. 14/2022- CT, dated 05.07.2022.

<sup>28</sup> Inserted by Notification No. 14/2022- CT, dated 05.07.2022.

electricity as per agreement, along with the copy of statement of scheduled energy for exported electricity by Generation Plants issued by the Regional Power Committee Secretariat as a part of the Regional Energy Account (REA) under clause (nnn) of sub-regulation 1 of Regulation 2 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 and the copy of agreement detailing the tariff per unit, in case where refund is on account of export of electricity;]

- (c) a statement containing the number and date of invoices and the relevant Bank Realisation Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of the export of services;
- (d) a statement containing the number and date of invoices as provided in rule 46 along with the evidence regarding the endorsement specified in the second proviso to sub-rule (1) in the case of the supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer;
- (e) a statement containing the number and date of invoices, the evidence regarding the endorsement specified in the second proviso to sub-rule (1) and the details of payment, along with the proof thereof, made by the recipient to the supplier for authorised operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer;
- <sup>29</sup>[(f) a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer, in a case where the refund is on account of supply of goods or services or both made to a Special Economic Zone unit or a Special Economic Zone developer;]

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<sup>29</sup> Substituted vide Notification No. 03/2019 - CT dated 29.01.2019 w.e.f. 01.02.2019 for "(f) a declaration to the effect that the Special Economic Zone unit or the Special Economic Zone developer has not availed the input tax credit of the tax paid by the supplier of goods or services or both, in a case where the refund is on account of supply of goods or services made to a Special Economic Zone unit or a Special Economic Zone developer".

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- (g) a statement containing the number and date of invoices along with such other evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports;
- (h) a statement containing the number and the date of the invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilised input tax credit under sub-section (3) of section 54 where the credit has accumulated on account of the rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies;
- (i) the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of the finalisation of provisional assessment;
- (j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;
- (k) a statement showing the details of the amount of claim on account of excess payment of tax <sup>30</sup>[and interest, if any, or any other amount paid];
- <sup>31</sup>[(ka) a statement containing the details of invoices viz. number, date, value, tax paid and details of payment, in respect of which refund is being claimed along with copy of such invoices, proof of making such payment to the supplier, the copy of agreement or registered agreement or contract, as applicable, entered with the supplier for supply of service, the letter issued by the supplier for cancellation or termination of agreement or contract for supply of service, details of payment received from the supplier against cancellation or termination of such agreement along with proof thereof, in a case where the refund is claimed by an unregistered person where the agreement or contract for supply of service has been cancelled or terminated;
- (kb) a certificate issued by the supplier to the effect that he has paid tax in respect of the invoices on which refund is being claimed by the applicant; that he has not adjusted the tax amount involved in these invoices against his tax liability by issuing

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<sup>30</sup> Inserted vide Notification No. 38/2023- CT dated 04.08.2023.

<sup>31</sup> Inserted vide Notification No. 26/2022-CT dated 26.12.2022.

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credit note; and also, that he has not claimed and will not claim refund of the amount of tax involved in respect of these invoices, in a case where the refund is claimed by an unregistered person where the agreement or contract for supply of service has been cancelled or terminated; ]

- (l) a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees:

**Provided** that a declaration is not required to be furnished in respect of the cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

- (m) a Certificate in Annexure 2 of **FORM GST RFD-01** issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees:

**Provided** that a certificate is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of subsection (8) of section 54;

<sup>32</sup> **[Provided** further that a certificate is not required to be furnished in cases where refund is claimed by an unregistered person who has borne the incidence of tax.]

**Explanation.** - For the purposes of this rule-

- (i) in case of refunds referred to in clause (c) of sub-section (8) of section 54, the expression "invoice" means invoice conforming to the provisions contained in section 31;
- (ii) where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.

- (3) Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant by an amount equal

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<sup>32</sup> Inserted vide Notification No. 26/2022-CT dated 26.12.2022.

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to the refund so claimed.

<sup>33</sup>(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), refund of input tax credit shall be granted as per the following formula -

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover

Where, -

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<sup>33</sup> Substituted (w.e.f. 23.10.2017) by Notification No. 75/2017-C.T., dated 29.12.2017 for

"(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), refund of input tax credit shall be granted as per the following formula -

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC

÷ Adjusted Total Turnover

Where,-

- (A) "Refund amount" means the maximum refund that is admissible;
- (B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period;
- (C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;
- (D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;
- (E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under \*<sup>[clause]</sup> (112) of section 2, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;
- (F) "Relevant period" means the period for which the claim has been filed."

\* Substituted (w.e.f. 01.07.2017) vide Notification No. 17/2017 – CT dated 27.07.2017, for "sub-section".

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- (A) "Refund amount" means the maximum refund that is admissible;
- (B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both;
- <sup>34</sup>[(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;]
- (D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-  
  
Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;
- <sup>35</sup>[(E) "Adjusted Total Turnover" means the sum total of the value of-
  - (a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and

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<sup>34</sup> Substituted vide Notification No. 16/2020-CT dated 23.03.2020 for

"(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;"

<sup>35</sup> Substituted (w.e.f. 04.09.2018) vide Notification No. 39/2018-CT dated 04.09.2018 for:

"(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding -

(a) the value of exempt supplies other than zero-rated supplies and

(b) the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both, if any, during the relevant period;"



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- (b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services,

excluding-

- (i) the value of exempt supplies other than zero-rated supplies; and
- (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period.]

- (F) "Relevant period" means the period for which the claim has been filed.

<sup>36</sup>[**Explanation.**—For the purposes of this sub-rule, the value of goods exported out of India shall be taken as –

- (i) the Free on Board (FOB) value declared in the Shipping Bill or Bill of Export form, as the case may be, as per the Shipping Bill and Bill of Export (Forms) Regulations, 2017; or
- (ii) the value declared in tax invoice or bill of supply, whichever is less.]

<sup>37</sup>[(4A) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R 1305 (E) dated the 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

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<sup>36</sup> Inserted *vide* Notification No. 14/2022- CT dated 05.07.2022.

<sup>37</sup> Substituted *vide* Notification No. 3/2018-CT dated 23.01.2018, w.e.f. 23.10.2017, prior to its substitution, it was read as: "(4A) In the case of supplies received on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

(4B) In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017, or both, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]"

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<sup>38</sup>[(4B)Where the person claiming refund of unutilised input tax credit on account of zero rated supplies without payment of tax has -

- (a) received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017 Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E), dated the 23rd October, 2017; or
- (b) availed the benefit of notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017,

the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]]

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<sup>38</sup> Substituted vide Notification No. 54/2018-CT dated 09.10.2018 for

"(4B) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017 Central Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E) dated the 23rd October, 2017 or notification No. 41/2017 Integrated Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E) dated the 23rd October, 2017 or notification No. 78/2017 Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), vide number G.S.R 1272(E) dated the 13th October, 2017 or notification No. 79/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299(E) dated the 13th October, 2017, or all of them, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted."

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<sup>39</sup>[(5) In the case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:-

Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC Adjusted Total Turnover} - <sup>40</sup>[{tax payable on such inverted rated supply of goods and services x (Net ITC ÷ ITC availed on inputs and input services)}].

**Explanation:** - For the purposes of this sub-rule, the expressions -

- (a) "Net ITC" shall mean input tax credit availed on inputs during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both; and
- <sup>41</sup>(b) ["Adjusted Total turnover" and "relevant period" shall have the same meaning as assigned to them in sub-rule (4).]

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<sup>39</sup> Substituted vide Notification No. 26/2018-CT dated 13.06.2017, w.e.f. 01.07.2017, prior to its substitution, it was read as:

"(5) In the case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula -

Maximum Refund Amount = {(Turnover of inverted rated supply of goods) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated supply of goods

Explanation.- For the purposes of this sub rule, the expressions "Net ITC" and "Adjusted Total turnover" shall have the same meanings as assigned to them in sub-rule (4)."

<sup>40</sup> Substituted vide Notification No. 14/2022-CT dated 05.07.2022, prior to its substitution, it was read as: "tax payable on such inverted rated supply of goods and services"

<sup>41</sup> Substituted vide Notification No. 74/2018-C.T., dated 31.12.2018, prior to its substitution, it was read as: "(b) Adjusted Total turnover shall have the same meaning as assigned to it in sub-rule (4)."

**Certificate under Section 54 of the CGST Act**

**Circular 125/44/2019-GST [CBEC-20/16/04/18-GST] dated 18.11.2019**

**[Extract]**

**Annexure-A - List of all statements/declarations/undertakings/ certificates and other supporting documents to be provided along with the refund application**

<b>Sl. No.</b>	<b>Type of Refund</b>	<b>Declaration / Statement / Undertaking / Certificates to be filled online</b>	<b>Supporting documents to be additionally uploaded</b>
1	Refund of unutilized ITC on account of exports without payment of tax	Declaration under second and third proviso to section 54(3)	<sup>2a</sup> ***]
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	Statement of invoices (Annexure-B)
		Statement 3 under rule 89(2)(b) and rule 89(2)(c)	<sup>4</sup> ***]
		Statement 3A under rule 89(4)	BRC/FIRC in case of export of services and shipping bill (only in case of exports made through non-EDI ports) in case of goods
2	Refund of tax paid on export of services made with payment of tax	Declaration under second and third proviso to section 54(3)	BRC/FIRC/any other document indicating the receipt of sale proceeds of services
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	<sup>2a</sup> ***]
		Statement 2 under rule 89(2)(c)	Statement of invoices (Annexure-B)
			<sup>4</sup> ***]
			Self-declaration

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			regarding non-prosecution under sub-rule (1) of rule 91 of the CGST Rules for availing provisional refund
3	Refund of unutilized ITC on account of Supplies made to SEZ units/developer without payment of tax	Declaration under third proviso to section 54(3)	<sup>2a</sup> [***]
		Statement 5 under rule 89(2)(d) and rule 89(2)(e)	Statement of invoices (Annexure-B)
		Statement 5A under rule 89(4)	<sup>4</sup> [***]
		Declaration under rule 89(2)(f)	Endorsement(s) from the specified officer of the SEZ regarding receipt of goods/services for authorized operations under second proviso to rule 89(1)
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
4	Refund of tax paid on supplies made to SEZ units/developer with payment of tax	Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
		Declaration under second and third proviso to section 54(3)	Endorsement(s) from the specified officer of the SEZ regarding receipt of goods/services for authorized operations

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			under second proviso to rule 89(1)
		Declaration under rule 89(2)(f)	<sup>4</sup> [***]
		Statement 4 under rule 89(2)(d) and rule 89(2)(e)	Self-declaration regarding non-prosecution under sub-rule (1) of rule 91 of the CGST Rules for availing provisional refund
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
5	Refund of ITC unutilized on account of accumulation due to inverted tax structure	Declaration under second and third proviso to section 54(3)	<sup>2a</sup> [***]
		Declaration under section 54(3)(ii)	Statement of invoices (Annexure-B)
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	<sup>4</sup> [***]
		Statement 1 under rule 89(5)	
		Statement 1A under rule 89(2)(h)	
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh	

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		rupees, certification under rule 89(2)(m) otherwise	
6	Refund to supplier of tax paid on deemed export supplies	Statement 5(B) under rule 89(2)(g)	Documents required under Notification No. 49/2017-Central Tax dated 18.10.2017 and Circular No. 14/14/2017-GST dated 06.11.2017
		Declaration under rule 89(2)(g)	
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
7	Refund to recipient of tax paid on deemed export supplies	Statement 5(B) under rule 89(2)(g)	Documents required under Circular No. 14/14/2017-GST dated 06.11.2017
		Declaration under rule 89(2)(g)	
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
8	Refund of excess payment of tax	Statement 7 under rule 89(2)(k)	

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		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
9	Refund of tax paid on intra-state supply which is subsequently held to be an inter-state supply and vice versa	Statement 6 under rule 89(2)(j)	
		<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	
10	Refund on account of assessment/assessment/appeal/ any other order	<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	Reference number of the order and a copy of the Assessment/Provisional Assessment/Appeal/Any Other Order
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	Reference number/proof of payment of pre-deposit made earlier for which refund is being claimed
11	Refund on account of any other ground or reason	<sup>3</sup> [Undertaking in relation to section 16(2)(c)]	Documents in support of the claim
		Self-declaration under rule 89(2)(1) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	



**Certificate under Section 54 of the CGST Act**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 54 of the said Acts and Rule 89 of the Rules issued under such Acts.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN ..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) .....
  - (b) .....
3. The Management of the Applicant has filed an application for refund u/s 54 of the CGST and SGST/UTGST Acts and provision of Rule 89(2)(m) of the CGST and SGST/UTGST Rules, 2017 requires that a certificate in Annexure 2 of Form GST RFD-01 be issued by a Chartered Accountant or a Cost Accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees.

**Management's Responsibility**

4. The preparation and filing of refund application under the provisions of GST law is the responsibility of the Management of..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of refund application and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

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### **Certificate under Section 54 of the CGST Act**

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules.

5. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

#### **Practitioner's Responsibility**

6. Pursuant to the requirements of Section 54 of the CGST and SGST/UTGST Acts read with Rule 89 of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents/ records of the Applicant and to provide a reasonable assurance that the incidence of tax, interest or any other amount claimed as refund, has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. Our responsibility while issuing the certificate is only limited to provide a reasonable assurance that the incidence of tax, interest or any other amount claimed as refund, in the refund application has not been passed on to any other person. The responsibility does not extend in any manner whatsoever in verifying any other particulars stated in the refund application including the eligibility to claim refund, output tax rate charged or admissibility of the Input Tax Credit.

#### **Opinion**

8. We have examined the books of accounts and other relevant documents / records of the Applicant for the purpose of section 54 of the CGST Act and SGST/UTGST Acts and Rule 89(2)(m) of the CGST and SGST/UTGST Rules, 2017.

### **Guide to CA Certificates in GST**

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9. Based on our examination as above and the information and explanation given to us, in our opinion, in respect of the refund amounting to Rs. .... as mentioned in Annexure-2 of Form GST RFD -01 for the tax period \_\_\_\_\_, with reference to \_\_\_\_\_, incidence of tax and interest, has not been passed on to any other person.
10. The Certificate contained in Annexure 2 of Form GST RFD-01 shall be read together with this Certificate.

#### **Restriction on Use**

11. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 54 of the CGST and SGST/UTGST Acts read with Rule 89(2)(m) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.,

Chartered Accountants

Firm Registration Number: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

(Name of the Member Signing the Certificate)

(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

**Check points for the Chartered Accountants –**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) Copy of the refund claim for which the Certificate is sought, to be obtained. Check whether the refund claim has been made within the specified time limit. All amounts to be claimed as refund must have been carried in the balance sheet as a current asset and not expensed (or included in the capitalized value of any asset) of the Applicant or debited to any customer directly on any invoice. Provision made towards such refundable amounts due to uncertainty of sanction of refund is not fatal to the claim of refund or for issue of this certificate.
- (iii) Ensure that the applicant is not barred from claiming refund under Section 54(3) of the CGST and SGST/UTGST Acts and document the basis on which refund claim is sought by the Applicant. Compare the GST rate of inputs and the GST rate on outputs.
- (iv) Obtain a declaration from the suppliers to the effect that they have not claimed refund or drawback on the supplies made i.e. this proviso forming part of 54(3) of the CGST and SGST/UTGST Acts, 2017, to ensure that there is no double refund / revenue loss to Government.
- (v) Obtain documentary evidence from the applicant for ensuring that there is no unjust enrichment of the refund amount claimed [Section 54 (4) (b) of the CGST and SGST/UTGST Acts, 2017]. Examine if uniform pricing methodology is applicable in the business of the Applicant such as sales based on standard list price. Where such methodology is applicable then two successive invoices, one involving a refundable amount and the other not involving any claim for refund are 'unlikely' to be the same price. If this is observed, then further substantive tests are required to establish that the 'burden of this refundable amount' has not been passed on. However, if negotiated price methodology is applicable in the business of the Applicant, suitable representation may be obtained to the effect that refundable amount has not been passed on.
- (vi) Ensure that the refund claimed is recorded as receivable in books and tallies with ledger balances. Also test check the tax invoices and flow of accounting entries recorded in books for such supplies and related taxes.

### **Guide to CA Certificates in GST**

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- (vii) Ensure compliance with provisions of Section 54(10) of the CGST and SGST/UTGST Acts, 2017 with respect to default in furnishing any returns, non-payment of tax, interest or penalty etc.
- (viii) This certificate is required to be issued only if the aggregate value of the refund claim exceeds rupees two lakhs (Rule 89 of the CGST and SGST/UTGST Rules, 2017)
- (ix) Care must be taken to disclose the basis on which the conclusion was reached regarding the incidence of tax not being passed on. Merely declaring that incidence of tax has not been passed on will not suffice.
- (x) This certificate is to be issued in respect of a person who has made a claim of refund u/s 54 of the CGST and SGST/UTGST Acts, 2017
- (xi) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.

## Chapter VII

### Certificate under Section 29(5) of the CGST Act

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#### STATUTORY PROVISIONS

##### **Section 29 of the Central Goods and Services Tax Act, 2017 - Cancellation <sup>42</sup>[or suspension] of registration**

(1) The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where, -

- (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- (b) there is any change in the constitution of the business; or
- <sup>43</sup>[(c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25:]

<sup>44</sup>[**Provided** that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.]

(2) The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, -

- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
- (b) a person paying tax under section 10 has not furnished <sup>45</sup>[the

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<sup>42</sup> Inserted vide sec 14 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>43</sup> Substituted for "(c) the taxable person, other than the person registered under sub-section (3) of section 25, is no longer liable to be registered under section 22 or section 24." -- By sec 121 of the Finance Act, 2020 (No. 12 of 2020) - Brought into force w.e.f. 01.01.2021 vide Notification No. 92/2020 - C.T., dated 22.12.2020.

<sup>44</sup> Inserted vide sec 14 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.

<sup>45</sup> Substituted vide sec 101 by The Finance Act 2022 (No. 6 of 2022), notified

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return for a financial year beyond three months from the due date of furnishing the said return]; or

- (c) any registered person, other than a person specified in clause (b), has not furnished returns for a <sup>46</sup>[such continuous tax period as may be prescribed]; or
- (d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration; or
- (e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts:

**Provided** that the proper officer shall not cancel the registration without giving the person an opportunity of being heard:

<sup>47</sup>[**Provided** further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed.]

(3) the cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

(4) The cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a cancellation of registration under this Act.

(5) Every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the

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*through Notification No. 18/2022 – CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its substitution, it was read as: "returns for three consecutive tax periods".*

<sup>46</sup> *Substituted vide sec 101 by The Finance Act 2022 (No. 6 of 2022, notified through Notification No. 18/2022 – CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its substitution, it was read as: "a continuous period of six months".*

<sup>47</sup> *Inserted vide sec 14 of The Central Goods and Services Tax (Amendment) Act, 2018 (No. 31 of 2018) - Brought into force w.e.f. 01.02.2019.*

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**Certificate under Section 29(5) of the CGST Act**

date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed:

**Provided** that in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.

(6) The amount payable under sub-section (5) shall be calculated in such manner as may be prescribed.

**Rule 44 of the Central Goods and Services Tax Rules, 2017 -  
Manner of reversal of credit under special circumstances**

(1) The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, be determined in the following manner, namely,-

- (a) for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;
- (b) for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.

Illustration:

*Capital goods have been in use for 4 years, 6 month and 15 days.*

*The useful remaining life in months= 5 months ignoring a part of the month*

*Input tax credit taken on such capital goods= C*

*Input tax credit attributable to remaining useful life= C multiplied by 5/60*

<sup>48</sup>[(2) The amount, as specified in sub-rule (1) shall be determined separately

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<sup>48</sup> Substituted vide Notification No. 17 /2017-CT dated 27.07.2017, w.e.f. 01.07.2017.



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for input tax credit of central tax, State tax, Union territory tax and integrated tax.

(3) Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.]

(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in **FORM GST ITC-03**, where such amount relates to any event specified in sub-section (4) of section 18 and in **FORM GSTR-10**, where such amount relates to the cancellation of registration.

(5) The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.

(6) The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of <sup>49</sup>[Central tax, State tax, Union territory tax and integrated tax]:

**Provided** that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in **FORM GSTR-1**.

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<sup>49</sup> Substituted vide Notification No. 15 /2017-CT dated 01.07.2017, w.e.f. 01.07.2017.

**Certificate under Section 29(5) of the CGST Act**

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**Certificate under Section 29(5) of the CGST Act**

Suggested Format of Certificate

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 29(5) of the said Acts and Rule 44(5) of the Rules issued thereunder.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 29(5) of the CGST and SGST/UTGST Acts read with Rule 44 of the CGST and SGST/UTGST Rules, 2017, every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher by declaring the same, electronically, on the Common Portal in Form GSTR-10 (hereinafter referred to as the "Statement").
4. As per Rule 44(3) of the CGST and SGST/UTGST Rules, 2017, where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount mentioned in para 3 above, based on the prevailing market price of the goods on the effective date of the occurrence of the event specified in section 29(5) of the CGST Act and SGST/UTGST Acts. As per Rule 44(5) of the CGST and SGST/UTGST Rules, 2017, the details so furnished in the

above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant.

**Management's Responsibility for the Statement**

5. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts is the responsibility of the Management of ..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Acts and CGST and SGST/UTGST Rules, 2017.

6. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock and capital goods and plant and Machinery on the day immediately preceding ....., the date of such cancellation under section 29 of the CGST Act and SGST/UTGST Acts.
7. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

**Practitioner's Responsibility**

8. Pursuant to the requirements of Section 29(5) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents / records of the Applicant and to provide a reasonable assurance as regards the identification of the quantum of the amounts declared in the Form GSTR-10 to the extent they relate to details of inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods/plant and machinery held in stock on the day immediately preceding the date on which registration has been cancelled under the CGST and SGST/UTGST Acts and in respect of

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**Certificate under Section 29(5) of the CGST Act**

which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government, in a manner computed in Rule 44(3) of the CGST and SGST/UTGST Rules, 2017.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC- 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

9. We have examined the books of accounts and other relevant documents / records of the Applicant for the purpose of Section 29(5) of the CGST Act and SGST/UTGST Act and Rule 44(3) of CGST and SGST/UTGST Rules.
10. Based on our examination as above and the information and explanation given to us, in our opinion, the amounts declared by the Management of the Applicant as annexed herewith in **Annexure - A** and which is related to inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods / plant and machinery held in stock on the day immediately preceding the date on which registration of the Applicant has been cancelled under the CGST and SGST/UTGST Acts and in respect of which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government under section 29(5) of the CGST and SGST/UTGST Acts, are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.
11. The description, quantity, value and rate of GST of the inputs, inputs contained in semi-finished or finished goods held in stock and capital goods / plant machinery as on ....., (that is the day immediately preceding the date on which registration of the Applicant under the CGST and SGST/UTGST Acts, has been cancelled) is based on the calculations and confirmation done by the Management and verified by us, are in accordance with the books of accounts and other relevant records and documents maintained by the Applicant, where input tax

## **Guide to CA Certificates in GST**

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credit is available to the Applicant. According to the Management certificate, the value of inputs, inputs contained in semi-finished or finished goods and capital goods or plant and machinery is an estimated price of such goods which is based on their prevailing market price as on .....

12. These estimates have been worked out by Management as per the requirement of section 29(5) of CGST and SGST/UTGST Acts read with rule 44(3) of CGST and SGST/UTGST Rules, 2017 and we have reviewed their assumptions and workings. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that assumptions do not provide a reasonable basis for the estimate. Actual results are likely to be different from the estimate since anticipated events might not occur as expected and the variation might be material.
13. The stocks have not been physically verified. Reliance has been placed on the declaration given by Applicant in respect of quantity of stocks held by it as on \_\_\_\_\_, whose invoices are not available with it.

### **Restriction on Use**

15. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 29(5) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST / SGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature  
(Name of the Member Signing the Certificate)  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

**ANNEXURE - A**

Sr. No.	GSTIN	Invoice/Bill of Entry		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods/plant and machinery	Unit Quantity Code (UQC)	Qty	Value* (As adjusted by debit note / credit note)	Amount of Input tax credit (Rs.)			
		No.	Date					Central tax	State/Union territory tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12
(a) Inputs held in Stock (where invoice is not available)											
(b) Inputs contained in semi-finished or finished goods held in stock (where invoice is not available)											
Capital goods / plant and machinery held in stock **											

\* Value shall be estimated based on prevailing market price.

\*\* The detailed calculation provided in Annexure - B, be treated as part of this certificate.

As per our Certificate of even date attached  
For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number: \_\_\_\_\_

Place of Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature  
Name of the Member Signing the Certificate  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

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**Guide to CA Certificates in GST**

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**Annexure - B : Computation of ITC on capital goods / Plant and Machinery**

Sl. No	Particulars	Reference	[Amount] <sup>50</sup>
1	Inward supply value of Machinery X		12,50,000
	IGST @ 12%	A	1,50,000
	Invoice Value		14,00,000
2	Date of invoice		15 <sup>th</sup> July 2017
3	Date on which the Applicant is liable to pay tax u/s 9 of the CGST & SGST/UTGST Act, 2017		01 <sup>st</sup> March 2018
4	Capital goods have been in use for		7 Months 15 Days
	Remaining useful life in months (ignoring part of the month)	B	52 months
	Total useful life of capital goods	C	60 Months
5	Input Tax Credit attributable to remaining useful life	$D = (A - (A*B/C))$	$= 1,50,000 * 52/60$ $= 1,30,000$
	ITC to be reversed		1,30,000

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<sup>50</sup> Figures given above are for illustrative purpose.



## **Guide to CA Certificates in GST**

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### **Check points for the Chartered Accountants -**

- (i) Verify registration particulars with the Registration Certificate.
- (ii) This certificate is required to be issued only if the tax invoices related to the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods / plant and machinery are not available with the Applicant. (Rule 44 (3) and Rule 44(5) of the CGST and SGST/UTGST Rules, 2017).
- (iii) Check whether declaration in Form GSTR-10 is filed by the taxpayer on GST portal declaring the above amounts in the respective columns.
- (iv) Corroborate the quantity and values by physical verification and other external statements submitted by the Applicant such as stock statement submitted to bank etc. Validate the input-output ratio adopted by the Applicant in case of Finished Goods and Semi Finished Goods.
- (v) Check computation of input tax credit to be reversed by multiplying the effective rate of tax specified under *Notification 1/2017-CT (Rate) dated 28.06.2017* as amended from time to time with the estimated value of inputs or input contained in semi-finished or finished goods.
- (vi) Ensure that the amount is determined separately for input tax credit of Central Tax, State Tax, Union Territory Tax and Integrated Tax and verified / reconciled with the ledger balances.
- (vii) In case there are stock-in-transits as on the specified date of eligibility of credits, appropriate treatment to be considered. (Note: Practical difficulty may arise to determine the credit amount and invoice-wise details of items consumed at WIP / semi-finished and finished goods stage. This may be computed by way of a fixed % and relevant assumptions / note may be included in the Certificate).
- (viii) Check reversal of credit in electronic credit ledger and payment in electronic cash ledger of the amount as specified in Form GSTR -10.
- (ix) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (x) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.

**Certificate under Section 29(5) of the CGST Act**

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- (xi) Ensure that a declaration is taken from the Applicant with regard to non-availability of tax invoices and reasons for the same.
- (xii) Check the period during which the Applicant has been paying taxes u/s 9 of the CGST and SGST/UTGST Acts, 2017. Also check the date on which the registration of Applicant has been cancelled under Section 29 of the CGST and SGST/UTGST Acts, 2017.

## Chapter VIII

### Certificate under Section 18(4) of the CGST Act- Regular to Composition Scheme

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#### STATUTORY PROVISIONS

##### **Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]**

- (1) Subject to such conditions and restrictions as may be prescribed-
- (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
- (2) .....
- (3) .....
- (4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:
- Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.
- (5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.
- (6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

### **Certificate under Section 18(4) of the CGST Act - Regular to Composition ...**

Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

### **Rule 44 of the Central Goods and Services Tax Rules, 2017 - Manner of reversal of credit under special circumstances**

(1) The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, be determined in the following manner, namely,-

- (a) for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;
- (b) for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.

Illustration:

*Capital goods have been in use for 4 years, 6 month and 15 days.*

*The useful remaining life in months= 5 months ignoring a part of the month*

*Input tax credit taken on such capital goods= C*

*Input tax credit attributable to remaining useful life= C multiplied by 5/60*

<sup>51</sup>[(2) The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.

(3) Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub- section (5) of section 29.]

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<sup>51</sup> Substituted vide Notification No. 17 /2017-CT dated 27.07.2017, w.e.f. 01.07.2017.

## **Guide to CA Certificates in GST**

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(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in **FORM GST ITC-03**, where such amount relates to any event specified in sub-section (4) of section 18 and in **FORM GSTR-10**, where such amount relates to the cancellation of registration.

(5) The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.

(6) The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of <sup>52</sup>[Central tax, State tax, Union territory tax and integrated tax]:

**Provided** that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in **FORM GSTR-1**.

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<sup>52</sup> Substituted vide Notification No. 15 /2017-CT dated 01.07.2017, w.e.f. 01.07.2017.

**Certificate under Section 18(4) of the CGST Act - Regular to Composition ...**

**Certificate under Section 18(4) of the CGST Act- Regular to  
Composition Scheme**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017/Union Territory Goods and Services Tax Act, 2017 (in short "SGST/UTGST Act") in terms of Section 18(4) of the said Acts and Rule 44(5) of the Rules issued under such Acts.**

**(Registered person who opts to pay tax under section 10)**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN ..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business :
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44 of the CGST and SGST/UTGST Rules, 2017, the Applicant who has availed input tax credit opts to pay tax under Section 10 of the CGST and SGST/UTGST Acts, shall be liable to pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of exercising the option to pay tax u/s 10 of the CGST and SGST/UTGST Acts, as on ..... by declaring the same, electronically, on the common portal in Form GST ITC-03 (hereinafter referred to as the "Statement").
4. As per Rule 44(3) of the CGST and SGST/UTGST Rules, 2017, where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount mentioned in para 3 above, based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in Section 18(4) of the CGST Act and SGST/UTGST Acts. As per Rule

## **Guide to CA Certificates in GST**

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44(5) of the CGST and SGST/UTGST Rules, 2017, the details so furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant.

### **Management's Responsibility for the Statement**

5. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts is the responsibility of the Management of..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST /and SGST/UTGST Act and CGST and SGST/UTGST Rules.

6. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock and capital goods on the day immediately preceding ....., the date of exercising an option to pay tax under section 10 of the CGST Act and SGST/UTGST Acts.
7. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

### **Practitioner's Responsibility**

8. Pursuant to the requirements of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents / records of the Applicant and to provide a reasonable assurance as regards the identification of the quantum of the amounts declared in the Form GST ITC-03 to the extent they relate to details of inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods held in stock on the day immediately preceding the date from which it opts to pay tax under Section 10 of the CGST and

**Certificate under Section 18(4) of the CGST Act - Regular to Composition ...**

SGST/UTGST Acts, and in respect of which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government, in a manner computed in Rule 44(3) of the CGST and SGST/UTGST Rules, 2017.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC- 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

9. We have examined the books of accounts and other relevant documents / records of the Applicant for the purpose of Section 18(4) of the CGST Act and SGST/UTGST Act and Rule 44(5) of CGST and SGST/UTGST Rules, 2017.
10. Based on our examination as above and the information and explanation given to us, in our opinion, the amounts declared by the Management of the Applicant as annexed herewith in **Annexure – A** and which is related to inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods held in stock on the day immediately preceding the date from which it opts to pay tax under Section 10 of the CGST and SGST Acts, and in respect of which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government, under section 18(4) of the CGST and SGST Acts, are fairly presented in all material respects and in conformity with the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.
11. The description, quantity, value and rate of GST of the inputs, inputs contained in semi-finished or finished goods held in stock and capital goods as on ....., (that is the day immediately preceding the date on which Applicant opts to pay tax u/s 10 of the CGST and SGST/UTGST Acts) is based on the calculations and confirmation done by the Management and verified by us, are in accordance with the books of accounts and other relevant records and documents maintained by the Applicant, where input tax credit is available to the



## **Guide to CA Certificates in GST**

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applicant. According to the Management certificate, the value of inputs, inputs contained in semi-finished or finished goods and capital goods is an estimated price of such goods which is based on their prevailing market price as on .....

12. These estimates have been worked out by Management as per the requirement of section 18(4) of CGST and SGST/UTGST Acts read with Rule 44(3) of CGST and SGST/UTGST Rules, 2017 and we have reviewed their assumptions and workings. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that assumptions do not provide a reasonable basis for the estimate. Actual results are likely to be different from the estimate since anticipated events might not occur as expected and the variation might be material.
13. The stocks have not been physically verified. Reliance has been placed on the declaration given by Applicant in respect of quantity of stocks held by it as on ....., whose invoices are not available with it.

### **Restriction on Use**

14. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.  
Chartered Accountants  
Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature  
(Name of the Member Signing the Certificate)  
(Designation)  
Membership Number: \_\_\_\_\_  
UDIN: \_\_\_\_\_

**Certificate under Section 18(4) of the CGST Act - Regular to Composition...**

**ANNEXURE – A**

Sr. No.	GSTIN/Registration under CX/VAT of Supplier	*Invoice/Bill of Entry		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods	Unit Quantity Code (UQC)	Qty	Value** (As adjusted by debit note / credit note)	Amount of ITC claimed (Rs.)				
		No.	Date					Central tax	State tax	UT tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
(a) Inputs held in Stock (where invoice is not available)												
(b) Inputs contained in semi-finished or finished goods held in stock (where invoice is not available)												
(c) Capital goods held in stock (where invoice is not available)***												

\* In case, it is not feasible to identify invoice, the principle of first in first out may be followed.

\*\* Value shall be estimated based on prevailing market price.

\*\*\* The detailed calculation provided in Annexure - B, be treated as part of this certificate.

As per our Certificate of even date attached  
For XYZ and Co.

Chartered Accountants

Firm's Registration Number: \_\_\_\_\_

Signature

Name of the Member Signing the Certificate  
(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Certificate under Section 18(4) of the CGST Act - Regular to Composition ...**

**Annexure - B : Computation of ITC on Capital Goods**

Sl. No	Particulars	Reference	[Amount] <sup>53</sup>
1	Inward supply value of Machinery X		12,50,000
	IGST @ 12%	A	1,50,000
	Invoice Value		14,00,000
2	Date of invoice		15 <sup>th</sup> July 2017
3	Date on which the Applicant is liable to pay tax u/s 9 of the CGST & SGST/UTGST Act, 2017		01 <sup>st</sup> March 2018
4	Capital goods have been in use for		7 Months 15 Days
	Remaining useful life (ignoring part of the month)	B	52 months
	Total useful life	C	60 Months
5	ITC for remaining useful life	$D = (A - (A*B/C))$	$= 1,50,000 * 52 / 60$ $= 1,30,000$
	ITC to be reversed		1,30,000

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<sup>53</sup> Figures given above are for illustrative purpose.

**Check points for the Chartered Accountants –**

- (i) This certificate is required to be issued only if the tax invoices related to the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods are not available with the Applicant. (Rule 44(3) and Rule 44(5) of the CGST and SGST/UTGST Rules, 2017).
- (ii) Verify registration particulars with the Registration Certificate.
- (iii) Check whether declaration in Form GST ITC-03 is filed by the registered person on GST portal declaring the above amounts in the respective columns.
- (iv) Ensure the turnover is within the limits as specified u/s 10(1) and 10(3) of the CGST and SGST/UTGST Acts. Aggregate turnover has to be computed in terms of Section 2(6) of the CGST and SGST/UTGST Acts.
- (v) Corroborate the quantity and values by physical verification and other external statements submitted by the Applicant such as stock statement submitted to bank etc. Validate the input-output ratio adopted by the Applicant in case of Finished Goods and Semi Finished Goods.
- (vi) Check computation of input tax credit to be reversed by multiplying the effective rate of tax specified under *Notification 1/2017-CT (Rate) dated 28.06.2017* as amended from time to time, with the estimated value of inputs or input contained in semi-finished or finished goods.
- (vii) Ensure that the amount is determined separately for input tax credit of Central Tax, State Tax, Union Territory Tax and Integrated Tax and verified / reconciled with the ledger balances.
- (viii) The date on which the Applicant has opted to pay tax u/s 10 of the CGST and SGST/UTGST Act should be thoroughly verified. The applicability of conditions meted out under the GST laws for a taxpayer opting to pay tax u/s 10 of the CGST and SGST/UTGST Acts should be checked to confirm the above said date.
- (ix) In case there are stock-in-transits as on the specified date of eligibility of credits, appropriate treatment to be considered. (Note: Practical difficulty may arise to determine the credit amount and invoice-wise details of items consumed at WIP / semi-finished and finished goods stage. This may be computed by way of a fixed % and relevant assumptions / note may be included in the Certificate).

**Certificate under Section 18(4) of the CGST Act - Regular to Composition ...**

- (x) Verify and cross check the details which have been filed in Form GST CMP-02 which is an intimation to opt to pay tax under Section 10 of CGST and SGST/UTGST Acts.
- (xi) Check reversal of credit in electronic credit ledger and payment in electronic cash ledger of the amount as specified in Form GST ITC - 03.
- (xii) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (xiii) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.
- (xiv) Ensure that a declaration is taken from the Applicant regarding non-availability of tax invoices and reasons for the same.
- (xv) Check the period during which the Applicant has been paying tax u/s 9 of the CGST and SGST/UTGST Acts. Also check the date on which the Applicant ceases to pay tax u/s 9 and has opted to pay tax under Section 10 of the CGST and SGST/UTGST Acts.

## Chapter IX

### Certificate under Section 18(4) of the CGST Act - Taxable Supplies becomes Wholly Exempt

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#### STATUTORY PROVISIONS

##### Section 18 of the Central Goods and Services Tax Act, 2017 - Availability of credit in special circumstances [Extract]

- (1) Subject to such conditions and restrictions as may be prescribed-
  - (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
- (2) .....
- (3) .....
- (4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.
- (5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.
- (6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

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**Certificate under Section 18(4) of the CGST Act - Taxable Supplies ...**

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Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

**Rule 44 of the Central Goods and Services Tax Rules, 2017 - Manner of reversal of credit under special circumstances**

(1) The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, be determined in the following manner, namely,-

- (a) for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;
- (b) for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.

Illustration:

*Capital goods have been in use for 4 years, 6 month and 15 days.*

*The useful remaining life in months= 5 months ignoring a part of the month*

*Input tax credit taken on such capital goods= C*

*Input tax credit attributable to remaining useful life= C multiplied by 5/60*

<sup>54</sup>[(2) The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.

(3) Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.]

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<sup>54</sup> Substituted vide Notification No. 17 /2017-CT dated 27.07.2017, w.e.f. 01.07.2017.



## **Guide to CA Certificates in GST**

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(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in **FORM GST ITC-03**, where such amount relates to any event specified in sub-section (4) of section 18 and in **FORM GSTR-10**, where such amount relates to the cancellation of registration.

(5) The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.

(6) The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of <sup>55</sup>[Central tax, State tax, Union territory tax and integrated tax]:

**Provided** that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in **FORM GSTR-1**.

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<sup>55</sup> Substituted vide Notification No. 15 /2017-CT dated 01.07.2017, w.e.f. 01.07.2017.

**Certificate under Section 18(4) of the CGST Act - Taxable supplies becomes wholly Exempt**

**Suggested Format of Certificate**

**Independent Practitioner's Certificate under the Central Goods and Services Tax Act, 2017 (in short "CGST Act") and State Goods and Services Tax Act, 2017/ Union Territory Goods and Services Tax Act (in short "SGST/UTGST Act") in terms of Section 18(4) of the said Acts and Rule 44(5) of the Rules issued under such Acts (Taxable supplies by registered person becomes wholly exempt)**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s. .... (hereinafter referred to as the "Applicant") is a registered person vide GSTIN..... and is having its principal place of business at ..... in the State of ..... The Applicant has the following additional places of business:
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
3. In terms of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44 of the CGST and SGST/UTGST Rules, 2017, where a taxable supply by a registered person becomes exempt supply, the Applicant who has availed input tax credit, shall be liable to pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods used for such taxable supplies on the day immediately preceding the date on which such taxable supplies become exempt supplies i.e. .... by declaring the same, electronically, on the Common Portal in Form GST ITC-03 (hereinafter referred to as the "Statement").
4. As per Rule 44(3) of the CGST and SGST/UTGST Rules, where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount mentioned in para 3

above, based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in section 18(4) of the CGST Act and SGST/UTGST Acts. As per Rule 44(5) of the CGST and SGST/UTGST Rules, 2017, the details so furnished in the above statement shall be duly certified by a practicing Chartered Accountant or a Cost Accountant.

**Management's Responsibility for the Statement**

5. The preparation of the Statement and declarations in relation to the stock required in terms of the CGST and SGST/UTGST Acts and Rules issued under the said Acts, is the responsibility of the Management of ..... [Name of the Applicant] including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and declaration and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The management is also responsible for ensuring that the Applicant complies with the requirements of CGST and SGST/UTGST Act and CGST and SGST/UTGST Rules.

6. Management of the Applicant is responsible to conduct physical verification of inputs held in stock, semi- finished goods and finished goods held in stock and capital goods on the day immediately preceding ....., the date on which taxable supply becomes exempt supply.
7. Management of the Applicant is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

**Practitioner's Responsibility**

8. Pursuant to the requirements of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST and SGST/UTGST Rules, 2017, it is our responsibility to examine the books of accounts and other relevant documents/ records of the

### **Certificate under Section 18(4) of the CGST Act - Taxable Supplies ...**

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Applicant and to provide a reasonable assurance as regards the identification of the quantum of the amounts declared in the Form GST ITC-03 to the extent they relate to details of inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods held in stock on the day immediately preceding the date from which such taxable supplies become exempt supplies under the CGST and SGST/UTGST Acts, and in respect of which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government, in a manner computed in Rule 44(3) of the CGST and SGST/UTGST Rules, 2017.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### **Opinion**

9. We have examined the books of accounts and other relevant documents / records of the Applicant for the purpose of Section 18(4) of the CGST Act and SGST/UTGST Acts and Rule 44(5) of CGST and SGST/UTGST Rules, 2017.
10. Based on our examination as above and the information and explanation given to us, in our opinion, the amounts declared by the Management of the Applicant as annexed herewith in **Annexure -A**, relate to details of inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods held in stock on the day immediately preceding the date from which such taxable supplies become exempt supplies under the CGST and SGST/UTGST Acts, and in respect of which the tax invoices are not available but input tax credit is required to be reversed and paid back to Government, under section 18(4) of the CGST and SGST/UTGST Acts, are fairly presented in all material respects and in conformity with

## **Guide to CA Certificates in GST**

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the books of accounts and other relevant documents/ records maintained under the CGST Act and the SGST/UTGST Acts.

11. The description, quantity, value and rate of GST of the inputs, inputs contained in semi-finished or finished goods held in stock and capital goods as on ....., (that is the day preceding the date on which such taxable supplies become exempt supplies) is based on the calculations and confirmation done by the Management and verified by us, are in accordance with the books of accounts and other relevant records and documents maintained by the Applicant, where input tax credit is available to the Applicant. According to the Management certificate, the value of inputs, inputs contained in semi-finished or finished goods and capital goods is an estimated price of such goods which is based on their prevailing market price as on .....
12. These estimates have been worked out by Management as per the requirement of section 18(4) of CGST and SGST/UTGST Acts read with rule 44(3) of CGST and SGST/UTGST Rules, 2017 and we have reviewed their assumptions and workings. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that assumptions do not provide a reasonable basis for the estimate. Actual results are likely to be different from the estimate since anticipated events might not occur as expected and the variation might be material.
13. The stocks have not been physically verified. Reliance has been placed on the declaration given by Applicant in respect of quantity of stocks held by it as on ....., whose invoices are not available with it.

### **Restriction on Use**

14. This certificate is addressed and provided to the .....[Name of the Applicant] solely for the purpose of submission to (Name of the Authority) pursuant to the requirements of Section 18(4) of the CGST and SGST/UTGST Acts read with Rule 44(5) of the CGST and SGST/UTGST Rules, 2017 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**Certificate under Section 18(4) of the CGST Act - Taxable Supplies ...**

For XYZ and Co.

Chartered Accountants

Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

(Name of the Member Signing the Certificate)

(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

**ANNEXURE – A**

Sr. No.	GSTIN/Registration under CX/VAT of Supplier	*Invoice/Bill of Entry		Description of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and capital goods	Unit Quantity Code (UQC)	Qty	Value** (As adjusted by debit note / credit note)	Amount of ITC claimed (Rs.)				
		No.	Date					Central tax	State tax	UT tax	Integrated Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13
(a)Inputs held in Stock (where invoice is not available)												
(b)Inputs contained in semi-finished or finished goods held in stock (where invoice is not available)												
(c)Capital goods / plant and machinery held in stock (where invoice is not available) ***												

\* In case, it is not feasible to identify invoice, the principle of first in first out may be followed.

\*\* Value shall be estimated based on prevailing market price.

\*\*\* The detailed calculation provided in Annexure - B, be treated as part of this certificate.

**Certificate under Section 18(4) of the CGST Act - Taxable supplies ...**

As per our Certificate of even date attached  
For XYZ and Co.

Chartered Accountants

Firm's Registration Number: \_\_\_\_\_

Signature

Name of the Member Signing the Certificate  
(Designation)

Membership Number: \_\_\_\_\_

UDIN: \_\_\_\_\_

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**Annexure - B : Computation of ITC on Capital Goods**

Sl. No	Particulars	Reference	[Amount] <sup>56</sup>
1	Inward supply value of Machinery X		12,50,000
	IGST @ 12%	A	1,50,000
	Invoice Value		14,00,000
2	Date of invoice		15 July 2022
3	Date on which the Applicant is liable to pay tax u/s 9 of the CGST & SGST/UTGST Act, 2017		01 March 2023
4	Capital goods have been in use for		7 Months 15 Days
	Remaining useful life (ignoring part of the month)	B	52 months
	Total useful life of capital goods	C	60 Months
5	Input Tax Credit attributable to remaining useful life	$D = (A - (A*B/C))$	$= 1,50,000 * 52/60$ $= 1,30,000$
	ITC needs to be reversed		1,30,000

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<sup>56</sup> Figures given above are for illustrative purpose.

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**Certificate under Section 18(4) of the CGST Act - Taxable supplies ...**

**Check points for the Chartered Accountants –**

- (i) This certificate is required to be issued only if the tax invoices related to the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods are not available with the Applicant. (Rule 44 (3) and Rule 44(5) of the CGST and SGST/UTGST Rules).
- (ii) Verify registration particulars with the Registration Certificate.
- (iii) Check whether declaration in Form GST ITC-03 is filed by the registered person on GST portal declaring the above amounts in the respective columns.
- (iv) Check computation of input tax credit to be reversed by multiplying the effective rate of tax specified under *Notification 1/2017-CT (Rate) dated 28.06.2017* as amended from time to time with the estimated value of inputs or input contained in semi-finished or finished goods and capital goods.
- (v) Ensure that the amount is determined separately for input tax credit of Central Tax, State Tax, Union Territory Tax and Integrated Tax and verified / reconciled with the ledger balances.
- (vi) Corroborate the quantity and values by physical verification and other external statements submitted by the Applicant such as stock statement submitted to bank etc. Validate the input-output ratio adopted by the Applicant in case of Finished Goods and Semi Finished Goods.
- (vii) The books of accounts and relevant documents / records of the Applicant should be thoroughly verified to identify the supplies that were earlier taxable and have now become exempted. The relevant notifications issued by the Government should be meticulously perused to identify the date on which such taxable supplies have become exempted supplies.
- (viii) In case there are stock-in-transits as on the specified date of eligibility of credits, appropriate treatment to be considered. (Note: Practical difficulty may arise to determine the credit amount and invoice-wise details of items consumed at WIP / semi-finished and finished goods stage. This may be computed by way of a fixed % and relevant assumptions / note may be included in the Certificate).

### **Guide to CA Certificates in GST**

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- (ix) Check reversal of credit or payment by way of debit in electronic credit ledger and electronic cash ledger of the amount as specified in Form GST ITC -03.
- (x) The date on which the taxable supply become exempt supply should be thoroughly verified.
- (xi) Ensure that the certificate issued is in accordance with the Guidance Note on Reports and Certificates for special purpose issued by the ICAI.
- (xii) Ensure that a **letter of representation** is taken from the **Management of the Applicant** for the details and information provided by them.
- (xiii) Ensure that a declaration is taken from the Applicant regarding non-availability of tax invoices and reasons for the same.
- (xiv) Check the period during which the Applicant has been effecting taxable supplies of ..... (HSN: \_\_\_\_). Also check the date on which, such taxable supplies have become exempted and the Applicant has ceased to discharge the tax on such supplies.

## Chapter X

### Certificate for Credit Mismatch

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**Independent Practitioner's Certificate in respect of credit mismatch as required by CBIC Circular No. 183/15/2022-GST dated 27<sup>th</sup> December 2022 and Circular No. 193/05/2023-GST dated 17<sup>th</sup> July 2023.**

Name and Address of the Applicant

1. This Certificate is issued in accordance with the terms of our agreement dated .....
2. M/s .....(hereinafter referred as "Supplier") is having GSTIN .....(Registration with effect from ..... ) and is having principal place of business at ..... and Supplier has following additional places of business:
  - (a) .....
  - (b) .....
3. M/s ..... (hereinafter referred as "Recipient") is having GSTIN ..... (Registration with effect from ..... ) and is having principal place of business at ..... Supplier has following additional places of business:
  - (a) .....
  - (b) .....
4. Central Board of Indirect Taxes & Customs ('CBIC') has issued *Circular No. 183/15/2022-GST dated 27<sup>th</sup> December 2022* (hereinafter referred to as "Circular") & *Circular No. 193/05/2023-GST dated 17<sup>th</sup> July 2023*, in case of mismatch of **bona fide** eligible input tax credit of a Recipient with respect to the invoices issued by the Supplier (hereinafter referred to as "mismatched invoices") that cannot be validated through the mechanism of FORM GSTR- 2A report for the period ..... [i.e., the supplier has omitted or failed to furnish the correct details of outward supplies in their FORM GSTR-1, which has led to certain deficiencies or discrepancies in FORM GSTR-2A of their Recipient].

Para 4.1 and 4.1.1. of Circular requires that in order to verify the condition of clause (c) of sub-Section (2) of Section 16 of CGST Act that tax on the said supply has been paid by the Supplier in cases, where difference between the ITC claimed in FORM GSTR-3B and that available in FORM GSTR 2A of the registered person in respect of a Supplier for the said financial year exceeds Rs. 5 lakh, the proper officer shall ask the registered person to produce a certificate for the concerned Supplier from the Chartered Accountant (CA) or the Cost Accountant (CMA), certifying that supplies in respect of the said invoices of Supplier have actually been made by the Supplier to the said registered person and the tax on such supplies has been paid by the said Supplier in his return in FORM GSTR 3B.

**Responsibility of Management of the Supplier**

5. Management of the Supplier is responsible for preparation, maintenance and submission of records in relation to requirements for verification and validation that due tax has been paid on the supplies covered by the mismatched invoice satisfying the condition as provided under Section 16(2)(c) of the Central Goods and Services Tax Act, 2017 (in short "CGST Act").
6. It is the responsibility of the Management of the Supplier to ascertain fulfilment of the following conditions of Section 16 of CGST Act in respect of the input tax credit availed by them and utilised for discharging output liability:
  - i) They are in possession of a tax invoice or debit note issued by the Supplier or such other tax paying documents;
  - ii) They have received the goods or services or both;
  - iii) They have made payment for the amount towards the value of supply, along with tax payable thereon, to the registered person who has supplied goods or services or both to the Supplier;
  - iv) The registered person who has supplied goods or services or both to the Supplier, has have paid due tax on the outward supply by way of cash or admissible input tax credit in respect of the said supply;
  - v) Appropriate reversal of input tax credit has been made in accordance with Section 17 or Section 18 of CGST Act.

7. Management of the Supplier is responsible to ensure that books, records documents and information made available for purposes of verification are truthful and reliable, extracted from contemporaneous records for the purposes of establishing reliability of assertions made by them.

**Practitioner's Responsibility**

8. Pursuant to requirements of Circular, our responsibility is to verify and validate that tax in respect of the supplies covered by the mismatched invoices, has been paid by the Supplier in his return in FORM GSTR 3B as the difference between the ITC claimed in FORM GSTR-3B and that available in FORM GSTR 2A of the Recipient in respect of the said Supplier for the said financial year exceeds Rs 5 lakh.
9. All details which are required to be furnished in the certificate have been provided by the Management (of the Supplier) to us. The authorship of underlying data based on which the present certificate has been issued, will not be ours but will always be with them (Management of the Supplier).

Our exercise is to review and verify the books of account, tax invoices, returns and other records of the Supplier and not that of the Recipient who has availed the input tax credit. Considering that we are carrying out the exercise of verification and validation of discharge of output tax by the Supplier, the scope of our responsibility is not to examine or opine on the admissibility of input tax credit in the hands of the Recipient.

The present certificate is limited to statement of fact and is not an opinion about the admissibility of input tax credit. The certificate traces the flow of tax invoice(s) under review into the data in Common Portal and related taxes discharged via FORM GSTR-3B returns filed in one or other tax period.

10. Provision of Section 16(2)(c) of the CGST Act requires that the tax charged in respect of supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply.

However, given the inherent limitation which arises out of non-availability of reliable mechanism either by the Common Portal or by

## Guide to CA Certificates in GST

the Government, pertaining to tax being deposited in respect of the credit being availed and utilised by the Supplier for discharge of outward liability on the supplies covered by the mismatched invoices, we have relied upon the data to the extent available by the Common Portal and the information and documents made available by the Management of the Supplier for verification of stipulation as provided under Section 16(2)(c) of the CGST Act.

11. We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

12. The present certificate is limited to statement of fact and is not an opinion about the admissibility of input tax credit to the Recipient. The certificate traces the flow of tax invoice(s) under review into the data in Common Portal and related taxes discharged via FORM GSTR-3B returns in one or other tax period filed.
13. Based on our examination as above and the information and explanations given to us, in our opinion, amount of Rs. \_\_\_\_\_ being CGST, SGST/ UTGST, IGST and Cess in respect of the supplies covered by the mismatched invoices, have been deposited by the Supplier via FORM GSTR 3B returns filed under section 39 of CGST Act. The details are given below:

SL. NO.	INVOICE NUMBER	DATE OF INVOICE	TAXABLE VALUE	TAX PAID				TOTAL INVOICE VALUE	DATE OF DELIVERY (ONLY IN CASE OF GOODS)	LOCATION OF DELIVERY (ONLY IN CASE OF GOODS)	REMARKS
				IGST	CGST	SGST /UTGST	CESS				

### Restriction on Use

### **Certificate for Credit Mismatch**

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14. This certificate is issued for the purposes of verification of compliance of requirements in Section 16(2)(c) of CGST Act that the tax has been paid by the Supplier in respect of the supplies covered by the mismatched invoices, as required by the Proper Officer of above named Recipient for financial year...../.....as required under *Circular No.183/15/2022-GST dated 27<sup>th</sup> December 2022* issued by CBIC . This certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For XYZ and Co.

Chartered Accountants

Firm's Registration Number

Place of Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature

(Name of the Member Signing the Certificate)

(Designation)

Membership Number:\_\_\_\_\_

UDIN\_\_\_\_\_



**Checkpoints for Chartered Accountants -**

1. The certificate is to be issued only for the following four categories of mismatches as listed in para 3 of the Circular:
  - i. Where Supplier has not filed FORM GSTR-1 but has filed FORM GSTR-3B;
  - ii. Where outward supply(ies) have been omitted from FORM GSTR-1 and FORM GSTR-3B has been filed;
  - iii. Where outward supply(ies) have been wrongly reported as 'B2C' supply in FORM GSTR-1 instead of 'B2B' supply and FORM GSTR-3B has been filed;
  - iv. Where outward supply(ies) have been reported with 'incorrect GSTIN' under 'B2B' category in FORM GSTR-1 and FORM GSTR-3B has been filed.
2. The Circular provides that the certificate by a Chartered Accountant should be issued when amount of mismatched input tax credit exceeds Rs.5 lakh. This limit will be (i) Rs.5 lakh for IGST mismatch or (ii) Rs.2.5 lakh each of CGST and SGST/UTGST mismatch.
3. Considering that invoice-wise details are not available in return filed in FORM GSTR-3B, it is important to verify (i) tax invoices (ii) books and records and (iii) Annual Return in FORM GSTR-9 and Reconciliation Statement in FORM GSTR-9C to confirm the reliability of assertion made by the Supplier.

Payment made only through returns in FORM GSTR-3B is to be considered for the purpose of this certificate. Payment made via FORM GST DRC-03 or through any other mode of recovery is beyond the scope of this certificate.
4. Verification must extend to review of multiple tax periods to identify output tax discharged in such subsequent tax period is not pertaining to any other liability.
5. Verification must start with the total mismatch informed by Recipient (as directed Proper Officer) and therefrom the scenarios that are outside the scope of this Circular (illustrated below) must be excluded to arrive at the extent of mismatch to be considered for certification.

#### **Certificate for Credit Mismatch**

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- a) Amount of mismatch that is discharged other than *via* FORM GSTR-3B such as FORM GST DRC-03 or FORM DRC-13 or any other;
  - b) Amount of mismatch that is resolved without being discharged *via* FORM GSTR-3B such as credit notes, return supplies etc.
6. Care must be taken to note:
- a) Tax period relating to the date of issue of tax invoice;
  - b) Tax period in which outward supply is reported in FORM GSTR-1;
  - c) Tax period in which output tax is discharged in FORM GSTR-3B;
  - d) Consolidated data reported in FORM GSTR-1 and FORM GSTR-3B and the annualized and final versions filed in annual return in FORM GSTR-9;
  - e) Mismatch may not be limited to one of the four (4) categories discussed in this Circular.

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