

As Recommended by ICAI

Certificate under the State Goods and Services Tax Act, 2017 (in short "SGST Act") and the Central Goods and Services Tax Act, 2017 (in short "CGST Act") in terms of Section 18(4) of the said Acts (Registered person who opts to pay tax under section 10)

1. 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 duly registered in the State of _:

a. _____

b. _____

The principal place of business and the additional places of business in the State of _____ have been duly registered with effect from _____.

2. The Applicant has been paying taxes u/s 9 of the CGST / SGST Acts, 2017 w.e.f. _____ upto _____. On and from _____, the Applicant ceases to pay tax u/s 9 and has opted to pay tax under Section 10 of the CGST / SGST Acts, 2017.

3. In terms of Section 18(4) of the CGST and SGST Acts, the Applicant who has availed input tax credit opts to pay tax under Section 10 of the CGST and SGST 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 9 of the CGST / SGST Acts, 2017, as on _____.

4. We have examined the books of accounts and other relevant documents / records of the Applicant and on the basis of such examination & the information and explanation furnished to us, we hereby certify that, subject to our remarks / comments in para 6 infra, the Applicant is required to pay an amount of Rs _____, 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 capital goods where tax invoices are not available with it on the day immediately preceding the date from which it opts to pay tax under Section 10 of the CGST and SGST Acts, 2017.

5. The relevant details of inputs held in stock and capital goods as on ____ (that is the day preceding the date from which he becomes liable to pay tax u/s 9 of the CGST / SGST Acts, 2017) where whose tax invoices are not available with the Applicant Assessee and the corresponding input tax credit is provided as **Appendix A**.

6. Remarks / comments (Refer Para 4 supra):

a. The description, value along with rate of GST of the inputs held in stock on the day immediately preceding the date on which the Applicant opts to pay tax u/s 10 of the CGST / SGST Acts, 2017 i.e.

_____, whose invoices are not available with the Applicant, is based on the management certificate furnished to us on____. According to the management certificate, the value of inputs as such and capital goods is an estimated price of such goods which is based on their prevailing market price as on_____.

b. These estimates have been worked on as per the requirement of Section 18(4) of SGST/CGST Acts, 2017 read with Rule 44(5) of CGST/SGST Rules, 2017 by the Applicant 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.

c. The stocks have not been physically verified. Reliance has been placed on the declaration given by the Applicant in respect of quantity of stocks held by it as on ___whose invoices are not available with it.

7. This certificate has been issued in terms of Section 18(4) of the SGST / CGST Acts, 2017 read with Rule 44 (5) of the CGST / SGST Rules, 2017.

For

, Chartered
Accountants

Place:
Date:

Partner
Firm Registration Number:
Membership Number:

Check points for the Chartered Accountant –

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 (Rule 44 (3) and Rule 44(5) of the CGST / SGST Rules, 2017). It may be noted that the above said Rule 44 (3) stipulates issuance of a Certificate only in cases of non-possession of invoices. The said Rule does not speak of issuance of Certificate if the registered person is in possession of the relevant tax invoices.

ii. Verify registration particulars with the Registration Certificate.

iii. Check whether declaration in Form GST ITC-03 is filed by the tax payer 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 / SGST Act, 2017. Aggregate turnover has to be computed in terms of Section 2(6) of the CGST / SGST Act, 2017.

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. The date on which the applicant has opted to pay tax u/s 10 of the CGST / SGST Act, 2017 should be thoroughly verified. The applicability of conditions meted out under the GST laws for a tax payer opting to pay tax u/s 10 of the CGST / SGST Act, 2017 should be checked to confirm the above said date.

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).

ix. 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/SGST Act, 2017.

x. Check reversal of credit in Electronic Credit Ledger and payment in Electronic Cash Ledger of the amount as specified in GST ITC -03

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For _____
Chartered Accountants

Partner
Firm Registration

Membership Number:

Place:
Date:
Number: