

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 (Become Wholly Exempt)

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 effecting taxable supplies of (HSN: _____) w.e.f. ___ up to _____. On and from _____, such taxable supplies have become exempted and the Applicant has ceased to discharge the taxes on such supplies.

3. In terms of Section 18(4) of the CGST and SGST Acts, where a taxable supply by a registered person becomes exempt supply the Applicant who has availed input tax credit, shall be liable 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 semifinished or finished goods held in stock and on capital goods (as reduced by the prescribed percentage points) used for such taxable supplies on the day immediately preceding the date on which such taxable supplies become exempt supplies under the CGST / SGST Acts, 2017 i.e..

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 inputs contained in semi-finished or finished goods held in stock used for taxable supplies where tax invoices are not available with it, on the day immediately preceding the date on which such taxable supplies become exempt supplies under the CGST / SGST Acts, 2017.

5. The relevant details of inputs held in stock and inputs contained in semi-finished or finished goods held in stock as on_(that is the day preceding the date on which such taxable supplies become exempt supplies under the CGST / SGST Acts, 2017) where tax invoices are not available with Applicant 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, inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date on which such taxable supplies become exempt supplies under the CGST / SGST Acts, 2017 i.e. _____, whose invoices are not available with Applicant, is based on the management certificate furnished to us on _____. According to the management certificate the value of inputs as such, semi-finished goods, finished goods 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 Applicant in respect of quantity of stocks held by it as on ___whose invoices are not available with it.

d. The inputs contained in semi-finished or finished goods held in stock are based on the management certificate furnished to us on.

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:
Number:

Partner
Firm Registration

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 invoice.

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. 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.

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. 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.

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).

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|--|--|---------------------------------------|--|--|--|--|--|--|--|--|
| | | or finished goods held in stock | | | | | | | | |
| | | | | | | | | | | |

For _____
Chartered Accountants

Partner
Firm Registration

Membership Number:

Place:
Date:
Number: