



No. CWC/GST Circular/20-21

13thMay, 2020

GST CIRCULAR No.#24

Sub: Loss on account of GST charged but not paid by the customer

1. CWC raises bills on its customers/ depositors with the applicable GST as per the prescribed rate and GST so charged is deposited with the Government by CWC. In case, the same is not paid by the customer, it is a loss to the corporation.
2. As per the GST law, where the Corporation agrees to accept amount lesser than the billed amount, same is to be dealt by way of issue of a credit note as per the manner prescribed in the past GST circulars. The credit note can be issued against the original invoice within 6 months of the end of financial year in which original invoice is raised and not beyond ie., 30th Sep of the subsequent year.
3. Recently it has come to the notice of CO that one of the Regional office has decided to accept a lesser amount than the originally billed amount after 30th September of the subsequent financial year of billing and as a result of which the time period for issuance of credit note has expired. Due to this, GST charged at the time of original billing on the amount forgone could not be reversed. Hence, the GST amount not reversed/recovered became a loss to the corporation.
4. In such cases, the amount of GST not collected cannot be ignored and all out efforts should be made to recover the GST loss from the Customer as he would have availed GST ITC on the full value of CWC Invoice.
5. In no case, fresh invoice with the revised invoice value can be issued to any customer at any point of time. All adjustment for non recoverable amount from the original invoice value has to be adjusted in the books only by way of credit note with in the time period allowed by the GST Act. Parallely, it should also be ensured that the corresponding ITC (in case full ITC is availed by him on original invoice) is also reversed by the respective customer.
6. For the sake of clarity, the above is explained by way of example as under:

- a) CWC raised an invoice on XYZ Ltd for Rs 10 Lakh +GST(1.80 Lakh) during the financial year 2018-19.
- b) **Option 1** : CWC could not realize any money before 30th Sep 2019 and the full amount of Rs 10 lakhs is under dispute.
- Option 2** : CWC could collect only Rs. 5 lakhs from the customer before 30th Sep 2019 and no decision was taken to pass appropriate credit note for the balance Rs. 5 lakhs before 30th Sep 2019.
- Option 3** :The Bill was not settled by XYZ Ltd till 30.09.2019 and on 01.12.2019 , the amount was re-negotiated for Rs 5 Lakh and the negotiated amount along with appropriate GST collected in Dec 2019.
- c) **Action for option 1** :Resolve the dispute before 30th Sep 2019 and issue appropriate credit note before 30th Sep for the amount foregone and persuade the party for acceptance of Credit note before 30th Sep.
- d) **Action for option 2**: Ensure collection of defaulting balance Rs. 5 lakhs before 30th Sep 2019 or else, negotiate with the party and take appropriate steps to raise credit note and persuade for its acceptance by 30thSep 2019.
- e) **Action for Option 3**: GST loss of Rs. 90,000 has occurred as no credit note can be raised beyond 30th Sep 2019. No fresh invoice shall be raised for the negotiated amount of Rs 5 Lakh in Dec 2019.

Issued for strict compliance.

This is issued with the concurrence of D(F).

(AMIT PURI)
General Manager (Tax & A/cs)

Distribution:

1. All Regional Managers of CWC
2. All the DGMs/AGMs/Managers/Sr. Asstt. Managers (Accounts)-Incharges of Finance & Accounts wings of all Regional offices.

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4. All DGMs/AGMs/Managers in Finance and Accounts and Internal Audit Cadre of CWC, CO
5. PPS to GGM(Systems), CO, New Delhi, with request to please place this circular on CWC's website.
6. Manager (Rajbhasha), CWC, CO, New Delhi, with a request to arrange Hindi version of this circular