New Delhi, Dated the 4th September, 2018

To,

The Principal Chief Commissioners/Chief Commissioners/Principal Commissioners/
Commissioners of Central Tax (All)
The Principal Directors General/ Directors General (All)

Subject: Recovery of arrears of wrongly availed CENVAT credit under the existing law
and inadmissible transitional credit - regarding

Various representations have been received seeking clarification on the process of
recovery of arrears of wrongly availed CENVAT credit under the existing law and CENVAT
credit wrongly carried forward as transitional credit in the GST regime. In order to ensure
uniformity in the implementation of the provisions of the law across the field formations, the
Board, in exercise of its powers conferred under section 168 (1) of the Central Goods and
Services Tax Act, 2017 (hereinafter referred to as the ‘CGST Act’), hereby specifies the
process of recovery of the said arrears and inadmissible transitional credit in the succeeding
paragraphs.

2. The Board vide Circular No. 42/16/2018-GST dated 13th April, 2018, has clarified
that the recovery of arrears arising under the existing law shall be made as central tax liability
to be paid through the utilization of the amount available in the electronic credit ledger or
electronic cash ledger of the registered person, and the same shall be recorded in Part II of the
Electronic Liability Register (FORM GST PMT-01).

3. Currently, the functionality to record this liability in the electronic liability register is
not available on the common portal. Therefore, it is clarified that as an alternative method,
taxpayers may reverse the wrongly availed CENVAT credit under the existing law and
inadmissible transitional credit through Table 4(B)(2) of FORM GSTR-3B. The applicable interest and penalty shall apply on all such reversals which shall be paid through entry in column 9 of Table 6.1 of FORM GSTR-3B.

4. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

5. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board. Hindi version would follow.

(Upender Gupta)
Commissioner (GST)