

Recovery of arrears of wrongly availed CENVAT credit under the existing law and inadmissible transitional credit.

Circular No: 58/32/2018-CT

F. No: CBEC-20/16/4/2018-GST

Classification: ITC

Date: 04-09-2018

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.