

**GOVERNMENT OF ASSAM  
OFFICE OF THE COMMISSIONER OF TAXES, ASSAM :: KAR BHAWAN  
DISPUR, GUWAHATI-6**

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**CIRCULAR NO. 87/2020-GST**

Dated Dispur the 21st April, 2020.

**Subject: Clarification in respect of issues under GST law for companies under Insolvency and Bankruptcy Code, 2016 - Reg.**

**No. CT/GST-15/2017/327.**— Various representations have been received from the trade and industry seeking clarification on issues being faced by entities covered under Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “IBC”).

2. As per IBC, once an entity defaults certain threshold amount, Corporate Insolvency Resolution Process (hereafter referred to as “CIRP”) gets triggered and the management of such entity (Corporate Debtor) and its assets vest with an interim resolution professional (hereafter referred to as “IRP”) or resolution professional (hereafter referred to as “RP”). It continues to run the business and operations of the said entity as a going concern till the insolvency proceeding is over and an order is passed by the National Company Law Tribunal (hereinafter referred to as the “NCLT”).
3. To address the aforementioned problems, State notification corresponding to Central notification No.11/2020- Central Tax, dated 21.03.2020 is being issued by the Government prescribing special procedure under section 148 of the Assam Goods and Services Tax Act, 2017 (hereinafter referred to as the “Assam GST Act”) for the corporate debtors who are undergoing CIRP under the provisions of IBC and the management of whose affairs are being undertaken by IRP/RP. In order to ensure uniformity in the implementation of the provisions of the law across the field formations, the Commissioner of state tax, in exercise of its powers conferred under section 168 of the Assam GST Act hereby clarifies various issues in the table below:-

Sl. No.	Issue	Clarification
1.	<b>How are dues under GST for pre-CIRP period be dealt?</b>	In accordance with the provisions of the IBC and various legal pronouncements on the issue, no coercive action can be taken against the corporate debtor with respect to the dues for period prior to insolvency commencement date. The dues of the period prior to the commencement of CIRP will be treated as ‘operational debt’ and claims may be filed by the proper officer before the NCLT in accordance with the provisions of the IBC. The tax officers shall seek the details of supplies made / received and total tax dues pending from the corporate debtor to file the



		<p>claim before the NCLT.</p> <p>Moreover, section 14 of the IBC mandates the imposition of a moratorium period, wherein the institution of suits or continuation of pending suits or proceedings against the corporate debtor is prohibited.</p>
2.	<b>Should the GST registration of corporate debtor be cancelled?</b>	<p>It is clarified that the GST registration of an entity for which CIRP has been initiated should not be cancelled under the provisions of section 29 of the Assam GST Act, 2017. The proper officer may, if need be, suspend the registration. In case the registration of an entity undergoing CIRP has already been cancelled and it is within the period of revocation of cancellation of registration, it is advised that such cancellation may be revoked by taking appropriate steps in this regard.</p>
3.	<b>Is IRP/RP liable to file returns of pre-CIRP period?</b>	<p>No. In accordance with the provisions of IBC, 2016, the IRP/RP is under obligation to comply with all legal requirements <b>for period after the Insolvency Commencement Date</b>. Accordingly, it is clarified that IRP/RP are not under an obligation to file returns of pre-CIRP period.</p>
<b><u>During CIRP period</u></b>		
4.	<b>Should a new registration be taken by the corporate debtor during the CIRP period?</b>	<p>The corporate debtor who is undergoing CIRP is to be treated as a distinct person of the corporate debtor and shall be liable to take a new registration in each State or Union territory where the corporate debtor was registered earlier, within thirty days of the appointment of the IRP/RP. Further, in cases where the IRP/RP has been appointed prior to the issuance of State notification corresponding to Central notification No.11/2020- Central Tax, dated 21.03.2020, he shall take registration within thirty days of issuance of the said notification, with effect from date of his appointment as IRP/RP.</p>
5.	<b>How to file First Return after obtaining new registration?</b>	<p>The IRP/RP will be liable to furnish returns, make payment of tax and comply with all the provisions of the GST law during CIRP period. The IRP/RP is required to ensure that the first return is filed under section 40 of the Assam GST Act, for the period beginning the date on which it became liable to take registration till the date on which registration has been granted.</p>
6.	<b>How to avail ITC for invoices issued to the</b>	<p>The special procedure issued under section 148 of the Assam GST Act has provided the manner of availment</p>



	<p>erstwhile registered person in case the IRP/RP has been appointed before issuance of State notification corresponding to Central notification No. 11/2020-Central Tax, dated 21.03.2020 and no return has been filed by the IRP during the CIRP ?</p>	<p>of ITC while furnishing the first return under section 40.</p> <p>The said class of persons shall, in his first return, be eligible to avail input tax credit on invoices covering the supplies of goods or services or both, received since appointment as IRP/RP and during the CIRP period but bearing the GSTIN of the erstwhile registered person, subject to the conditions of Chapter V of the Assam GST Act and rule made thereunder, <u>except the provisions of sub-section (4) of section 16 of the Assam GST Act and sub-rule (4) of rule 36 of the Assam GST Rules</u> in terms of the special procedure under section 148 of the Assam GST Act being issued <i>vide</i> State notification corresponding to Central notification No.11/2020- Central Tax, dated 21.03.2020. <b>This exception is made only for the first return filed under section 40 of the Assam GST Act.</b></p>
7.	<p><b>How to avail ITC for invoices by persons who are availing supplies from the corporate debtors undergoing CIRP, in cases where the IRP/RP was appointed before the issuance of the State notification corresponding to Central notification No. 11/2020 - Central Tax, dated 21.03.2020?</b></p>	<p>Registered persons who are receiving supplies from the said class of persons shall, for the period from the date of appointment of IRP / RP till the date of registration as required in this notification or 30 days from the date of this notification, whichever is earlier, be eligible to avail input tax credit on invoices issued using the GSTIN of the erstwhile registered person, subject to the conditions of Chapter V of the Assam GST Act and rule made thereunder, <u>except the provisions of sub-rule (4) of rule 36 of the Assam GST Rules.</u></p>
8.	<p><b>Some of the IRP/RPs have made deposit in the cash ledger of erstwhile registration of the corporate debtor. How to claim refund for amount deposited in the cash ledger by the IRP/RP?</b></p>	<p>Any amount deposited in the cash ledger by the IRP/RP, in the existing registration, from the date of appointment of IRP / RP to the date of notification specifying the special procedure for corporate debtors undergoing CIRP, shall be available for refund to the erstwhile registration under the head refund of cash ledger, even though the relevant <b>FORM GSTR-3B/GSTR-1</b> are not filed for the said period.</p> <p>The instructions contained in Circular No. 79/2019-GST dtd. 23.12.2019 stands modified to this extent.</p>

4. This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and rules.

5. Difficulties, if any, in implementation of the above instructions may be brought to the notice of the Commissioner at an early date.
6. This Circular shall be deemed to have been issued on 23rd March, 2020.


Sd/- Anurag Goel, IAS.,  
Commissioner of State tax, Assam,  
Dispur, Guwahati

Memo No. CT/GST-15/2017/327-A

Dated Dispur the 21st April, 2020.

Copy to :

1. The Commissioner & Secretary to the Government of Assam, Finance (Taxation) Department, Dispur, Guwahati-6 for favour of kind information.
2. The Commissioner of Central GST, Guwahati / Dibrugarh for information.
3. The Additional Commissioner of State tax (All) / Joint Commissioner of State tax (All)/ Deputy Commissioner of State tax (All) / Assistant Commissioner of State tax (All) / Superintendent of State tax (All) / Inspector of State tax (All) for information and necessary action.
4. The Information Technology Officer, Office of the Commissioner of State tax, Assam for uploading it on the website of the Commissionerate for information of all concerned.

  
Commissioner of State tax, Assam,  
Dispur, Guwahati