

M/s National Construction, 16, Awas Vikas NH-87 Rudrapur, U.S. Nagar, Uttarakhand

Authority for Advance Ruling — Uttarakhand

Ruling No 01/2018-19

Dated 20.04.2018

Q Questions Before the Authority

- Whether Credit of Uttarakhand VAT Paid on construction material such as cement, sand, steel etc. held in closing as on 30.06.2017 is allowed to be carried forward as transitional credit as Uttarakhand GST under GST regime?
- If yes, then whether it is allowed when the assessee had opted for composition scheme under Uttarakhand VAT laws.

F Facts

The applicant is engaged in the construction of commercial and industrial buildings and structures. Under the pre-GST regime, the applicant was registered under the Uttarakhand Value Added Tax Act and had opted for the composition scheme. As on 30.06.2017, the applicant held closing stock of construction materials such as cement, sand, and steel on which VAT was paid, and sought to carry forward this credit into the GST regime.

H Ruling

Carry forward of Uttarakhand VAT paid on closing stock of construction material as transitional credit

Not allowed

ITC on inputs used in works contracts was explicitly barred under Section 6(8)(k) of the Uttarakhand VAT Act

Transitional credit availability for dealers under VAT composition scheme

Not allowed

Failed the prerequisite condition of ITC eligibility under existing VAT laws under Section 140(6)

The Authority held that transitional input tax credit of Uttarakhand VAT paid on construction material held in stock as on 30.06.2017 is **not allowable** under GST. Since Section 6(8)(k) of the Uttarakhand VAT Act specifically barred input tax credit on purchases involved in works contracts, the mandatory condition of eligibility under pre-GST law was not met.

R Reasoning

The Authority examined Section 140(1) and Section 140(6) of the CGST/SGST Act, 2017 alongside Section 6(8)(k) of the Uttarakhand Value Added Tax Act. Section 6(8)(k) of the Uttarakhand VAT Act clearly mandated that no input tax credit shall be allowed on purchase of goods involved in the execution of works contracts. Under Section 140(6) of the GST Act, a registered person transitioning from a composition scheme under existing law is entitled to take credit of VAT in respect of inputs held in stock only if such inputs are eligible for input tax credit

under the existing law. Because the applicant was legally disentitled from claiming VAT credit on works contract inputs under the VAT Act, the statutory condition for transitioning credit under Section 140 was not satisfied.

P Provisions Relied On

Section 140(1) of the Uttarakhand Goods and Services Tax Act, 2017

Section 140(6) of the Uttarakhand Goods and Services Tax Act, 2017

Section 97(2)(d) of the Uttarakhand Goods and Services Tax Act, 2017

Section 6(8)(k) of the Uttarakhand Value Added Tax Act

! For the Practitioner

This ruling establishes that works contractors who were under the VAT composition scheme cannot carry forward VAT paid on closing stock as **transitional credit** under Section 140 of the GST Act if the state VAT law barred ITC on works contract inputs. It reinforces that pre-GST credit eligibility under state tax laws is a strict prerequisite for claiming transitional credit under GST.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> 02-2018-19 dtd 20-04-18 uttrakhand.pdf

Prepared 17-10-2026.

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RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

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3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com