



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

o/c

ICAI/IDTC/2018-19/Rep/1

5th March, 2018

Smt. Vanaja N Sarna

Chairperson

Central Board of Indirect Taxes & Customs

Department of Revenue,

Government of India,

North Block,

New Delhi - 110001



**Subject: KKC credit be allowed to be brought forward and set off under GST**

Madam,

The Institute of Chartered Accountants of India (ICAI) is working towards the smooth implementation of GST. The ICAI, being the accounting regulator, has been proactively supporting the Government in creating awareness and disseminating knowledge of GST among various stakeholders. The ICAI has organized more than 3700 programmes on GST across the Country, attended by more than 2.9 lacs participants. We are glad to note that more than 125 of our suggestions have been accepted by the Government for the smooth implementation of GST.

As you are aware, Krishi Kalyan Cess (KKC) @ 0.5% was introduced w.e.f 01.06.2016 on the value of all or any of the taxable services for the purposes of financing and promoting initiatives to improve agriculture and relating purpose thereto and its credit was allowed to be used for payment of the KKC on the service provided by a service provider. However, as clarified through twitter and FAQ released by Government, credit of KKC was not allowed to be brought forward into GST regime resulting into, lapse of KKC credit.

In this regard, we refer to our suggestions submitted earlier on the matter as part of "suggestions on GST Law" and Pre-Budget Memorandum submitted to your goodself on 17<sup>th</sup> January, 2018 and 14<sup>th</sup> December, 2017 respectively.



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Once again, we would like to bring to your notice that the credit of KKC should be allowed to be brought forward under the GST regime as the assessee had already considered the factor of availability of credit of KKC in their pricing and contracted for the provision of service accordingly. Therefore, it is a genuine hardship to the assessee because of non-availability of credit which was allowed earlier. This is also against the principal of promissory estoppel, Government has promised the assessee to allow KKC credit relying on which assessee has made low pricing now denying the credit.

Accordingly, your good self is requested to resolve the issue to enable such assessee to claim credit of KKC by providing a supplementary form to TRAN 1 or in any other manner.

We as ICAI, is always at support to the Government for smooth implementation of GST. In case of any queries you may contact CA. Sharad Singhal, Secretary, Indirect Taxes Committee at [itdc@icai.in](mailto:itdc@icai.in) or 0120-3045954 / 9310542608.

Thanking you.

Yours Truly,

CA. Madhukar N. Hiregange  
Chairman  
Indirect Taxes Committee

## Copy to:

1. **Shri Amitabha Kumar**, Joint Secretary, (TRU-II), CBIDT&C, Department of Revenue, Government of India, North Block, New Delhi - 110 001
2. **Shri Upender Gupta**, Commissioner, Goods and Services Tax Policy Wing, CBIDT&C, Department of Revenue, Government of India, North Block, New Delhi - 110 001
3. **Sh. Arun Goyal**, Additional Secretary, Office of the Goods and Services Tax Council, Tower -II, 5<sup>th</sup> Floor, Jeevan Bharti Building, New Delhi - 110001.