

F. No. CBEC-20/06/05/2020-GST
Government of India
Ministry of Finance
Department of Revenue
CBIC, GST Policy Wing

Agenda Note No.: Feb 2020-024

Subject: Transition Plan in view of merger of Union Territories of Dadra & Nagar Haveli and Daman & Diu -Reg.

The Ministry of Home Affairs (MHA), Government of India (GoI) proposed merger of the existing UTs of Daman & Diu (hereinafter referred to as DD) and Dadra & Nagar Haveli (hereinafter referred to as DNH) into a single Union Territory. Accordingly, the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories) Act, 2019, was passed by both houses of Parliament of India and assented to by the President of India on 09.12.2019 and was notified as Act No. 44 of 2019. Further, vide Notification No. 01/2020 dated 24th January, 2020, Govt. of India notified the appointed date for merger of the UT of DNH and UT of DD as 26th January, 2020.

2. Following are the changes that are required in view of the merger of UTs:

- (a) Migration of old GSTINs which are getting merged with new UT code 26,
- (b) Payment, Cash Ledger, Settlement Ledger, Return Dashboard and other changes,
- (c) Back Office related changes under Scrutiny, Assessment, Refund, Appeal, Adjudication, Enforcement, Recovery, BO login etc.
- (d) Offline Templates/ Utilities related changes,
- (e) Changes on account of other Stakeholders like Accounting Authorities, Banks, Pr. CCA etc.

3. In view of the above, it is proposed that a special procedure is required to be formulated and the same has to be notified under section 148 of the Act to address the aforesaid difficulties faced by the taxpayers of merged UT of DNH & DD. A proposed special procedure has been drawn up in lines with the special procedure formulated earlier for the reorganization of Jammu and Kashmir, and the same is placed below:

- There shall be a transition date to be decided in consultation with GSTN - tentatively 01.04.2020. The state code of DNH shall continue to remain the state code for the

combined UT of DDDNH. The period between 26.01.2020 to the transition date shall be called the intervening period.

- Tax period for January will be 01.01.2020 to 26.01.2020
- Tax period for February will be 27.01.2020 to 29.02.2020
- On the transition date, all the registrations in the erstwhile UT of Daman and Diu be functionally limited to undertake compliance only till the month of March, 2020.
- Taxpayers who want to get registered separately in DD (i.e. those who want to have multiple registrations in the new UT or those who did not have registration in the erstwhile UT of DNH) are required to take a registration under the new code (which shall be the code of erstwhile DNH). Those having registration in both the UTs before the transition date may choose not to take a registration under DDDNH
- All new registrations in the intervening period to be given in the UT code of DDDNH
- In the intervening period, all transactions from erstwhile UT of DD to DNH, and vice-versa shall be leviable to CGST/UTGST. However, such transactions were earlier leviable to IGST, and in the absence of GSTIN under a separate code, the system would not allow showing of CGST/UTGST. Therefore, irrespective of what is charged on the invoices, while filing the returns, tax is to be paid in the correct head.
- For those in erstwhile choosing to take a new registration in DDDNH, after filing of the return for Jan, 2020, the ITC balance shall be passed on to the new registration (automatically in the backend system).
- For those having separate registrations in both the erstwhile UTs of DD and DNH, upon intimation to the jurisdictional officers of both the erstwhile UTs, and upon filing of the return for the period of January, 2020 for the erstwhile UT of DD, the balance in the electronic credit ledger shall be allowed to be moved to the registration in erstwhile DNH.

4. The transition plan has been circulated to the Department of Revenue, the Officers of the Union Territory of Daman and Diu and Dadra and Nagar Haveli, Goods and Services Tax Network and the GST Policy Wing.

5. Accordingly, the Agenda Note has been prepared along with a draft notification (Annexure to this Agenda Note) and the comments on the same may be obtained from the different stake holders and informed to this Wing by 05.03.2020.

To be published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i)]

**Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes and Customs**

Notification No. xx/2019 – Central Tax

New Delhi, the xxth February, 2020

G.S.R.....(E). - In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), read with sub-section (2) of section 23 of the said Act, the Government, on the recommendations of the Council, hereby notifies those persons whose principal place of business or place of business lies in the erstwhile Union territory of Daman and Diu or in the erstwhile Union territory of Dadra and Nagar Haveli till the 26th day of January, 2020; and lies in merged Union territory of Daman and Diu and Dadra and Nagar Haveli from the 27th day of January, 2020 onwards, as the class of persons who shall follow the following special procedure till the **31st day of March, 2020** (hereinafter referred to as the transition date), as mentioned below.

2. The said registered person shall,:-

- (i) ascertain the tax period as per sub-clause (106) of section 2 of the said Act for the purposes of any of the provisions of the said Act for the month of January, 2020 and February, 2020 as below:
 - (a) January, 2020: 1st January, 2020 to 26th January, 2020;
 - (b) February, 2020: 27th January, 2020 to 29th February, 2020;
- (ii) irrespective of the particulars of tax charged in the invoices, or in other like documents, raised from 27th January, 2020 till the transition date, pay the appropriate applicable tax in the return under section 39 of the said Act;
- (iii) taxpayers who have registered Goods and Services Tax Identification Number (GSTIN) in the erstwhile Union territory of Daman and Diu and the erstwhile Union territory of Dadra and Nagar Haveli till the 26th day of January, 2019 have an option to transfer the balance of input tax credit (ITC) after the filing of the return for January, 2020, from the registered Goods and Services Tax Identification Number (GSTIN) in the erstwhile Union territory of Daman and Diu to the registered GSTIN

in the new Union territory of Daman and Diu and Dadra and Nagar Haveli by following the procedure as below:

- (a) the said class of persons shall intimate the jurisdictional tax officer of the transferor and the transferee regarding the transfer of ITC, within one month of obtaining new registration;
- (b) the ITC shall be transferred on the basis of ratio of turnover of the place of business in the erstwhile Union territory of Daman and Diu and in the erstwhile Union territory of Dadra and Nagar Haveli;
- (c) the transfer of ITC shall be carried out through the return under section 39 of the said Act for any tax period before the transition date and the transferor GSTIN would be debiting the said ITC from its electronic credit ledger in Table 4(B)(2) of FORM GSTR-3B and the transferee GSTIN would be crediting the equal amount of ITC in its electronic credit ledger in Table 4(A)(5) of FORM GSTR-3B.

3. The balance of Union territory taxes in electronic credit ledger of the said class of persons, whose principal place of business lies in the Union territory of Daman and Diu from the 26th day of January, 2020, shall be transferred as balance of Union territory tax in the electronic credit ledger.

4. The provisions of clause (i) of section 24 of the said Act shall not apply on the said class of persons making inter-State supplies between the erstwhile Union territories of Daman and Diu and the erstwhile Union territories of Daman and Diu from the 27th day of January, 2020, till the transition date.

[F. No. 20/06/07/2019-GST]

(Ruchi Bisht)
Under Secretary to the Government of India