

Separate GST registrations confuse interim resolution professionals

By Gulveen Aulakh | ET Bureau | Last Updated: Mar 27, 2020, 08.08 AM IST

IRPs appointed under the Insolvency and Bankruptcy Code (IBC) have approached the finance ministry, seeking clarity on several aspects regarding the Central Board of Indirect Taxes and Customs (CBIC) notification issued on Saturday and a follow-up circular on Monday, people familiar with the development said.

New Delhi: Interim resolution professionals managing various companies under the insolvency process have flagged several issues in a recent notification requiring separate GST registration for such companies to file fresh returns from the time the insolvency proceedings began.

IRPs appointed under the Insolvency and Bankruptcy Code (IBC) have approached the finance ministry, seeking clarity on several aspects regarding the Central Board of Indirect Taxes and Customs (CBIC) notification issued on Saturday and a follow-up circular on Monday, people familiar with the development said.

They wanted to know whether separate goods and service tax registration was mandatory for completing compliance of the company undergoing insolvency, and whether it is needed to be taken in all locations where it has premises.

They also sought clarity on the category of registration, the mechanism of invoicing and transition of input tax credit balance between corporate debtor and the IRP, sources said.

“Clarity on the process of surrendering the registration post completion of resolution plan has also been sought,” one of them said on condition of anonymity, adding that some representations have been sent to the finance ministry.

Since the notification treats an IRP as distinct person from the corporate debtor, some IRPs wanted to know whether any taxable supply transaction between such distinct persons considered free of cost, sources said.