



FEDERATION OF ALL INDIA DISTRIBUTORS ASSOCIATIONS

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Date: 26th August, 2019.

To

**ALL FMCG, MOBILES, TLECOM & BEVERAGES COMPANIES,
PAN INDIA.**

Dear Sirs,

SUB: GST on CREDIT NOTES since 2017. Reg:-

We invite your kind attention to the recent circulars on the above, issued by the GST Authorities, regarding the treatment of post sale discount CREDIT NOTES IN BOOKS OF ACCOUNTS. As per the circular No.105 dated 28-6-2019, in point No.4, it is clarified that the receiver has to raise a GST Invoice (reversal) against the supplier (Company) and pay GST for all financial CREDIT NOTES already issued by you. This is quite alarming. Our members have been pleading with you for more clarity on such credit notes and unfortunately you have not been able to give them a clear view so far. If they are asked to pay the output GST on these credit notes, with retrospective effect from 1st July 2017, most of them, we are afraid, will have to shut shops. The penalty and interest are sure to cripple them further. Since the statements of 2017-18 had already been submitted to the Income Tax Authorities no correction in the account is possible now.

We, hereby request you to go through the circular carefully once again and issue us clear directions as to the steps to be taken to combat the adversities arising out of this. As credit note values are high and huge, your immediate action is quite imperative. As this is applicable from 1-7-2017; we request you to revert back immediately as we have to file our ANNUAL RETURN GSTR9 for the period 2017- 2018 by this month end.

If the situation is not suitably addressed to avoid the distributors in the country incurring tax liabilities on account of the Financial credit notes, we will be left with no option but to hold you responsible and initiate suitable actions - against you to indemnify your distributors in the country.

We do look forward to your response with alacrity.

Thanking you

**C H.Krishna –
National President**