

## MAJOR IMPACTS ON PURCHASE FUNCTION

SI No	Particulars	Provision Under Excise Act	Provision under VAT Act	Provision under GST Act
1.	Scope of Credit	Credit is available only on goods used in or in relation to manufacture. One to one correlation was to be maintained.	Credit of goods used in the manufacture is available	Credit is available; be it used for manufacture or not, like office equipment, stationery, etc <b>subject</b> to the condition that it is used in the furtherance of business
2.	Interstate Purchase	Credit of Excise paid on Interstate Purchase was available	Credit of CST paid on Interstate Purchase was not available	Credit of GST paid on any purchase for use in furtherance of business (including interstate) is available
3.	Advance Payment	Tax is not charged on advance payment made on purchases	Tax is not charged on advance payment made on purchases	Tax is payable on advance payment for purchase of goods or services
4.	Credit Matching	Matching of credit with seller's sale is not required. No penalty on buyer if seller doesn't pay the tax	Matching of credit with seller's sale is required. However, in most of the states credit was allowed based on the verification of the invoice	Complete matching is required. If tax is not paid by the seller then the tax credit is not available to the buyer
5.	Tax Compliant Supplier	Seller's tax compliant status was not required to be checked for buyer as it had no bearing on him. He was just required to ensure proper documentation in terms of possession of invoice.	Seller's tax compliant status is not very necessary. There was no official mechanism available to check the compliance by the seller / supplier	It will be very necessary for the buyer to check beforehand about vendor being tax compliant. Government has come up with GST rating mechanism where it will be easy to find out the status of the supplier
6.	Invoice Time Limit	There was no time limit to receive the Invoice to avail the credit	The Invoice should be received within the same quarter in some states. In some states within the same year	In GST, the Invoice should be received before 30 <sup>th</sup> September after the end of the FY to avail the credit

Hence, we should plan our purchase to obtain maximum benefit, like some of the points mentioned below :-

- All India (except J&K) will be a single market and there will be no tax like CST which will be non creditable. Accordingly, we can search for new vendors from different states & reduce our costs
- We can think of delaying the purchase of office equipments and other non cenvatable purchases to post GST regime in order to take the credit
- Assess the vendors with non compliant records & restrict purchases from them