

The government has sent notices to companies for “wrongly” claiming transitional credit under GST, a move contested by these entities. Under the pre-[GST](#) regime, companies had [personal ledger accounts](#) (PLAs) to pay their excise duties. Under GST, they do not require [PLAs](#). They have, instead, transferred their credits in [PLAs](#) to TRANS-1, a form for staking claims for taxes paid on pre-[GST](#) stock or what is termed transitional credit.

Taking objection to that, indirect tax officials have sent notices to companies such as BR Agro, Chenab Textiles, Star Industries, Ritz Polymers, [Gravita Metals](#) and [Bharat Udyog](#).

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Abhishek Rastogi, partner at Khaitan & Co, said the balance in a PLA represents the company’s resources and it ought to be allowed to get transferred to [TRANS-1](#). “We will challenge these notices in court, as it is in the right of the companies to claim the amount. As there were no specific provisions, the accrued right cannot be denied,” he said.

The notices say only [CENVAT credit](#) is allowed under [TRANS-1](#). “However, the [TRANS-1](#) filled by you pertains to not only the balance amount in [CENVAT credit](#) but also that of the PLA balance lying with you,” says one of the notices. Therefore, the transfer of PLA balance is in violation of the [Central GST](#) Act, by mis-stating it as [CENVAT credit](#).