



Goods & Services Tax

Educational Series

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Return of time expired drugs or medicine - Part II

As per Section 34(1) of the CGST Act the supplier can issue a credit note where the goods are returned back by the recipient. Thus, the manufacturer or the wholesaler who has supplied the goods to the wholesaler or retailer, as the case may be, has the option to issue a credit note in relation to the time expired goods returned by the wholesaler or retailer. The retailer or wholesaler may return the time expired goods by issuing a delivery challan.

There is no time limit for the issuance of a credit note in the law except with regard to the adjustment of the tax liability in case of the credit notes issued prior to the month of September following the end of the financial year and those issued after it.

However, if the time limit specified in section 34(2) has lapsed, a credit note may still be issued by supplier for such return of goods but the tax liability cannot be adjusted by him in his hands. In case time expired goods are returned beyond the time period specified in section 34(2) of the CGST Act and a credit note is issued consequently, there is no requirement to declare such credit note on the common portal by the supplier (i.e. by the person who has issued the credit note) as tax liability cannot be adjusted in this case.

Further, where the time expired goods, which have been returned by the retailer/ wholesaler, are destroyed by the manufacturer, he/she is required to reverse the ITC attributable to the manufacture of such goods, in terms of the provisions of section 17(5)(h) of the CGST Act

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