

Input Tax Credit



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Eligibility, conditions and time limits regarding Input Tax Credit Section 16



Some relevant definitions

Section 2(19) Capital Goods

Capital goods means goods, the value of which is capitalized in the books of account of the person claiming the ITC and which are used or intended to be used in the course or furtherance of business

Section 2(59) Input Goods

Input means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business

Section 2(60) Input Services

Input service means any service used or intended to be used by a supplier in the course or furtherance of business.

Section 2(119) works contract

“works contract” means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract

Input Tax

Section 2(62) Input tax means -

- a. The central tax (CGST)
- b. State tax (SGST)
- c. Integrated tax (IGST)
- d. Union territory tax (UTGST) charged on supply of goods or services or both made to a registered person.
- e. It also **includes tax paid on reverse charge basis.**
- f. Integrated tax goods and services tax charged on **import of goods.**
- g. It does **not** include tax paid under **composition levy.**

Eligibility– Section 16(1)

Section 16(1)

Every **registered person** shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of **input tax** charged on any **supply of goods or services** or both to him which are used or intended to be **used in the course or furtherance of his business** and the said amount shall be credited to the electronic credit ledger of such person.

Conditions – Section 16(2)&(3)

He is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed

The details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified u/s 37

He has received the goods or services or both

The details of ITC in respect of the said supply communicated to such registered persons u/s 38 has not been restricted.

The supplier has actually paid the tax charged in respect of the supply to the government.

He has furnished the return under section 39

If the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

Conditions – Rule 36

RULE 36. Documentary requirements and conditions for claiming input tax credit. —

1. The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely, -
 - a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;
 - b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to the payment of tax;
 - c) a debit note issued by a supplier in accordance with the provisions of section 34;
 - d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;
 - e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.

Conditions – Rule 36

RULE 36. Documentary requirements and conditions for claiming input tax credit. —

2. Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document

Provided that if the said document does not contain all the specified particulars but contains the following details input tax credit may be availed by such registered person -

- a. the amount of tax charged,
- b. description of goods or services,
- c. total value of supply of goods or services or both,
- d. GSTIN of the supplier and recipient
- e. place of supply in case of inter-State supply,

Valid Tax Invoice as per Rule 46

Rule 46(s) Inserted

a declaration as below, that invoice is not required to be issued in the manner specified under rule 48(4) (i.e E-invoice is not applicable), in all cases where an invoice is issued, other than in the manner so specified under rule 48(4), by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than the aggregate turnover as notified under the said sub-rule (4) of rule 48- —

I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule.

Deeming provisions for Section 16(2)

Deemed Receipt of Goods

1. Where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;
2. where the services are provided by the supplier to any person on the direction of and on account of such registered person

Deemed Payment

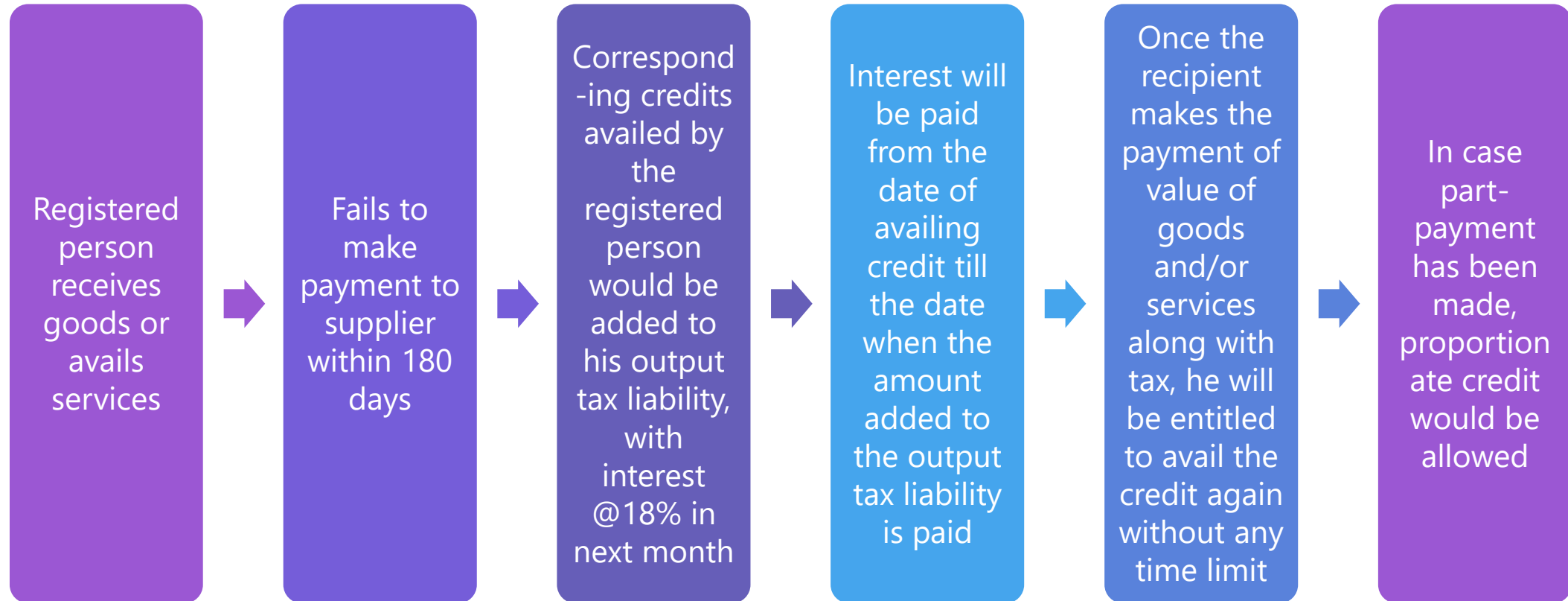
1. value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid
2. value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be deemed to have been paid

Time limit for claiming ITC – Section 16(4)

A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both ~~after the due date of furnishing~~ of the return under section 39 ~~for the month of September~~ thirtieth day of November following the end of financial year to which such invoice or ~~invoice relating to such~~ debit note pertains or furnishing of the relevant annual return, whichever is earlier :

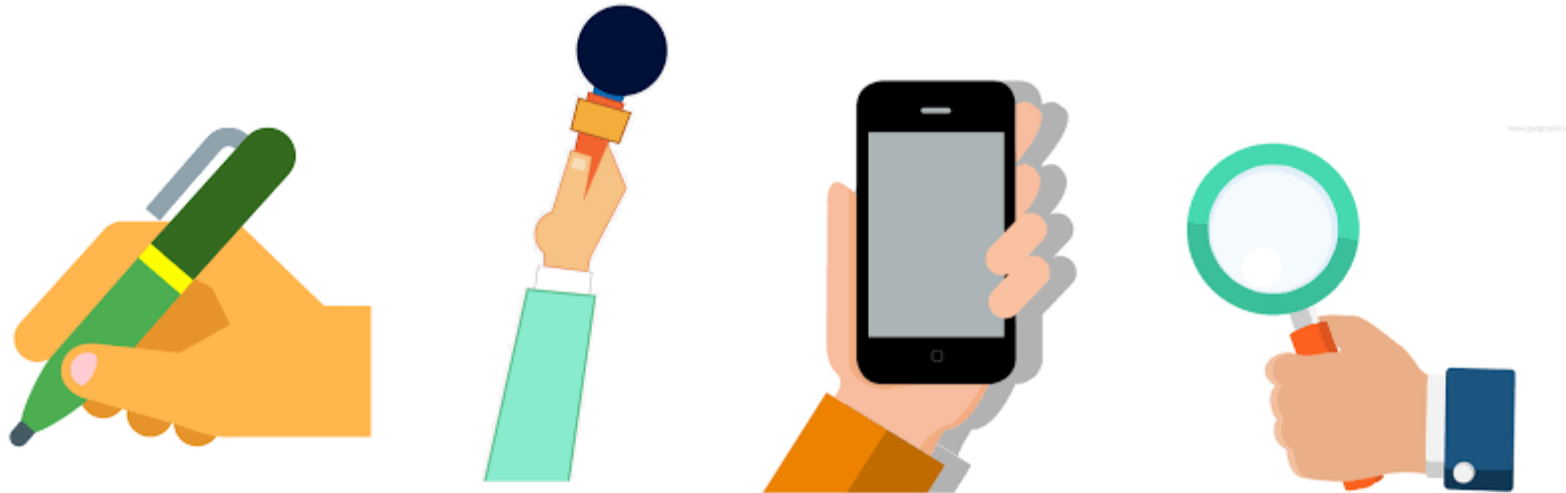
[**Provided** that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.]

Proviso to Section 16(2) – Payment beyond 180 days

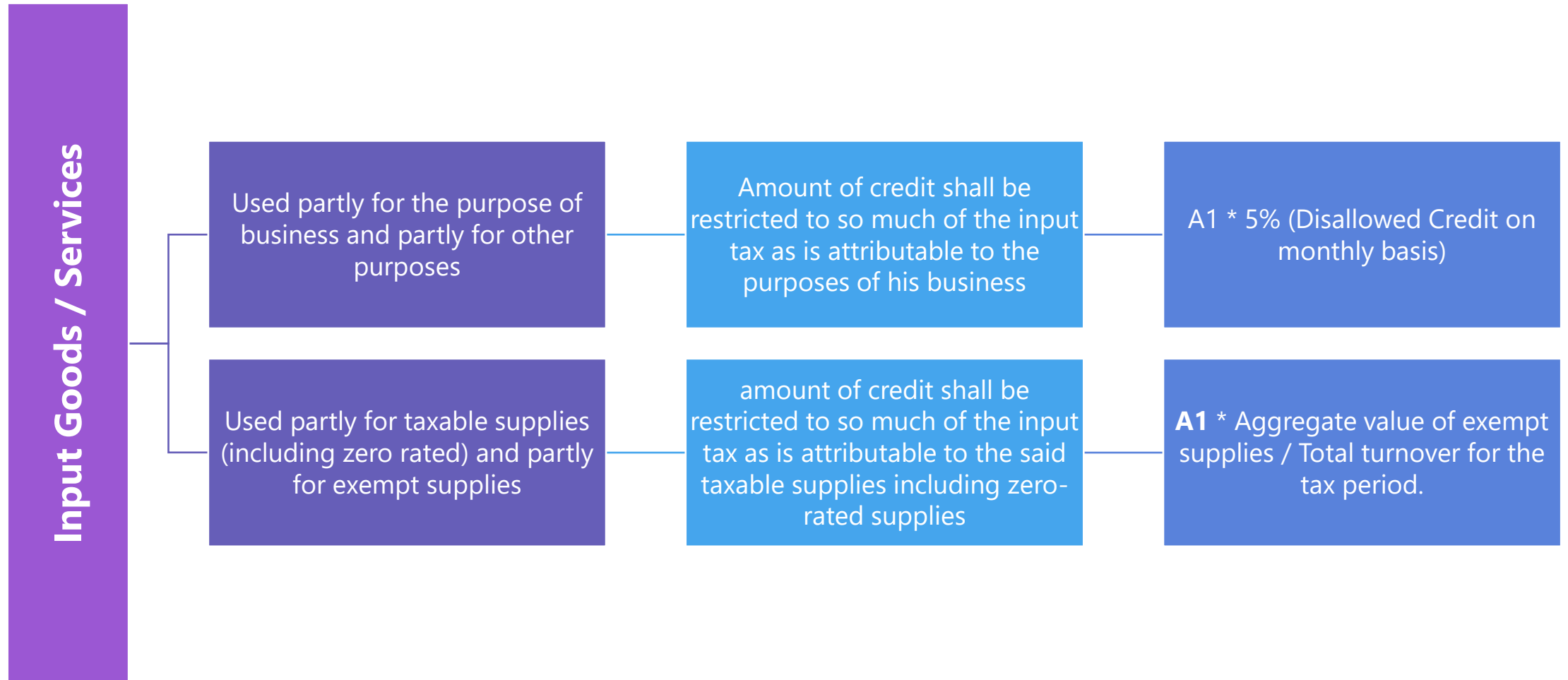


Exception - Supplies on which tax is payable under reverse charge

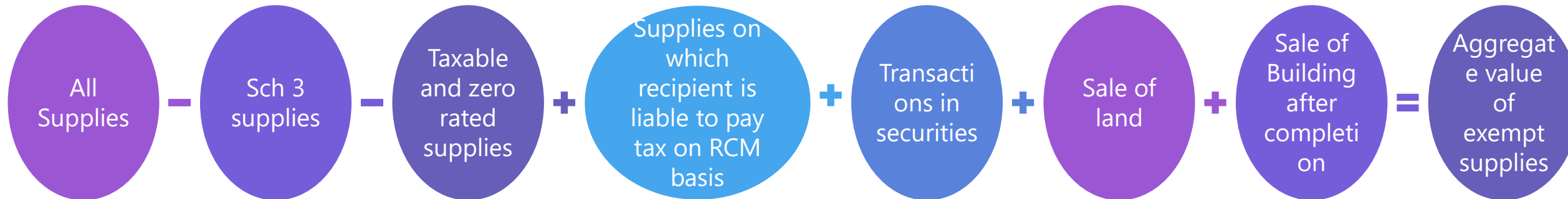
Restrictions on set off of ITC u/s 17



Restrictions on Credit – Section 17(1) & (2)



Restrictions on credit – Section 17(3)



Options for Banks / Financial Institutions – Section 17(4)

A banking company or a financial institution including a non-banking financial company, engaged in supply of engaged in supplying services by way of accepting deposits, extending loans or advances, shall have the option to avail of, every month, an amount equal to 50% of the **eligible input tax credit** on inputs, capital goods and input services in that month.

The option once exercised shall not be withdrawn during the remaining part of the financial year.

The restriction of 50% will not apply to the tax paid on supplies made by one registered person to another registered person having the same PAN.

The registered person shall not avail the credit of tax paid on inputs and input services that are used for non-business purposes and blocked credits.

The details shall be furnished of remaining 50% of input tax credit admissible to the company in **FORM GSTR-2. (Not Started Yet)**

Options for Banks / Financial Institutions – Section 17(4)

Particulars	Deemed 50%	Normal Mechanism
Blocked credits (Foods and Beverages, Rent a Cab etc)	Nil	Nil
Non-business use	Nil	Nil
Supplies in distinct persons	100%	100%
Inward supplies directly relating to taxable outward supplies (e.g. - ATM operation charges, ATM audit fees, Credit Card services charges)	50%	100%
Inward supplies used commonly (e.g. – Rent, Professional Fees)	50%	Retention = Aggregate value of exempt supply / (Divided by) Aggregate value of taxable supply + exempt supply

Blocked credit – 17(5)(a)

Motor Vehicles

Goods and/or services on which credit is blocked	Exceptions
Motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver)	When they are used for making the following taxable supplies namely - <ul style="list-style-type: none">• further supply of such motor vehicles• transportation of passengers• imparting training on driving such motor vehicles

- ITC on motor vehicles for transportation of persons with seating capacity $>$ 13 persons (including the driver) **used for any purpose** is allowed.
- ITC on motor vehicles other than ineligible motor vehicles (e.g. motor vehicle used for transportation of goods, dumpers, tippers etc.) **used for any purpose is allowed.**

Blocked credit – 17(5)(aa)

Vessels and Aircraft

Goods and/or services on which credit is blocked	Exceptions
Vessels and Aircraft	<ol style="list-style-type: none">i. When they are used for making the following taxable supplies namely –<ul style="list-style-type: none">• further supply of such vessels or aircrafts• transportation of passengers• imparting training on navigating such vehicles• imparting training on flying such aircraftii. When they are used for transportation of goods

Section 17(5)(b)

Leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein

Blocked Credit – 17(5)(ab)

General Insurance, Servicing, repairs and maintenance

services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) :

Provided that the input tax credit in respect of such services shall be available —

- i. where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;
- ii. where received by a taxable person engaged —
 - I. in the manufacture of such motor vehicles, vessels or aircraft; or
 - II. in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;

Examples

ITC on cars purchased by a manufacturing company for official use of its employees.

Blocked

ITC on cars purchased by a car dealer for sale to customers.

Allowed

ITC on cars purchased by a company engaged in renting out cars for transportation of passengers.

Allowed

ITC on cars purchased by a car driving school.

Allowed

ITC on buses (seating capacity for 24 persons) purchased by a company for transportation of its employees from their residence to office and back.

Allowed

ITC on trucks purchased by a company for transportation of its finished goods.

Allowed

ITC on aircraft purchased by a manufacturing company for official use of its CEO.

Blocked

ITC on aircraft purchased by an Aviation School providing training on flying aircrafts.

Allowed

ITC on general insurance taken on a car used by employees of a manufacturing company for official purposes.

Blocked

ITC on maintenance & repair services availed by a company for a truck used for transporting its finished goods.

Allowed

ITC on general insurance services taken on cars manufactured by a car manufacturing company.

Allowed

Blocked credit – 17(5)(b)

Part A

Goods and/or services on which credit is blocked	Exceptions to goods and/or services mentioned in column (1) on which credit is allowed
<ul style="list-style-type: none">• Food and beverages• Outdoor catering• Beauty treatment• Health services• Cosmetic and plastic surgery• Life insurance and health insurance	<ul style="list-style-type: none">• Such goods and/or services when used by a registered person for making an outward taxable supply of the same category of goods and/or services or as an element of a taxable composite or mixed supply

Part B

Membership of a club, health and fitness center

Part C

Travel benefits extended to employees on vacation such as leave or home travel concession :
Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force

Examples

(1) A manufacturing company purchases food items for being served to its customers, free of cost. ITC on such goods.

Blocked

(2) AB & Co., a caterer of Amritsar, has been awarded a contract for catering in a marriage to be held at Ludhiana. The firm has given the contract for supply of snacks, to be served in the marriage, to CD & Sons, a local caterer of Ludhiana. ITC on such outdoor catering services availed by AB & Co.

Allowed

(3) ITC on outdoor catering services availed by a garment exporter for a marketing event organised for its prospective customers.

Blocked

(4) The Managing Director of a company has taken membership of a club, the fees for which is paid by the company. ITC on such service.

Blocked

(5) A company avails services of a travel agency for organizing a free vacation for its top performing employees. ITC on such services.

Blocked

Clarification on various issues of section 17(5) of the CGST Act

Section 17(5)(b) the following supply of goods or services or both —

(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, **leasing**, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance :

Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;

(ii) membership of a club, health and fitness center; and

(iii) travel benefits extended to employees on vacation such as leave or home travel concession :

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.]

Circular No. 172/04/2022-GST

Clarification on various issues of section 17(5) of the CGST Act

2. Issue

Whether the provisions of subclause (i) of clause (b) of sub sec (5) of sec 17 of the CGST Act bar availment of ITC on input services by way of "leasing of motor vehicles, vessels or aircraft" or ITC on input services by way of any type of leasing is barred under the said provisions?

The Act provides that ITC shall not be available for the above case except when used for the purposes specified therein, life insurance and health insurance:

- Provided that the ITC shall be available where an inward supply is used by a registered person for making an outward taxable supply of such goods and services or as an element of a taxable composite or mixed supply

It is clarified that availment of ITC is not barred under subclause (i) of clause (b) of subsection (5) of section 17 of the CGST Act in case of leasing, other than leasing of motor vehicles, vessels and aircrafts.

Circular No. 172/04/2022-GST

Blocked Credit – 17(5)(c) & (d)

Goods and/or services on which credit is blocked	Exceptions to goods and/or services mentioned in column (1) on which credit is allowed
<ul style="list-style-type: none">• Work contract services when supplied for construction of immovable property• Goods or Services or both received by a taxable person for construction of an immovable property on his own account even when such goods or services or both are used in the course or furtherance of business.	<ul style="list-style-type: none">• When the works contract service is availed by a works contractor for being used in providing the works contract service.• For construction of plant and machinery. In this case, ITC is allowed to all recipients irrespective of their line of business.

expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property

“plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes — (i) land, building or any other civil structures; (ii) telecommunication towers; and (iii) pipelines laid outside the factory premises.

Examples

(1) ITC on works contracts services availed by a software company for construction of its office

Blocked

(2) CD & Co., a works contractor of Noida, has been awarded a contract for construction of a commercial complex in Lucknow. The firm avails services of EF & Co., a local works contractor of Lucknow, for the construction of complex. ITC on such works contract services availed by CD & Co.

Allowed

(3) ITC on works contract services availed by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently.

Allowed

(4) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory.

Blocked

(5) A consulting firm has availed services of a works contractor for repair of its office building. The company has booked such expenditure in its profit and loss account. ITC on such services.

Allowed

(6) A telecommunication company has availed services of a works contractor for repair of its office building. The company has capitalized such expenditure. ITC on such services.

Blocked

Blocked credit – 17(5)

Other

(e) Goods or services or both on which tax has been paid under composition scheme

(f) Goods or services or both received by a non-resident taxable person except on goods imported by him.

(g) Goods or services or both used for personal consumption.

(h) Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

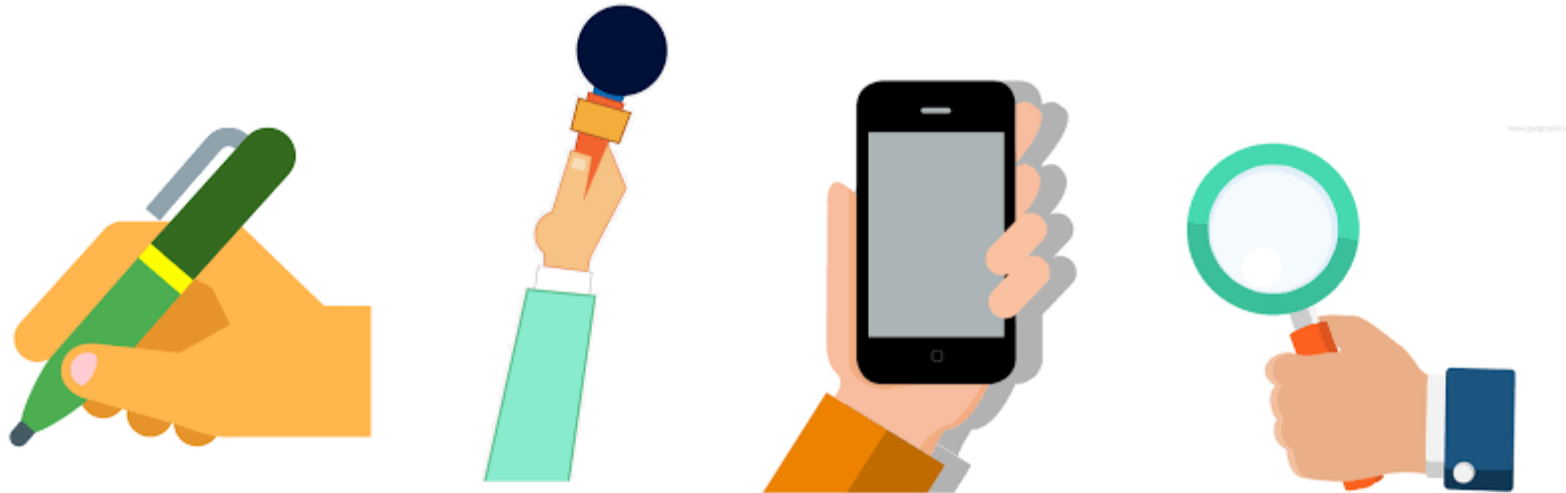
(g) Any tax paid in accordance with the provisions of Section 74, 129 and 130.

SECTION 74. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts

SECTION 129. Detention, seizure and release of goods and conveyances in transit

SECTION 130. Confiscation of goods or conveyances and levy of penalty

Restriction on claiming of ITC under Rule 36(4)



Rule 36(4)

ITC in respect of invoices or debit notes which have not been uploaded by the suppliers shall not exceed 20/10/5% of the eligible credit uploaded by the suppliers in their GSTR 1.

Rule to be applied independently for every tax period.

The restriction of 36(4) will be applicable only on the invoices/debit notes on which credit is availed after 9-10-2019

Relaxation provided due to the ongoing COVID19 for the period February 2020 to August 2020 to apply this rule cumulatively and effect to be given in September 2020 return.

Rule 36(4) - CIRCULAR 123/42/2019 DT. 11/11/2019

Restriction under this Rule is in addition to the provisions of Chapter V of CGST Act and rules made thereunder. Rule 36(4) is not calculated by system and shall be implemented on **self-assessment basis** by tax payers.

Tax payer may avail full ITC in respect of **IGST paid on imports**, ITC under **RCM**, Credit received from **ISD**, etc which are outside the ambit of Sec 37(1).

Restriction imposed is not supplier wise. The credit available under rule 36(4) is linked to total eligible credit **from all suppliers against all supplies**. Thus to be considered on gross basis.

For taking advantage of rule 36(4) only those invoices to be considered which are uploaded by supplier **as on due date of filing** of the returns in Form GSTR-1.

The conditions and eligibility for the ITC that may be availed by the recipient **shall continue to be governed as per the provisions of Chapter V of the CGST Act** and the rules made thereunder.

Rule 36(4) –Example as per CIRCULAR 123/42/2019

	Details of suppliers' invoices for which recipient is eligible to take ITC	20% of eligible credit	Eligible ITC to be taken in GSTR-3B to be filed by 20th Nov
Case 1	Suppliers have furnished in FORM GSTR-1 80 invoices involving ITC of Rs. 6 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers	Rs. 1,20,000/-	Rs. 6,00,000 (i.e. amount of eligible ITC available, as per details uploaded by the suppliers) + Rs. 1,20,000 (i.e. 20% of amount of eligible ITC available, as per details uploaded by the suppliers) = Rs. 7,20,000/-
Case 2	Suppliers have furnished in FORM GSTR-1 80 invoices involving ITC of Rs. 7 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers	Rs. 1,40,000/-	Rs. 7,00,000 + Rs. 1,40,000 = Rs. 8,40,000/-
Case 3	Suppliers have furnished in FORM GSTR-1 75 invoices having ITC of Rs. 8.5 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers	Rs. 1,70,000/-	Rs. 8,50,000/- + Rs. 1,50,000/-* = Rs. 10,00,000 * The additional amount of ITC availed shall be limited to ensure that the total ITC availed does not exceed the total eligible ITC.

Rule 36(4) –Example as per CIRCULAR 123/42/2019

When can balance ITC be claimed in case avilment of ITC is restricted as per the provisions of rule 36(4)?

The balance ITC may be claimed by the taxpayer in any of the succeeding months provided details of requisite invoices are uploaded by the suppliers. He can claim proportionate ITC as and when details of some invoices are uploaded by the suppliers provided that credit on invoices, the details of which are not uploaded (under sub-section (1) of section 37) remains under 20 per cent of the eligible input tax credit, the details of which are uploaded by the suppliers. Full ITC of balance amount may be availed, in present illustration by "R", in case total ITC pertaining to invoices the details of which have been uploaded reaches Rs. 8.3 lakhs (Rs. 10 lakhs/1.20). In other words, taxpayer may avail full ITC in respect of a tax period, as and when the invoices are uploaded by the suppliers to the extent Eligible ITC/1.2. The same is explained for Case No. 1 and 2 of the illustrations provided at Sl. No. 3 above as under :

Case 1	"R" may avail balance ITC of Rs. 2.8 lakhs in case suppliers upload details of some of the invoices for the tax period involving ITC of Rs. 2.3 lakhs out of invoices involving ITC of Rs. 4 lakhs details of which had not been uploaded by the suppliers. [Rs. 6 lakhs + Rs. 2.3 lakhs = Rs. 8.3 lakhs]
Case 2	"R" may avail balance ITC of Rs. 1.6 lakhs in case suppliers upload details of some of the invoices involving ITC of Rs. 1.3 lakhs out of outstanding invoices involving Rs. 3 lakhs. [Rs. 7 lakhs + Rs. 1.3 lakhs = Rs. 8.3 lakhs]

Conditions – Rule 36

RULE 36. Documentary requirements and conditions for claiming input tax credit. —

- (4) No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under sub-section (1) of section 37 unless, -
- (a) the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and
 - (b) the details of such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B under sub-rule (7) of rule 60

Special circumstances in Input Tax Credit (Section 18)

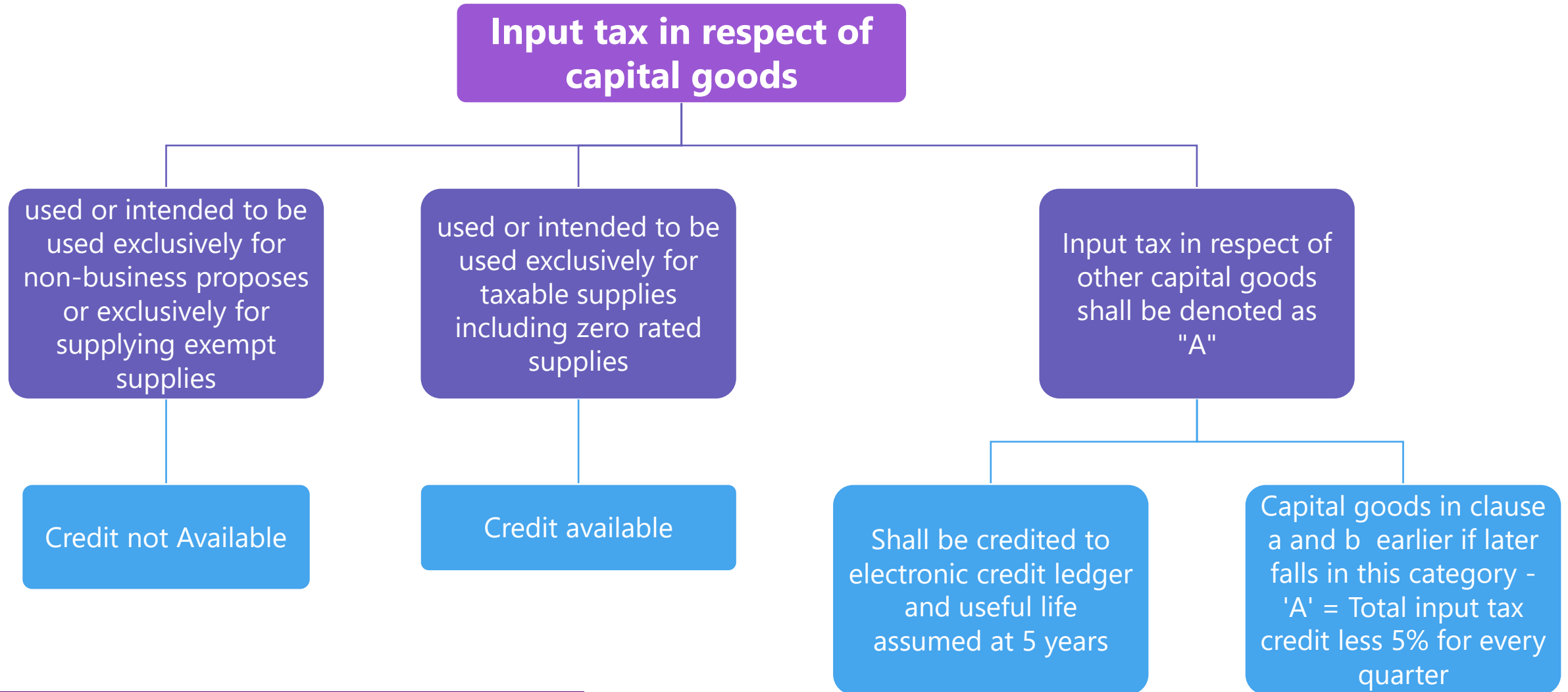


Valuation for GST in case of supply of capital goods

In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed (i.e. 5% per quarter) or the tax on the transaction value of such capital goods or plant and machinery as determined, whichever is higher.

Where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods as determined.

Reversal of ITC in case of Capital Goods – Rule 43



Recalculation of reversal under Rule 42 & 43

Final calculation of credit to be disallowed and added to output tax liability to be done after the end of the year

a) If amount exceeds sum of monthly calculations

Add to output tax liability for a month not later than September of succeeding financial year and interest payable from 1st April of succeeding financial year

b) If amount is lesser than sum of monthly calculations

It shall be claimed as credit for a month not later than September of succeeding financial year

Proportionate ITC as per Rule 42/43

Explanation 1:- For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-

(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and

(c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.

(d) the value of supply of Duty Credit Scrips exempted through Notification No. 35/2017-Central Tax (Rate), dated the 13th October, 2017

Credit in special circumstance – Sec 18(1)

	Particulars	Credit eligible from the day immediately preceding the day	Reduction in credit	Type of goods
a.	Compulsory registration (If taken within 30 days)	When he becomes liable to pay tax	NA	<ul style="list-style-type: none"> Inputs held in stock Inputs contained in semi finished goods and finished goods
b.	Voluntary registration	grant of registration	NA	<ul style="list-style-type: none"> Inputs held in stock Inputs contained in semi finished goods and finished goods
c.	When registered person ceases to pay tax under composition scheme	He becomes liable to pay tax under normal provisions of Act.	5 percentage points per quarter of a year	<ul style="list-style-type: none"> Inputs held in stock Inputs contained in semi finished goods and finished goods Capital goods
d.	Where an exempt supply of goods or services or both by a registered person becomes a taxable supply	Such supply becomes taxable	5 percentage points per quarter of a year	<ul style="list-style-type: none"> Inputs held in stock Inputs contained in semi finished goods and finished goods Capital goods used exclusively for supply of exempt service

Credit in Special Circumstance – Sec 18(2) & Rule 40

1. A registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply – Section 18(2)
2. the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in **FORM GST ITC-01*** to the effect that he is eligible to avail the input tax credit as aforesaid :
Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner
3. the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of Central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;

Change in Business Constitution – Section 18(3) & Rule 41

On account of

1. Sale
2. Merger
3. Demerger
4. Amalgamation
5. Lease or
6. Transfer of Business

Transfer of **Unutilized ITC** in the books allowed to such

1. Sold
2. Merged
3. Demerged
4. Amalgamated
5. Leased or
6. Transferred business

A registered person shall furnish details in **FORM GST ITC-02 electronically** on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee

Provided that in the case of de-merger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme

Explanation. - For the purpose of this sub-rule, it is hereby clarified that the “value of assets” means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.

The transferor shall also submit a copy of a certificate issued by a practicing chartered accountant or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities

Cash

Transfer of credit within different GSTIN in a State - Rule 41A

On account of

1. Sale
2. Merger
3. Demerger
4. Amalgamation
5. Lease or
6. Transfer of Business

Transfer of **Unutilized ITC** in the books allowed to such

1. Sold
2. Merged
3. Demerged
4. Amalgamated
5. Leased or
6. Transferred business

Cash

A registered person who has obtained separate registration for multiple places of business in accordance with the provisions of rule 11 and who intends to transfer, either wholly or partly, the unutilised input tax credit lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of thirty days from obtaining such separate registrations, the details in **FORM GST ITC-02A**:

Provided that the input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.

Explanation. - For the purposes of this sub-rule, it is hereby clarified that the 'value of assets' means the value of the entire assets of the business whether or not input tax credit has been availed thereon.

Credit in case person opts to Composition – Sec 18(4)

Section 18(4)

Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption :

Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

Credit in case of Capital Goods – Sec 18(6)

- In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed(i.e. 5% per quarter) or the tax on the transaction value of such capital goods or plant and machinery as determined, whichever is higher.
- Where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods as determined.

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Thank you..