



Sec 2(59) Input : Means **any goods** used/ intended to be used by supplier, in the course / furtherance of business. (other than Capital Goods)

Sec 2(60) Input Service : Means **any service** used/ intended to be used by supplier, in the course / furtherance of business.

Sec 2(19) Capital Goods : Means goods, the value of which is capitalised in the book of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business

Sec 2(62) "Input Tax":- 1) CGST/SGST/UTGST/IGST charged on any supply of goods or services or both made to him (Inward Supply)
2) the IGST charged on import of goods
3) the tax payable under the RCM
but does not include the tax paid under the composition levy

Sec 2(82) "Output Tax": "Output tax" in relation to a taxable person, **means** the tax chargeable under this Act on
⇒ taxable supply ⇒ of goods or services or both
⇒ made by him or by his agent
but excludes tax payable by him on reverse charge basis.

Sec 16 : Eligibility & Conditions for ITC

1) Eligibility criteria-

- ⇒ **Person**= Registered,
- ⇒ **Supply**= Used/Intended to be used in course / furtherance of his business

2) Conditions for availment of ITC:- (Overriding sec 16)

- a) He is in possession of a Tax Invoice/debit note
- aa) the details of the invoice or debit note has been furnished by the supplier in GSTR -1 and such details have been updated in GSTR - 2B of recipient.
- b) He has received the Goods/Services/Both
(For **Bill to Ship to**- it shall be deemed to be received
⇒ **Goods**- When goods are delivered by supplier
⇒ **Services**- When services are provided
- (ba) The details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted
- c) Tax charged on such supply= has been actually paid to Govt. by the supplier
- d) He has furnished return u/s 39
Proviso 1 :- ITC if Goods are received in Lots :- Where 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
Proviso 2:- Payment for the invoice to be made within 180 days (Rule 37)
1. Default : Failure by Recipient to pay (Wholly or partly) to the supplier the within 180 days from Invoice date.
2. Consequence : Amount equal to the ITC availed **proportionate to amount not paid to supplier** shall be **paid by him along with interest payable u/s 50.**
3. Details to be furnished : Details of defaulted supply, value not paid, ITC availed to be mentioned in FORM GSTR-3B for the month immediately after the expiry of 180 days from Invoice date.
4. Regain of Credit : Regain when payment is made **to supplier** (below time limit N.A. for regaining of ITC)
5. Non Applicability : This provision not applicable
a) Tax payable under RCM b) Deemed supplies without consideration [Sch.1]
c) Value of supplies on account as per sec 15(2)(b)

Rule 36- Documents Requirement :-

- 1) ITC availed on the basis of following docs.- Invoice by supplier/ Invoice by recipient (RCM)/ Debit note/ Bill of entry/ Revised Invoice/ Docs. by ISD.
- 2) **Mandatory Requirement in Invoice** - Details of tax, descriptions of goods or service, value of supply, GSTIN & place of supply.
- 3) **No ITC**- if tax has been paid & demand is confirmed because of fraud etc.
- (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 section 37(1) 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 IFF; and
(b) the details of **input tax credit in respect of** such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B.

SEC 38 : FURNISHING DETAILS OF INWARD SUPPLIES & INPUT TAX CREDIT

- ⇒ ITC not available under section 38 as per GSTR - 2B if the supplier
 - Is having new registration (upto the prescribed time period)
 - has defaulted in tax payment and default has continued for the prescribed time period
 - has tax paid in GSTR-3B lower than output tax shown in GSTR-1 by the prescribed limit
 - has taken more ITC in GSTR -2B than in GSTR - 2B than in GSTR - 3B by the prescribed limit
 - has paid higher proportion of taxes from his credit than what is allowed as per law
 - other notified persons

Sec 41 :- Claim of ITC and Provisional acceptance thereof

The taxpayer shall self-assess and claim ITC in GSTR 3B. It further provides that in case the taxpayer has claimed ITC of GST which is not paid/ deposited by the corresponding supplier, than the taxpayer / recipient shall reverse the ITC along with interest. The recipient shall be eligible to re-claim the ITC reversed, on payment of GST by the supplier.

Rule 37A: Reversal of ITC in the case of non-payment of tax by the supplier and reavailment thereof:-

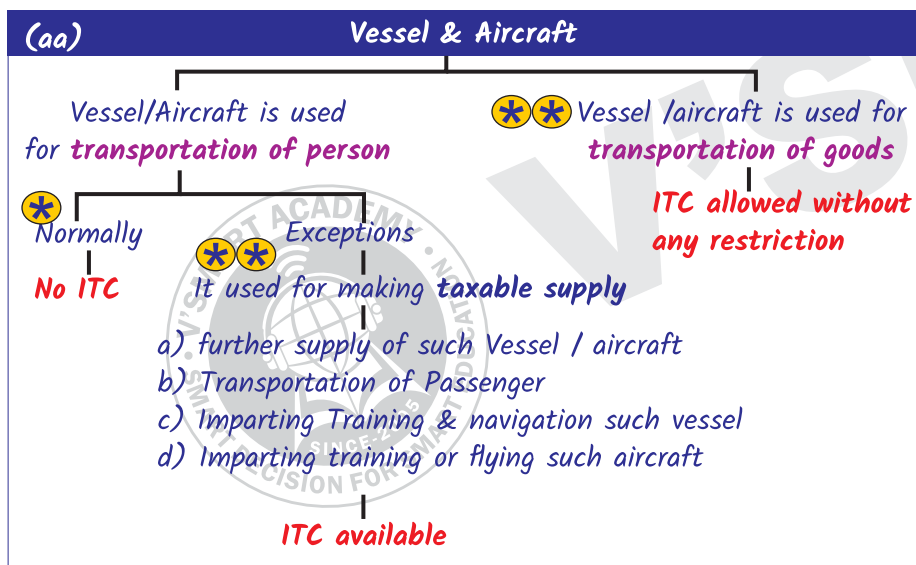
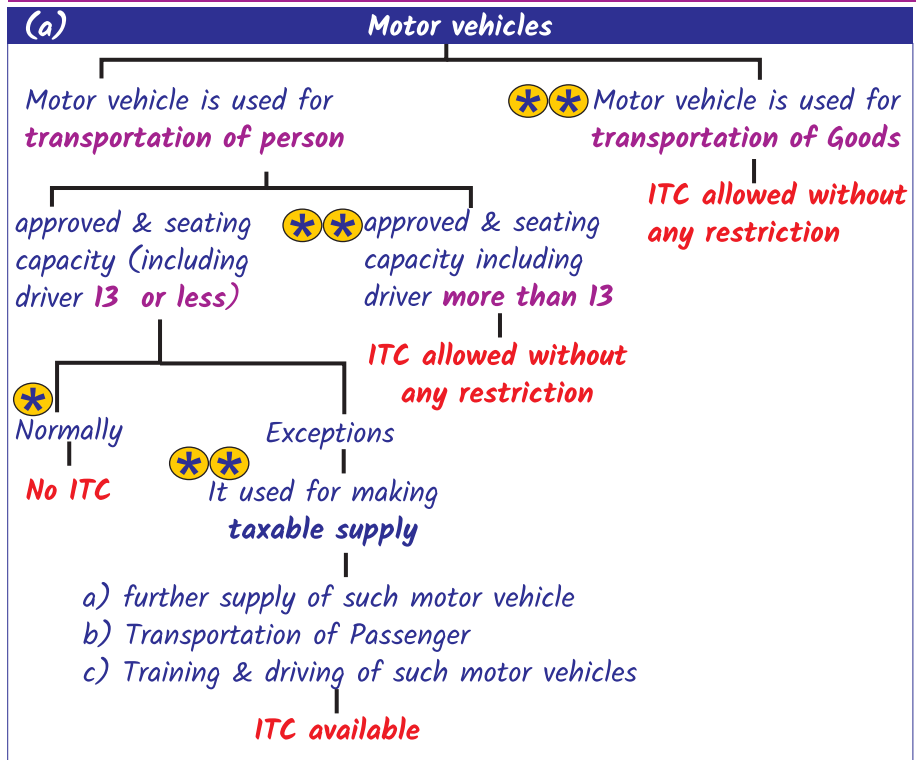
- ⇒ If the registered person has availed ITC & supplier furnished his GSTR 1 & if supplier has not furnished outward supplies in GSTR 3B till the 30th Sep, then the registered person shall reverse ITC in form GSTR 3B on or before 30th Nov following the end of FY.
- ⇒ If ITC is not reversed by Registered person, then amount shall be payable with interest u/s 50
- ⇒ If supplier furnishes GSTR 3B subsequently, registered person may re avail the amount of ITC.

3) When depreciation is claimed on tax component-

Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961,
the input tax credit on the said tax component shall not be allowed.

4) Time limit of availing ITC-

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 **30th day of November** following the end of financial year to which such invoice or debit note pertains or
⇒ **furnishing of the relevant annual return,**
whichever is earlier.



Clause (ab) If notified services are used for such Motor Vehicle/ Vessels/Aircraft

following Notified service used for such motor vehicles/vessels/aircraft

- General insurance
- Servicing
- Repairs & Maintenance
- Leasing/Renting/hiring (covered in clause (b))

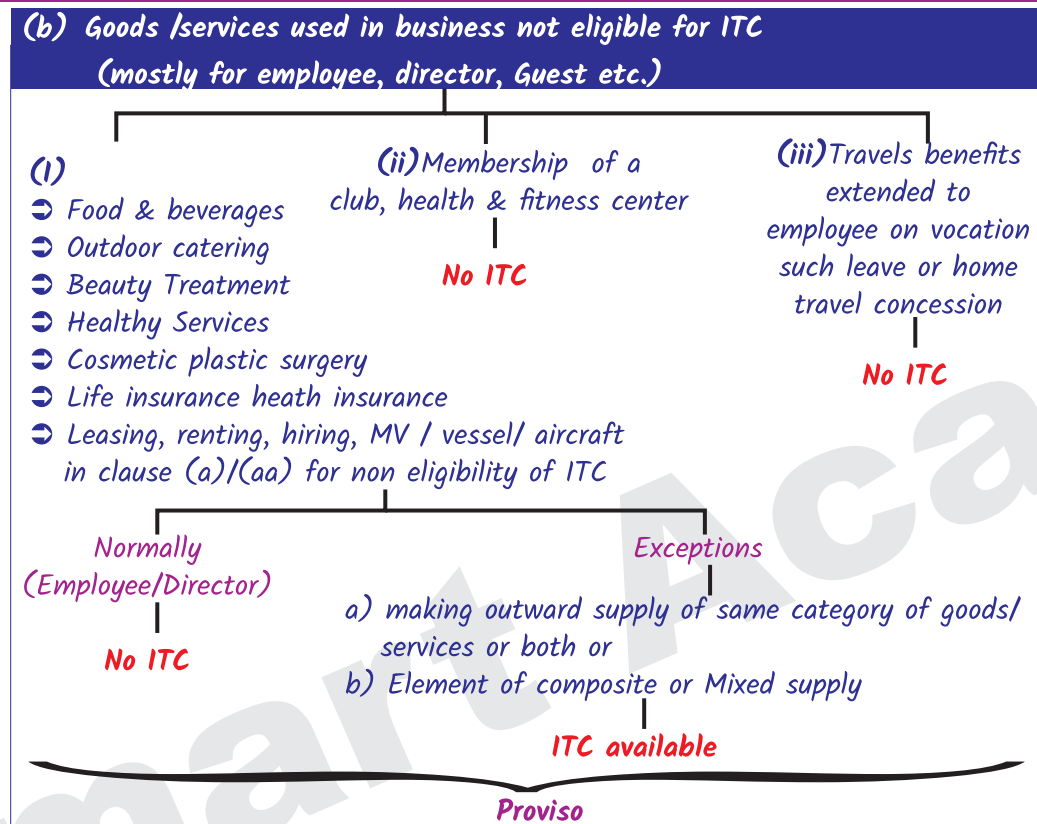
If MV /Vessel/Aircraft used in the business

If notified services used in clause (a) or (aa) for purpose Marked as

If MV /Vessel/Aircraft is manufacturer's final product

ITC is available for above notified services

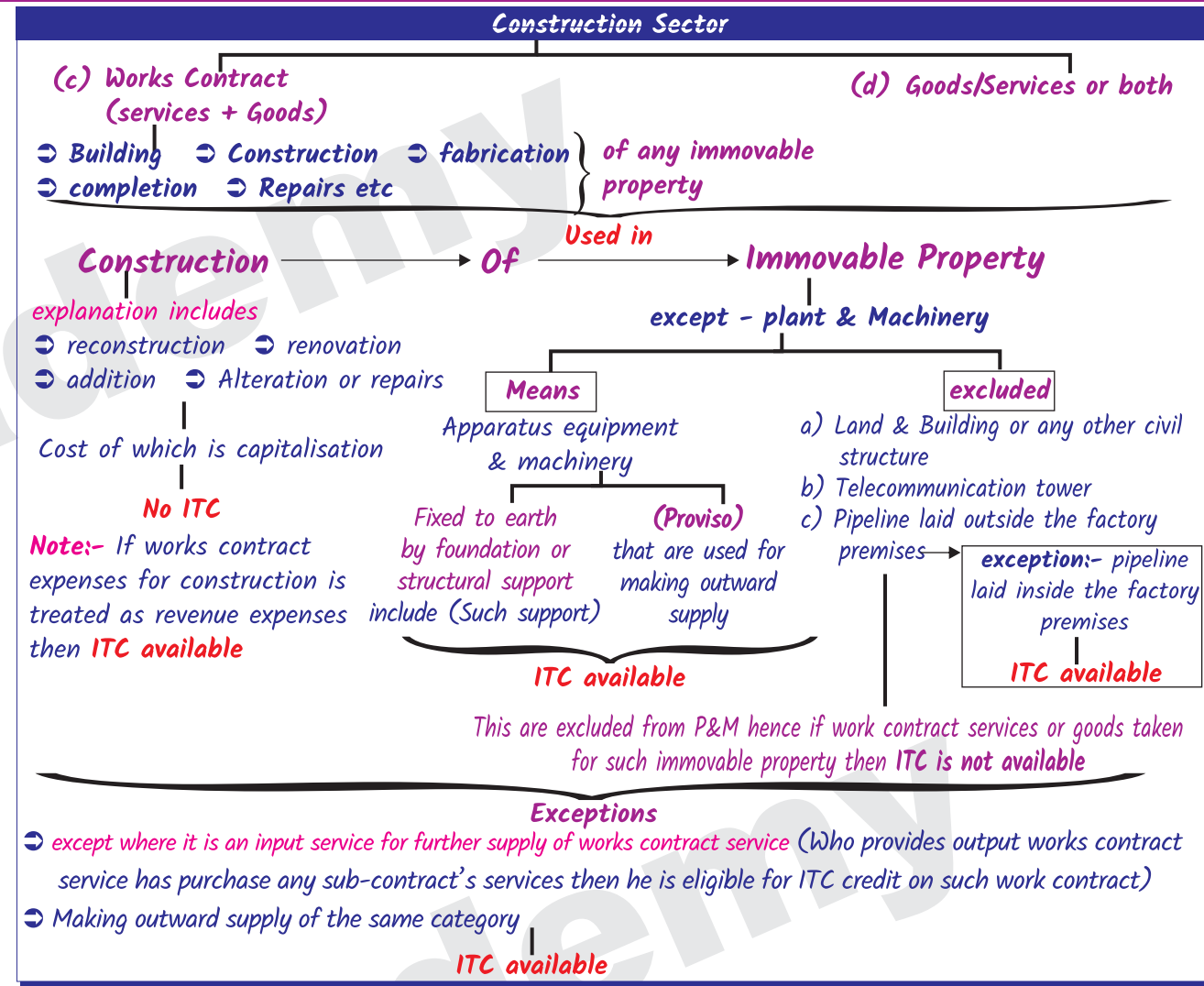
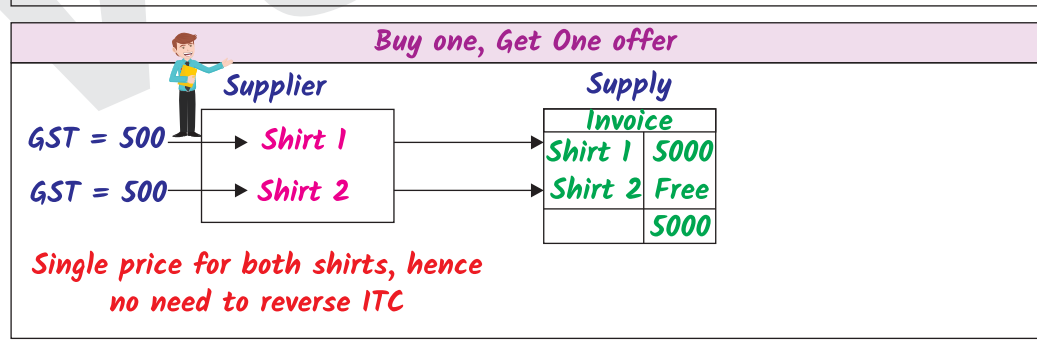
* → ITC Not available
 ** → ITC available



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.

1) Circular no. 172/04/2022 : Proviso after Sec 17(5)(b)(iii) ie ITC of goods or services shall be available, which are obligatory for an employer to provide to its employees is applicable to the whole of Sec 17(5) (b).

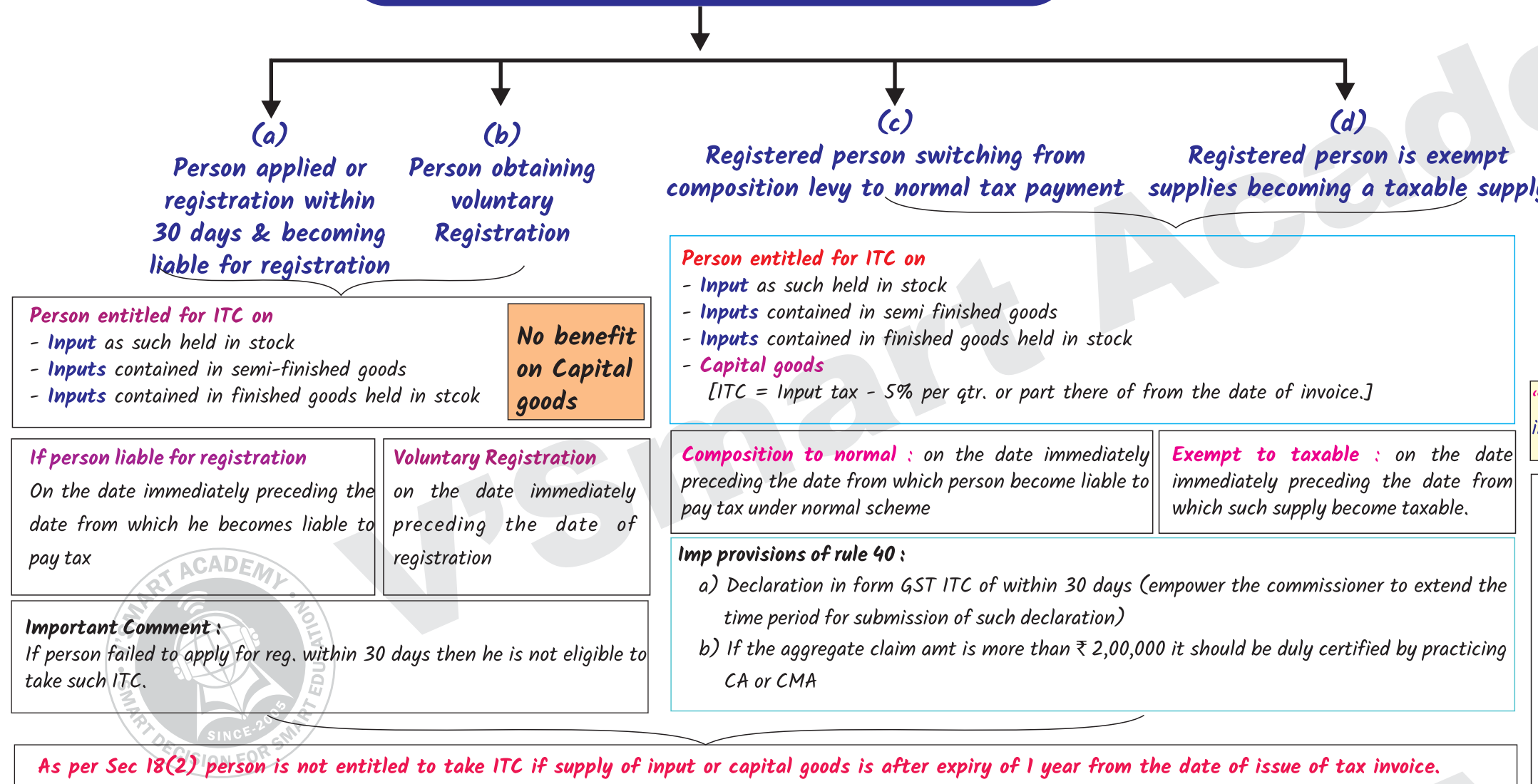
2) Circular No. 206/18/2023 : Input services in same line of business include transport of passengers or renting of motor vehicle with operator & not leasing of motor vehicles without operator which attracts GST for sale of motor vehicle



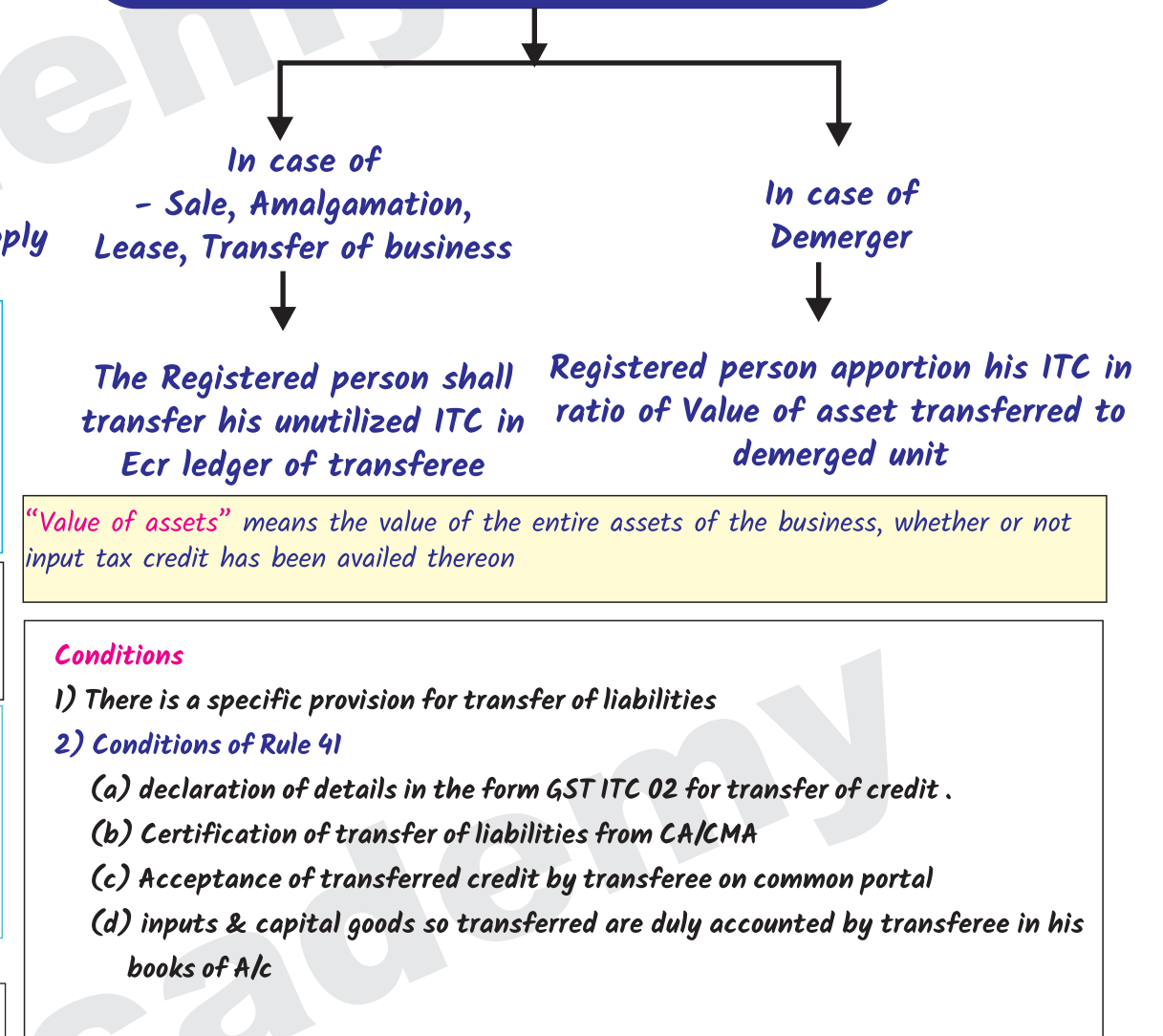
Other Points

	Non eligibility of ITC	Explanation
e)	Goods or services or both on which tax has been paid under sec 10	अगर composition supplier के composition tax, invoice में लगाकर दे रहा है, जो नहीं देना चाहिये था. So, recipient को उस Tax का credit नहीं मिलेगा
f)	Goods or services or both received by NRTP	No ITC (Remark :- ITC available on imported goods by NRTP)
fa)	Goods &/or services received by taxable person, which are used/intended to be used for activities relating to his obligations under CSR referred to in section 135 of Companies Act, 2013	No ITC
g)	Goods or services or both used for personal consumption	No ITC
h)	Goods Lost, destroyed, stolen, written off ↳ Transit Loss ↳ Store Loss ↳ Processed Loss (Sec 17(5)(h)) If ITC taken: Reverse the ITC or add in output tax liability If ITC Not taken: Don't take it Sec 17(5)(h)	Distributed by way of Gift ↳ If ITC taken: Supply -Sche I-Para 1 Value - Rule 30 ITC - available ↳ If ITC Not taken: don't take it u/s17(5)(h)
i)	Tax paid accordance with the provisions of sec 74, 129, 130	Sec 74-Misstatement or suppression of fact Sec 129-detention, seizure goods in transit removed leg of provision Sec 130-Confiscation of goods

Sec 18(1) Availment of Credit

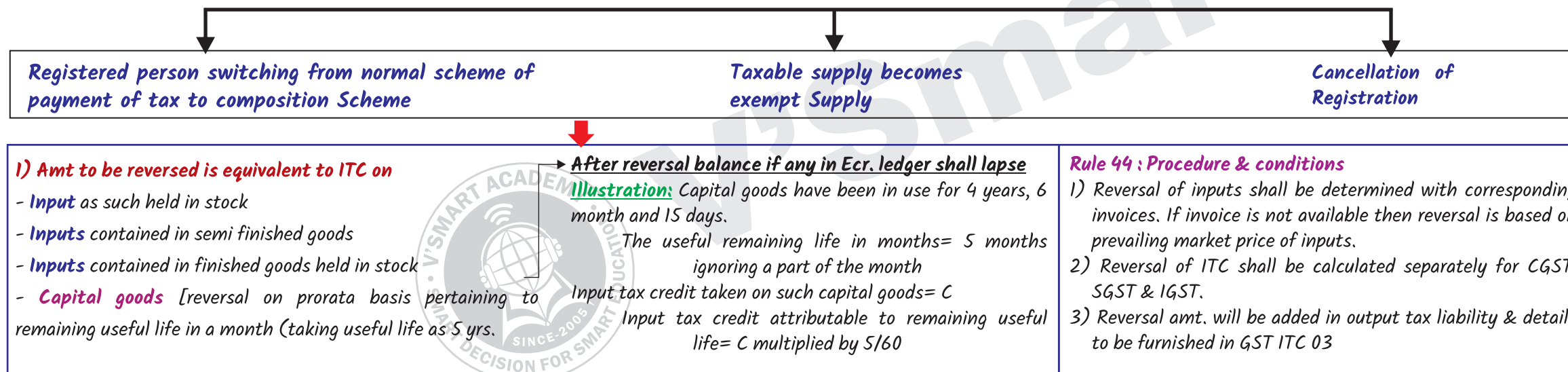


Sec 18 (3) Transfer of ITC



Reversal of Credit

Sec 18(4) Reversal of credit in Special Cases



Sec 18 (6) : Reversal of credit on supply of Capital Goods/ Plant & Machinery on which ITC has been taken

- If capital goods or plant & machinery on which ITC has been taken are supplied [Removed as such by way of sale transfer barter etc.] then registered person shall pay higher of the following
 - Payment = ITC - 5% per quarter or part thereof OR
 - GST on transaction value
- In case of refractory bricks, moulds & dies, jigs & fixtures, supplied as a scrap then person may pay tax on transaction value instead of above 2 options.