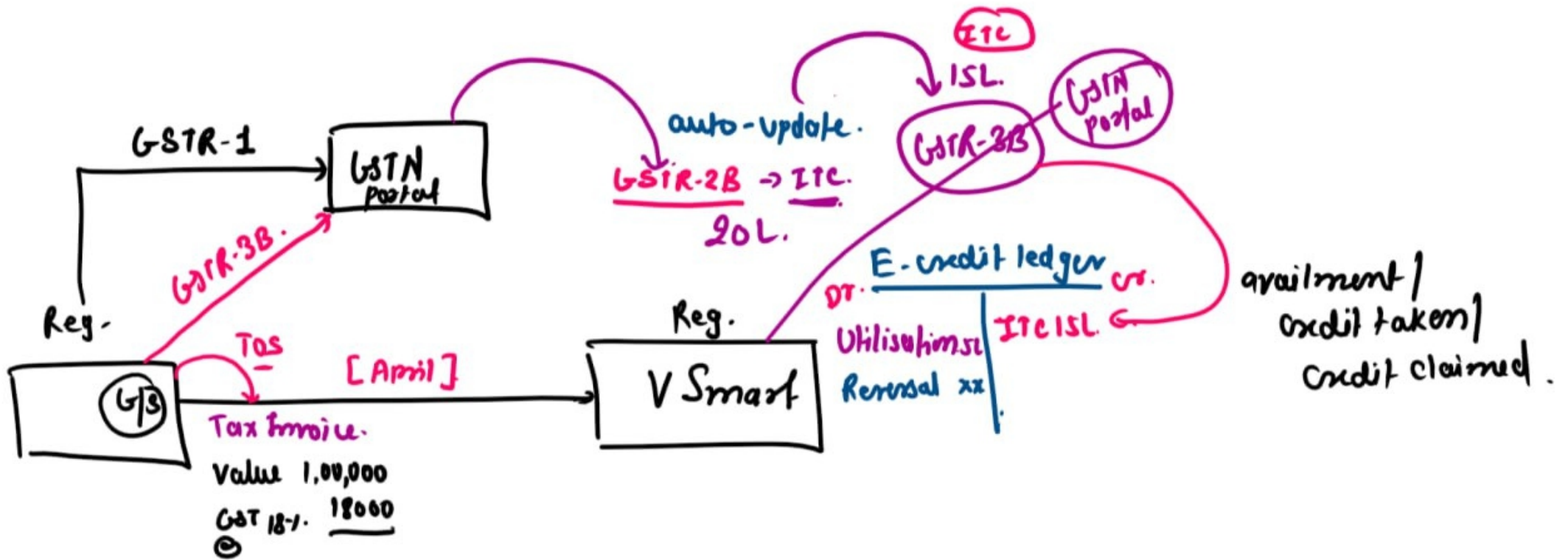




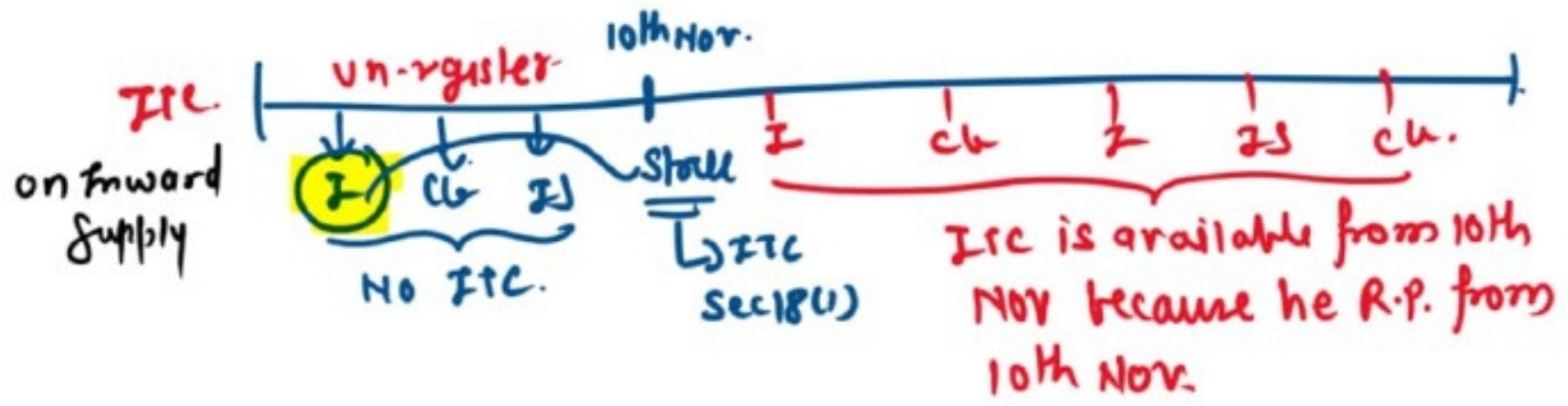
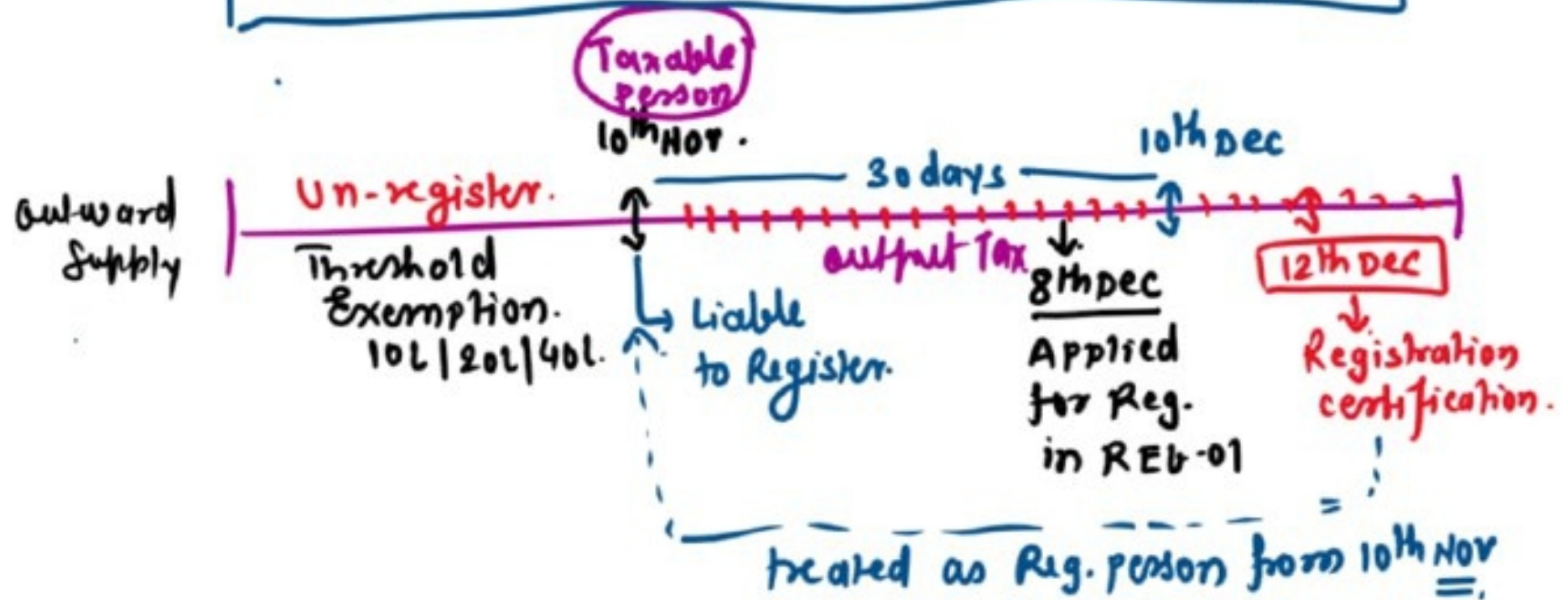
CHAPTER - 8

ITC

Availment of ITC

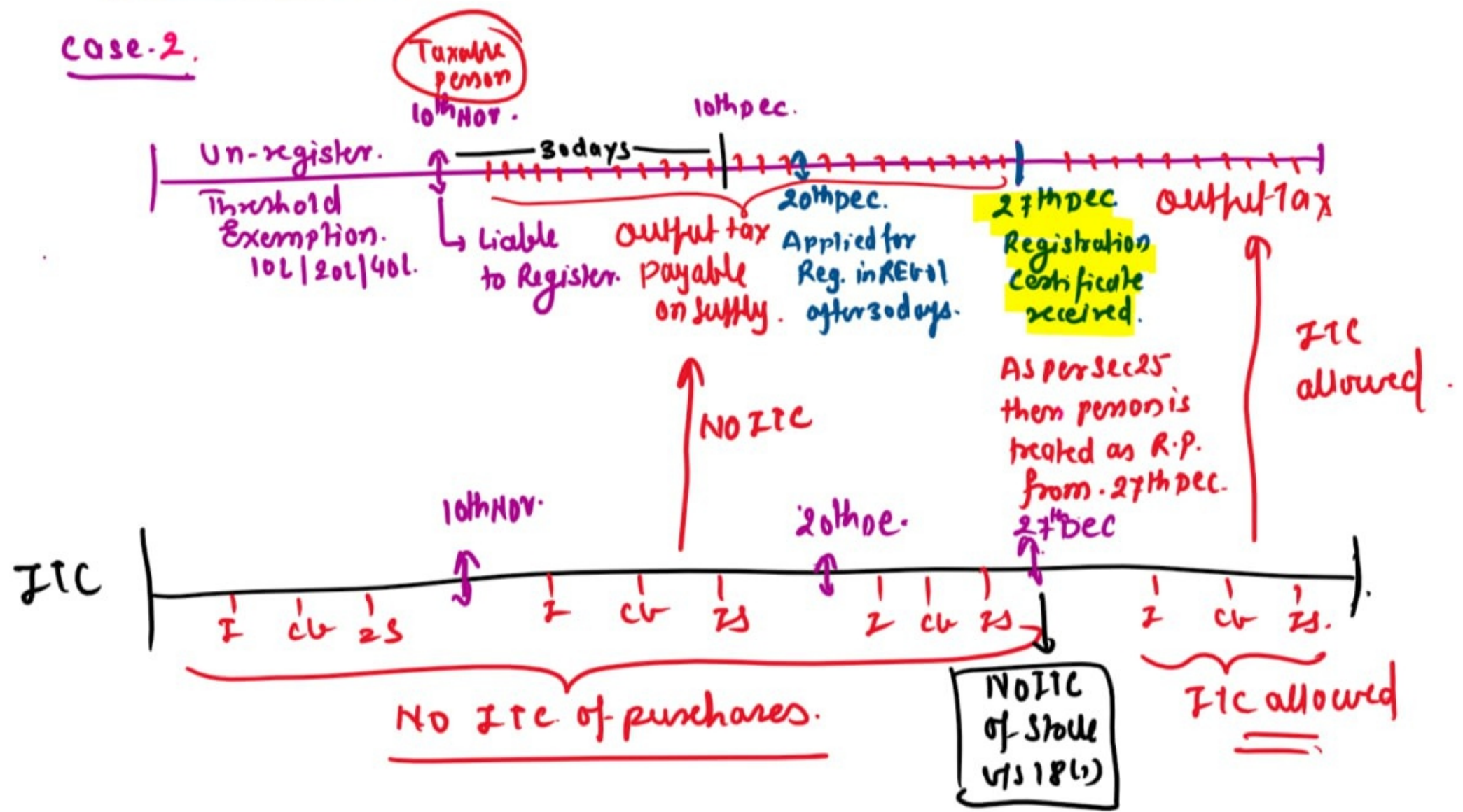


Case 1: If App for Reg. within 30 days.

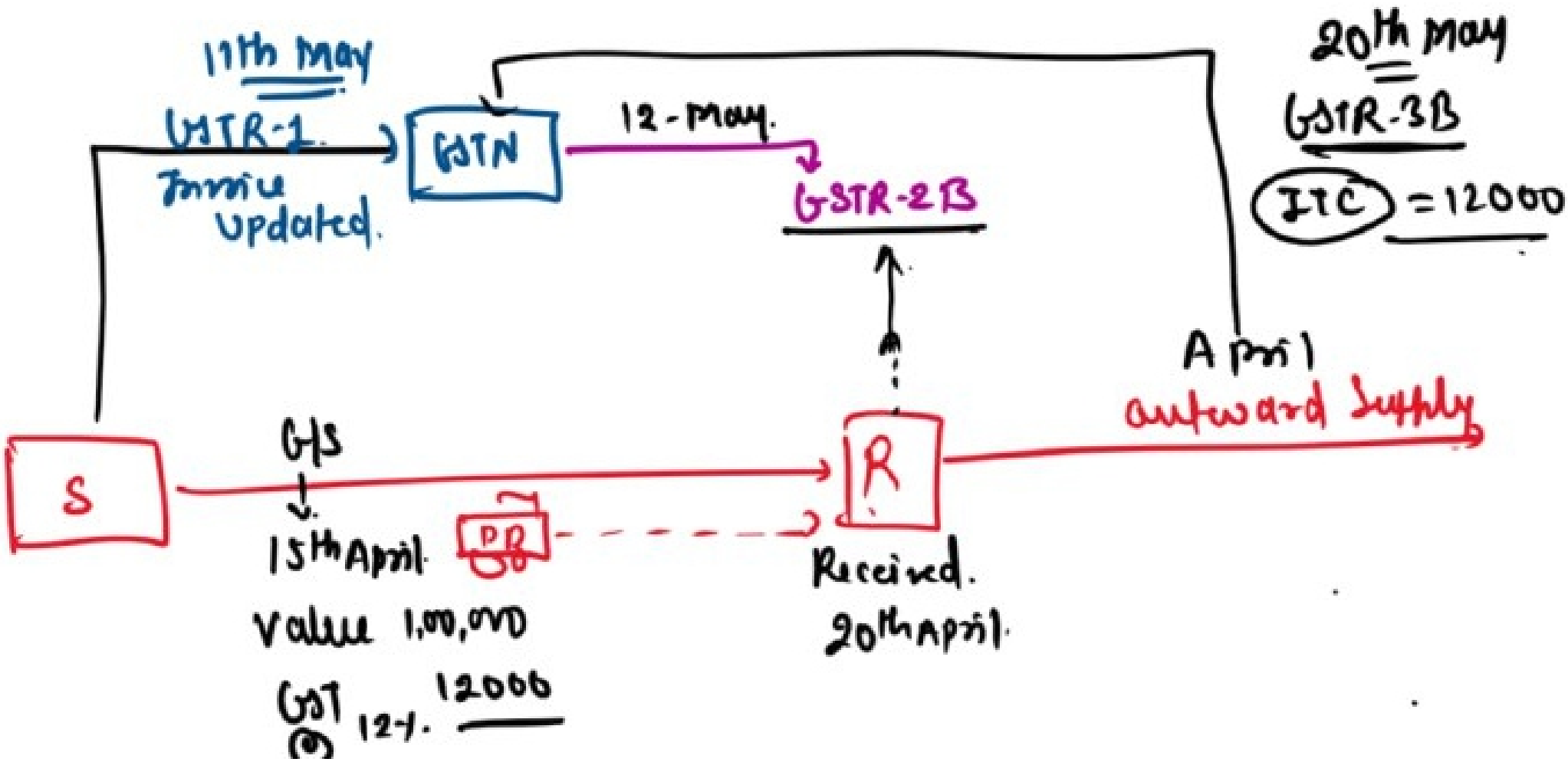


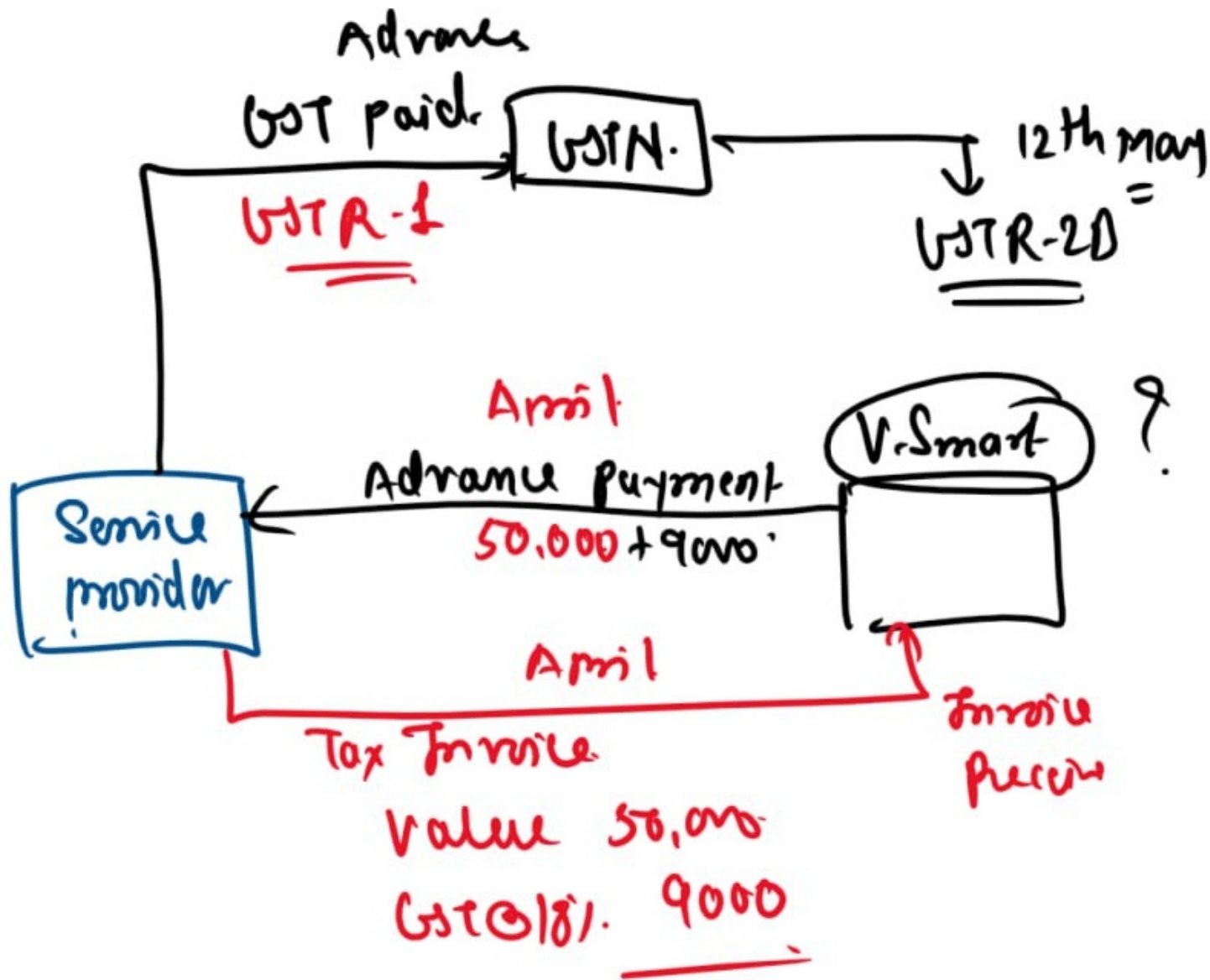
Case-2: If App for Reg. not within 30 days.

Case-2.



ITC: Goods or Services received.





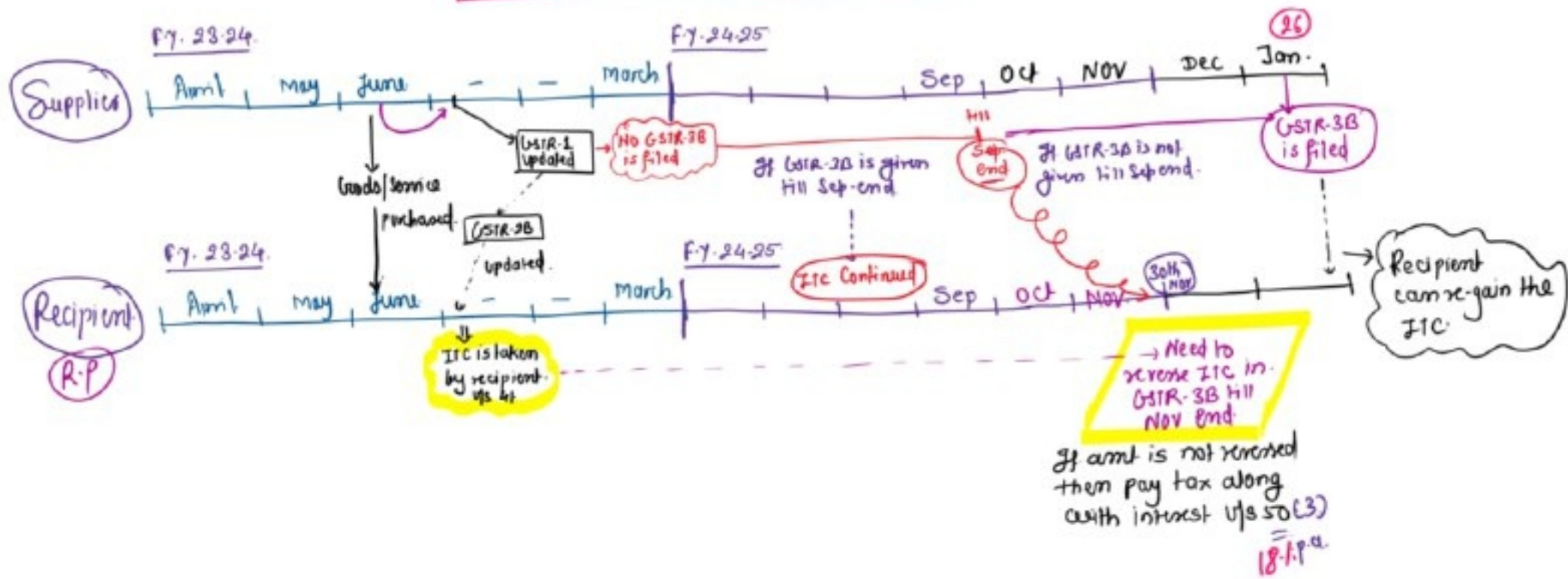
No ITC on Advance payment.

Cumulative condⁿs of 16(2)(a)/(a9)/(b.)

Situations	Date of receipt of invoice.	Date of receipt of G/S	Updated in WTR-2B	Eligibility of - 21c.
A	<u>25-4-xx</u>	<u>26-4-xx</u>	<u>April.</u>	In the month <u>April.</u>
B	<u>28-4-xx</u>	<u>03-05-xx</u>	<u>April.</u>	In the month of <u>May.</u>
C	<u>05-05-xx</u>	<u>29-4-xx</u>	<u>May.</u>	<u>— do —</u>
D.	<u>10-4-xx</u>	<u>15-4-xx</u>	<u>July.</u>	<u>July.</u>

} whichever is later.

Sec 16(2)(c) read with sec 41 & Rule 37A



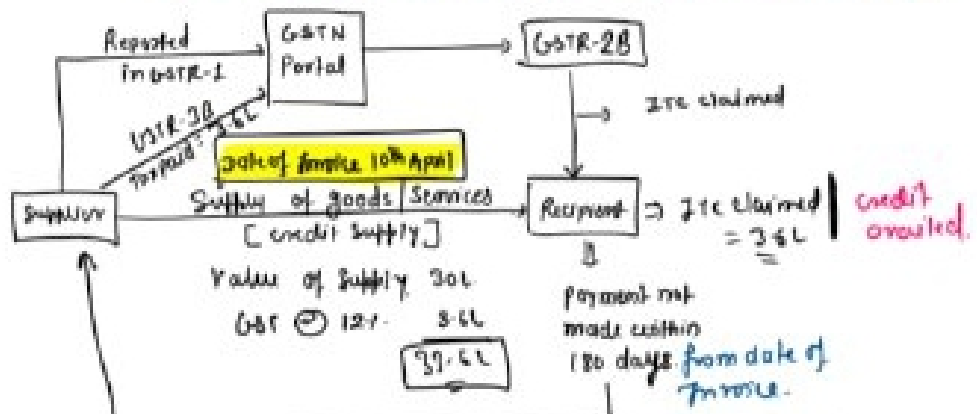
Rule 37B: ITC Eligibility & Interest Liability.

Period in which GSTR-3B are the Invoices / debit notes reported by the Supplier	Do buyer need to reverse ITC	Do buyer need to pay Interest.
1) Supplier filed GSTR-3B on or before 30th Sep of the year following the F.Y.	No need to reverse ITC claimed earlier	Not applicable.
2) Supplier filed GSTR-3B on or after 1st Oct of the year following the F.Y.	Yes, ITC claimed earlier must be reversed in GSTR 3	NO.
		Yes

If buyer filed GSTR-3B on or before 30th Nov of the following year with reversal of ITC.

If buyer filed GSTR-3B on or after 30th Nov of the following year with reversal of ITC.

Proviso-2 [Read with Rule 37] → Payment within 180 days.



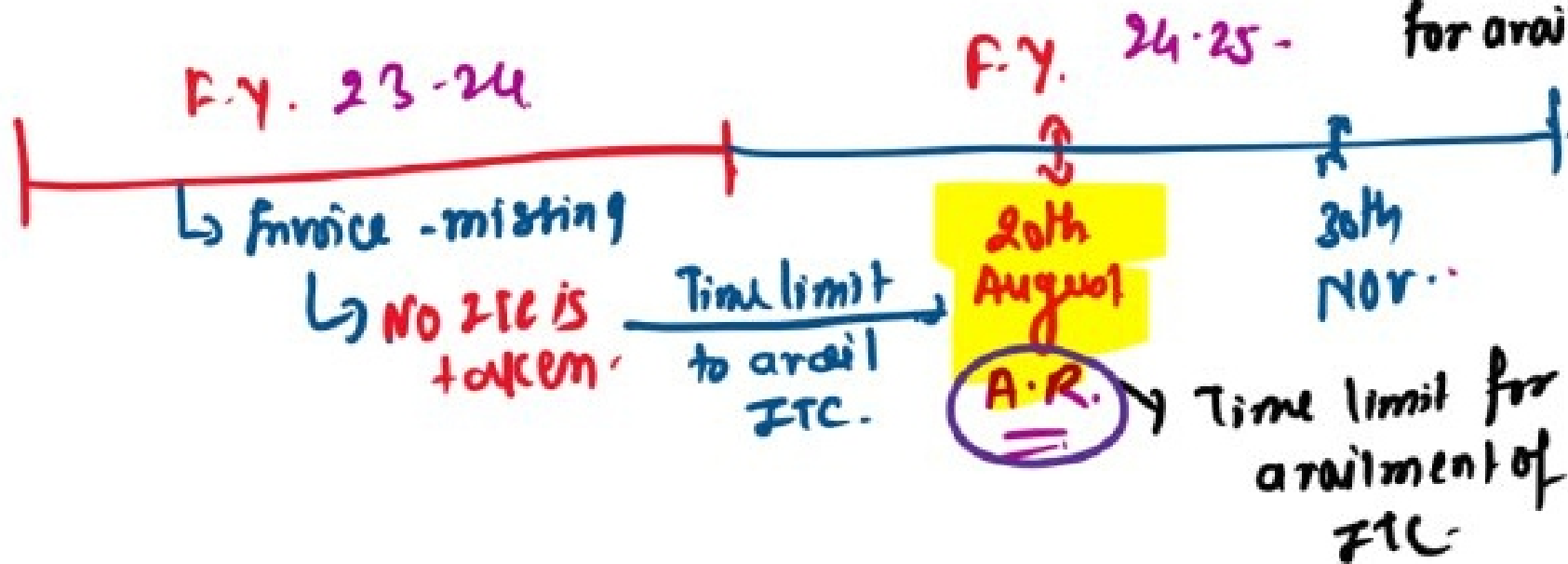
Payment within 180 days from the date of invoice | 7th out (Proviso-2)

Payment made within 180 days.
 ↓
 ITC which had taken will be continued.

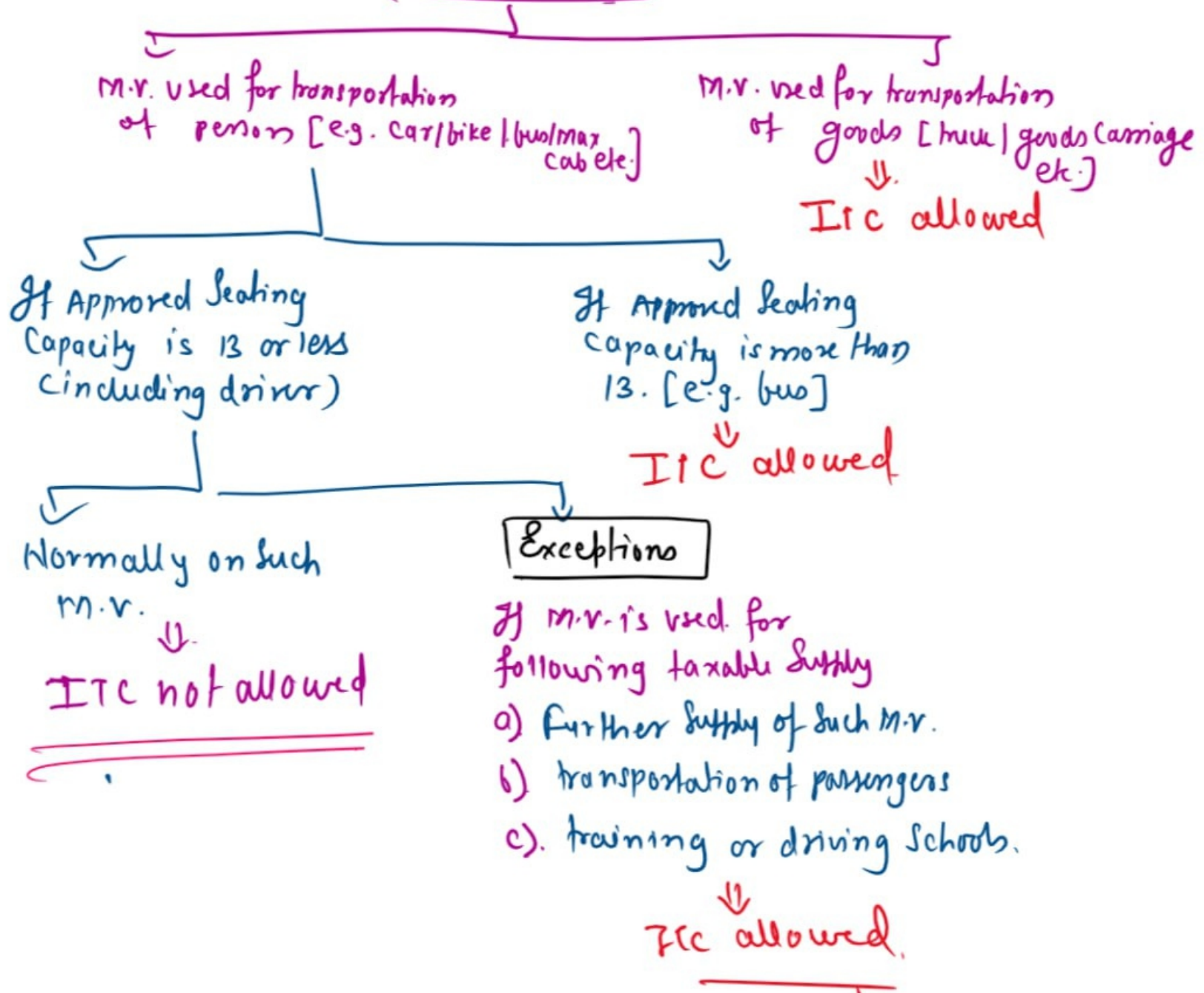
Payment not made within 180 days
 ↓
 Pay or receive in = ITC taken [i.e. 3.6L]
 immediately after 180 days (both of GSTR 3B)
 ↓
 along with interest @ 15% [i.e. Sec 50(a) read with Rule 88B]

Proviso-3
 Payment made to Supplier (value Tax) after 180 days.
 ↓
 Regain ITC which already paid in the month in which payment made by recipient to Supplier.
 ITC again 3.6L
Note! No regaining of Interest.

Sec 16(4) : Time limit for availing ITC.



Motor vehicle (M.V.)



ITC on vessels or Aircraft.

Vessels/Aircraft
used for transportation
of persons

Vessels or Aircraft
used for goods
transportation

↓
ITC allowed.

Normally

↓
ITC not
allowed.

↓
Clause (ab) : Specified Services
are also not eligible
for ITC.

Exceptions
If such vessels or
aircraft used for the
purposes of.

- 1) further taxable supply.
- 2) transportation of passengers.
- 3) imparting training on navigating such vessels.
- 4) imparting training on flying such aircraft.

Specified Services
under (ab) are
eligible for ITC.

Sec 17(c) - Blocked credit

Clause (c) Works Contract [w.c.] (d) Goods or Services.

Construction of I.P. → Other than plant & machinery

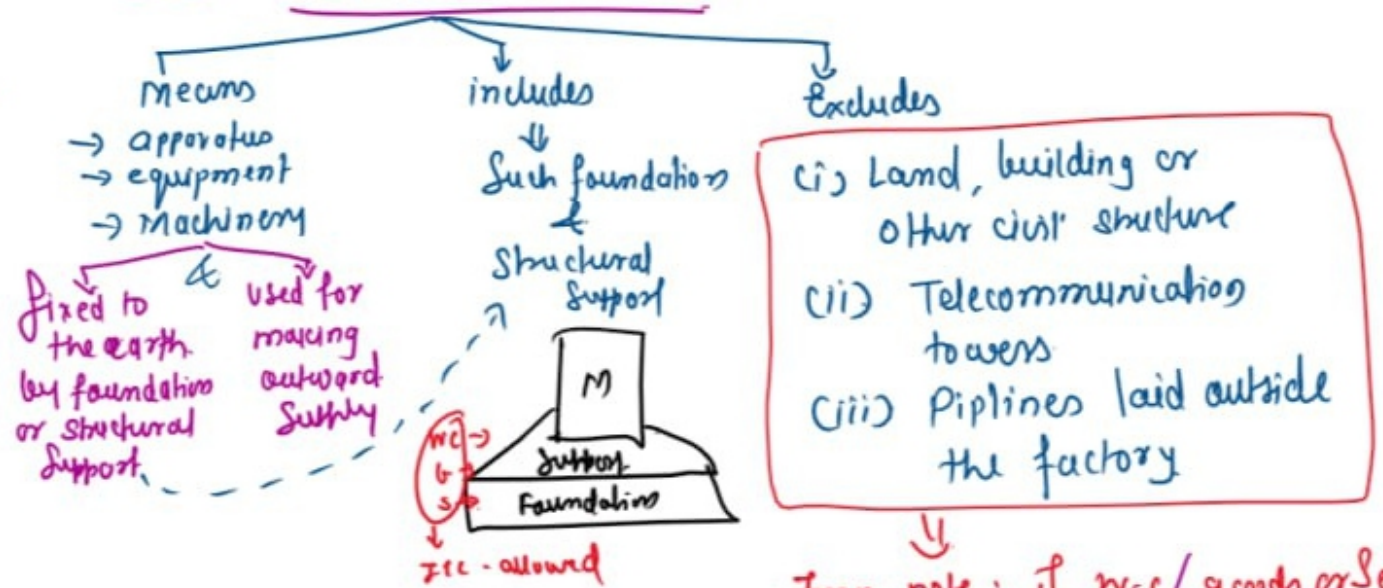
↓
No ITC

- Explanation-1
Construction includes.
- re-construction
 - renovation
 - Addition or alteration
 - repairs

↳ to the extent Capitalisation

It means, if any w.c. service or goods or any service is purchased for construction of plant & machinery then ITC is available.

Expt 2 : Defn of plant & machinery



Imp Note: If as per GAAP it is revenue exp then ITC available.

Imp note: if w.c./ goods or service purchased for construction of above then ITC is not available

Sec 17(5)(h)

Goods
[Purchase]

→ Lost - destroyed - stolen - written off

↳ wholly or partly.

gift - Summary

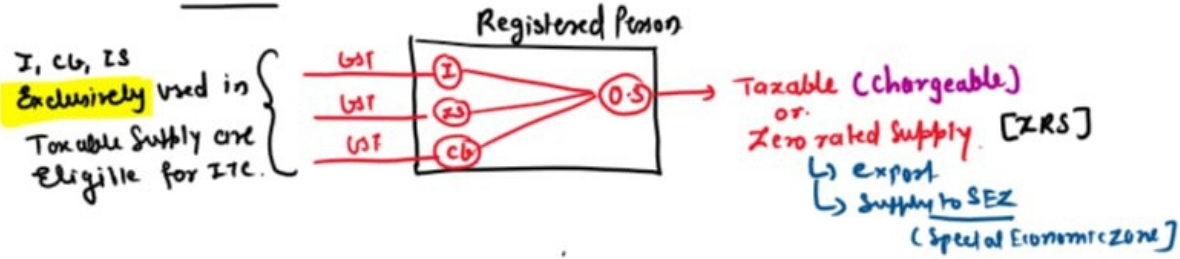
- ① NO ITC is available or
- ② If ITC is taken then it is required to be reversed

If ITC is taken on such goods

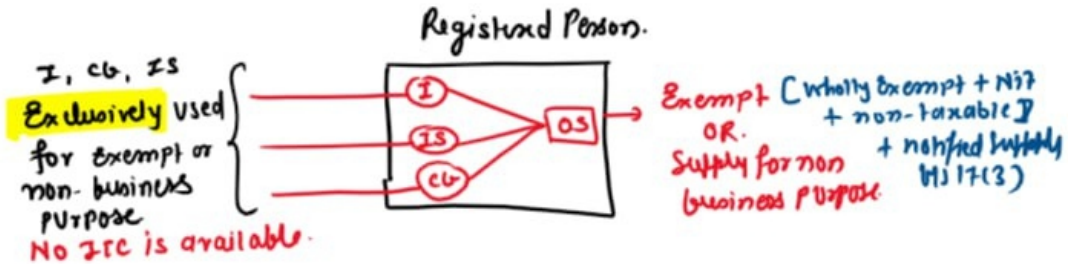
- ① As per para-1 of Schedule-I, it is treated as supply.
- ② On such supply tax is payable & also ITC is available.
- ③ value shall be determined as per Rule 30

If ITC is not taken on such goods
↓
then as per 17(5)(h) ITC is not available.

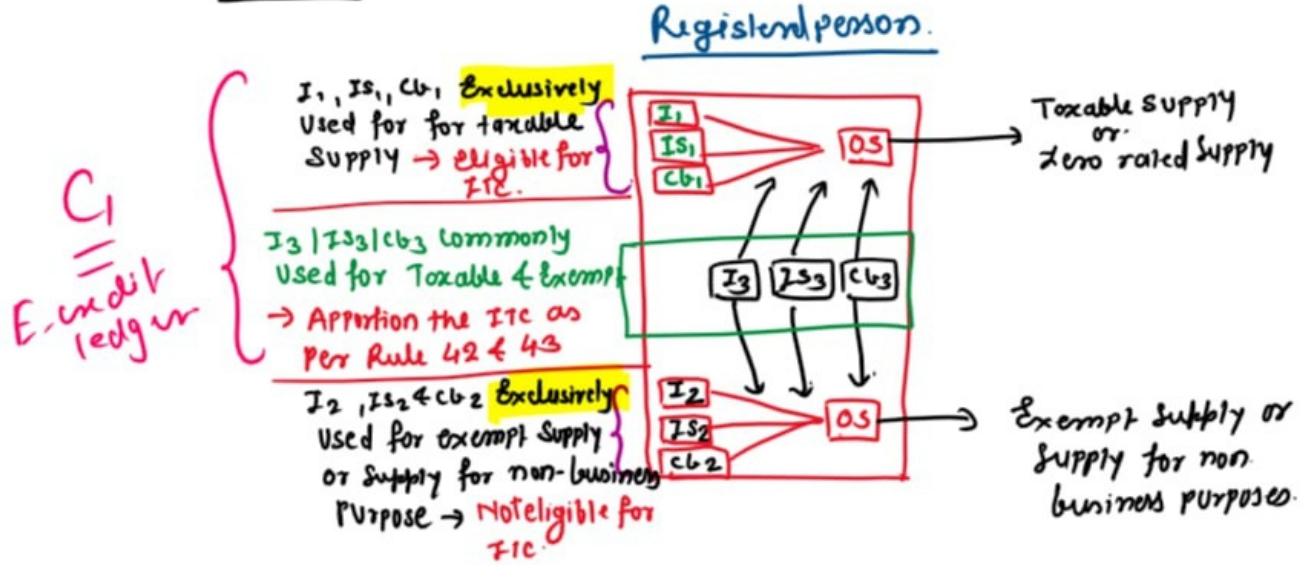
Case-1.



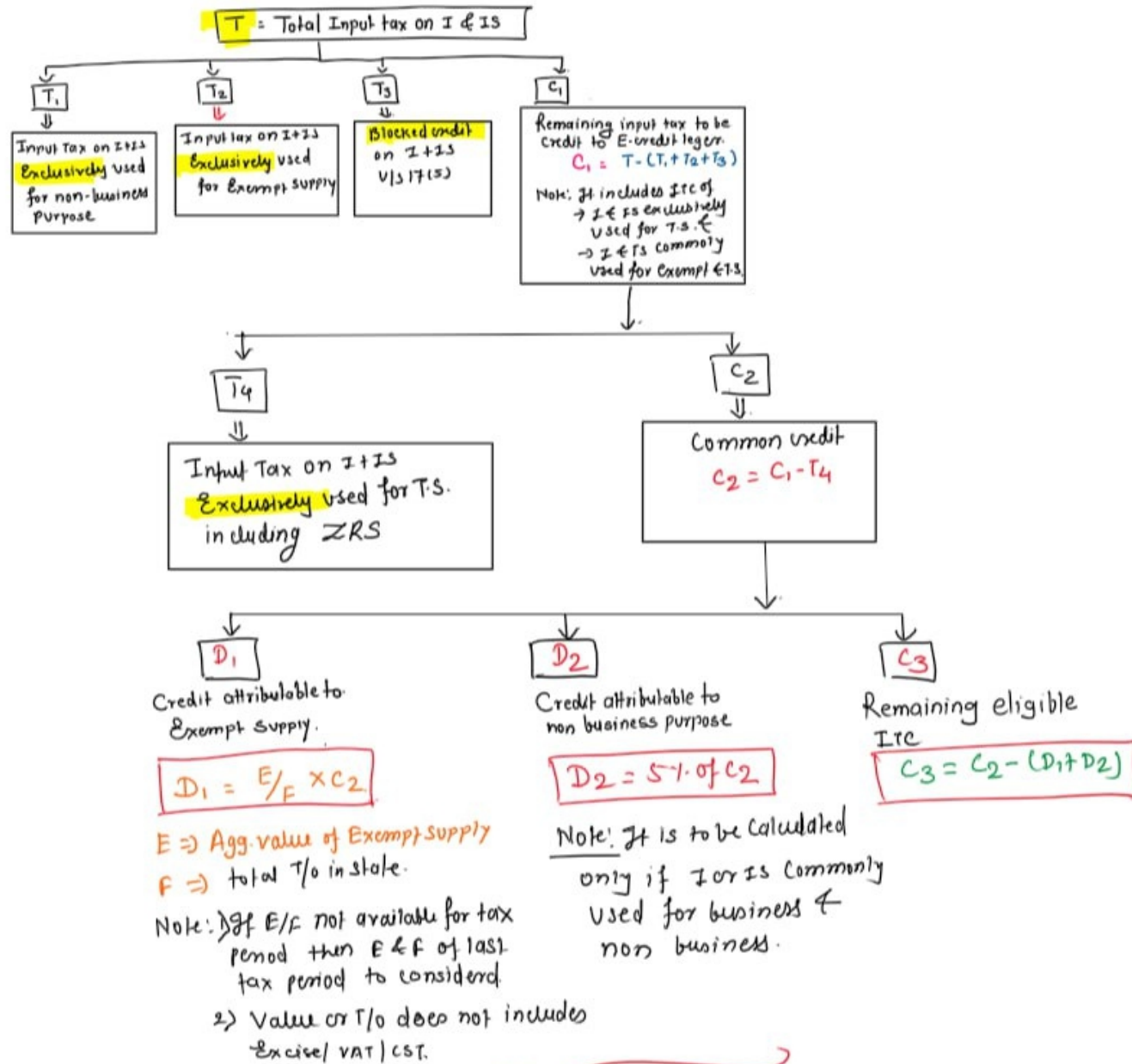
Case-2



Case-3

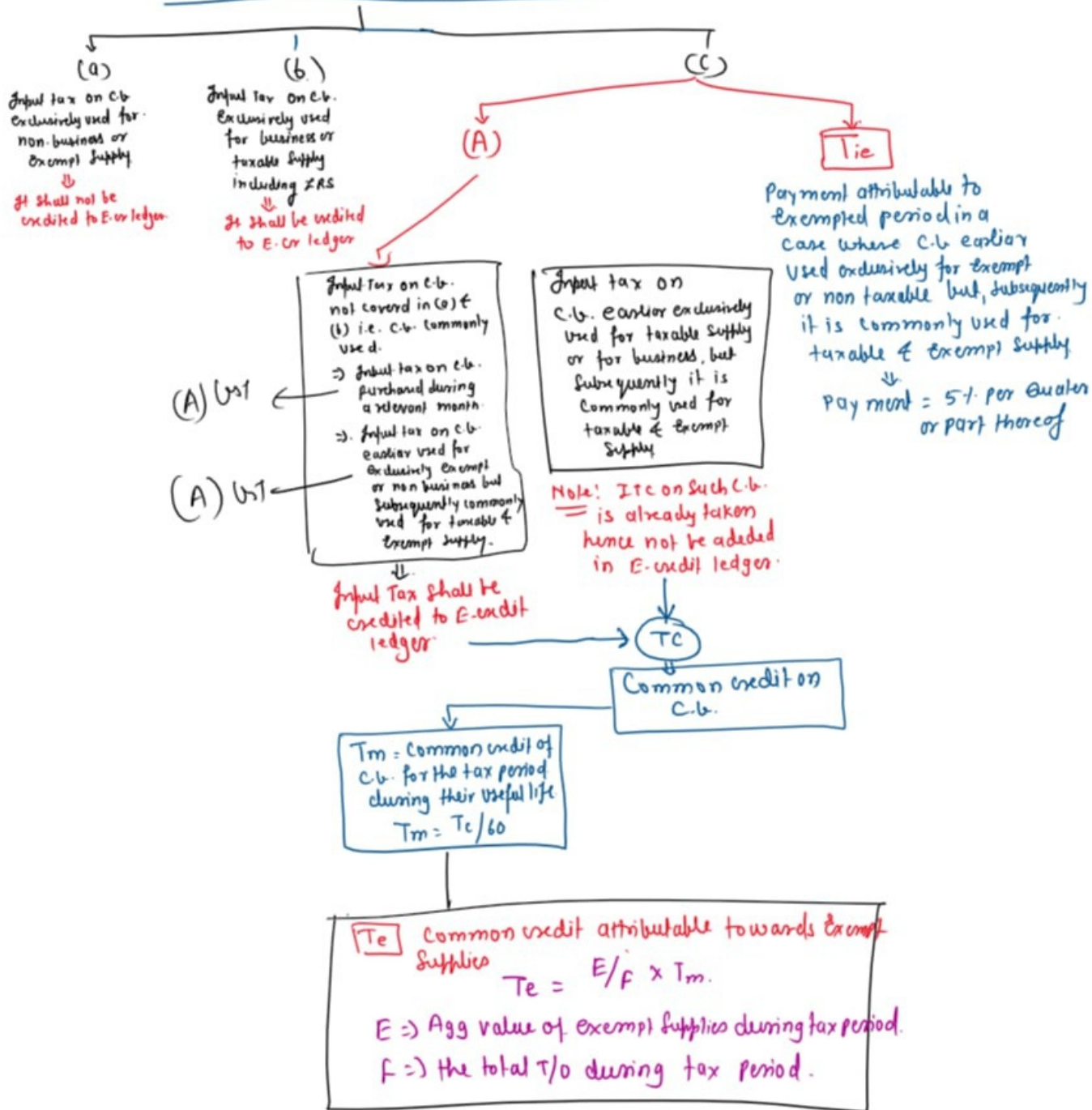


Rule 42: Apportionment of ITC of I & IS.



GSTR-2B → Removal of ITC

Rule 43: Apportionment of ITC of C-b.



Reverse Switching. Sec 18(4)

1) Normal Tax. 1st April. 1) Composition Levy. 2) Exemption. 3) Un-registered.



Case-1 E-credit led bal. preceding day 31st March.

Reversal 10,00,000
 ITC 10,00,000 (Cb)
 Extra payable = 2,00,000
 ↳ E-cash ledger.

Inputs:
 -> lying in stock.
 -> in semi-finished.
 -> in finished goods.
 2) Capital goods (for purchase proceeds)

Calculate the ITC
 ITC (lets assume)
 ↳ Case-1 = 10,00,000 (I + Cb)
 OR
 Case-2 = 6,00,000

Case-2. E-credit led.

Reversal 6,00,000
 ITC = 10,00,000
 Lapsed 4,00,000

[i.e. cannot be carry forward]

assume.

$$I + Cb = C = 10L$$

Example given in Rule 44.
 4 years - 6 months - 15 days.
4 - 7 month

Remaining Useful life
5 month

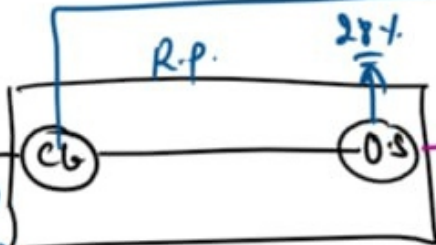
$$\begin{aligned} \text{Reversal} &= C \times S/60 \\ &= 10 \times 5/60 \\ &= 0.83 \end{aligned}$$

Why Sec 18(6) is given

case-1

April

Value 50,00,000
GST @ 12% 6,00,000



Supply of C-b.

April

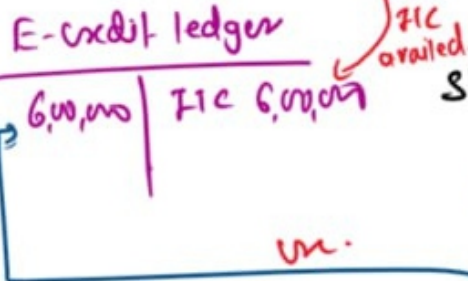
May.

↓
outward supply
Value 60,00,000
GST @ 12% 16,80,000

CB → supply (sold) [second hand machinery]
Value 10,00,000 (T.V.)
GST 12% 1,20,000

sec. 18(6)

I.T.C. taken



Statement of Net GST payable
[April]

Output Tax	16,80,000
Less: I.T.C.	6,00,000
Net GST payable	<u>10,80,000</u>

Payment higher of following = 5,70,000

1) GST on T.V = 1,20,000

OR

2) I.T.C. taken - 5% per quarter
6,00,000 - 5% x 12 x 6L.
= 5,70,000

7(1)(a)
Supply

INPUT SERVICE DISTRIBUTOR (ISD)

Input Service Distributor

Common ITC for All

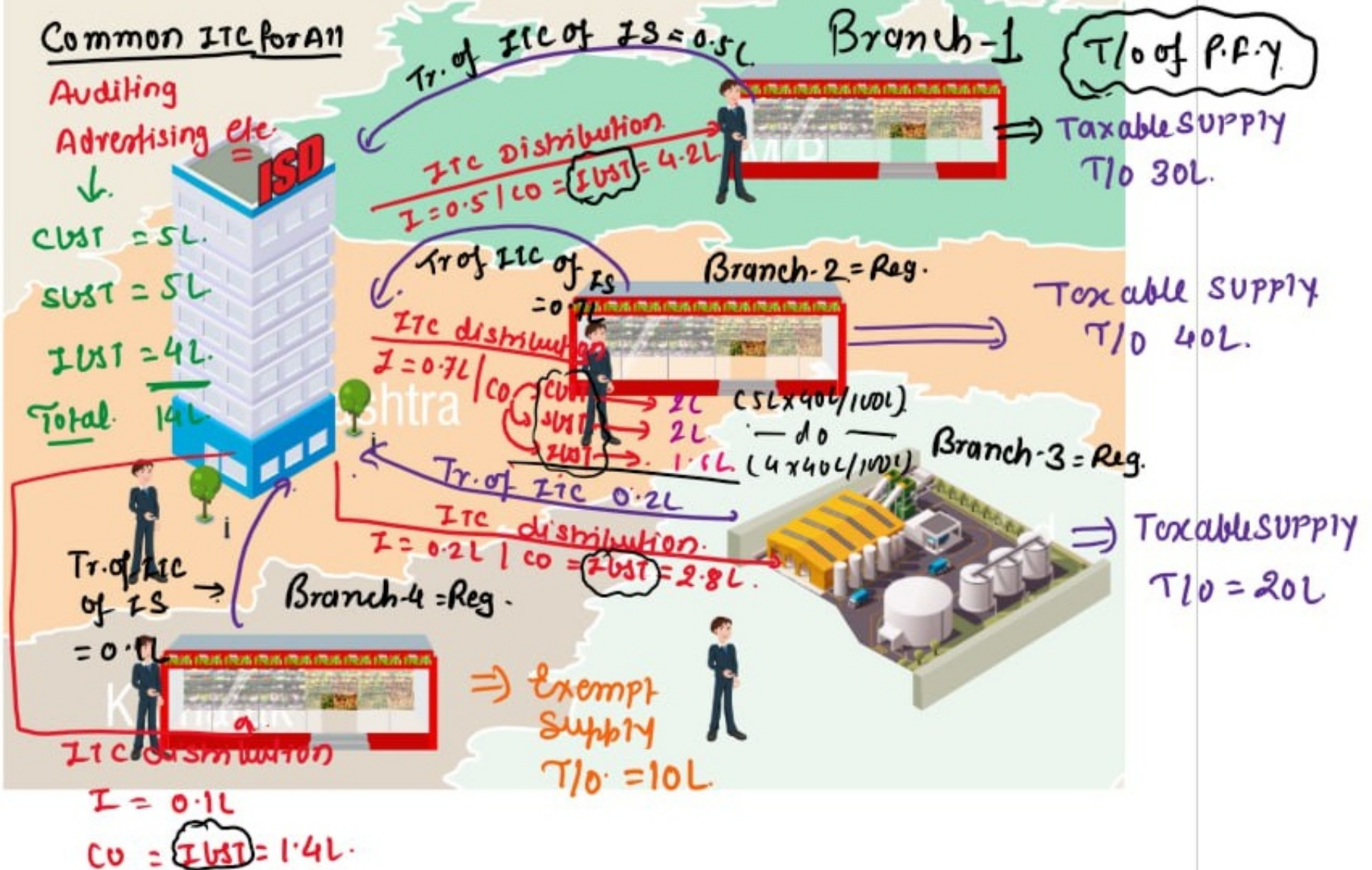
Auditing
Advertising etc.
= ISD

↓
COST = 5L.

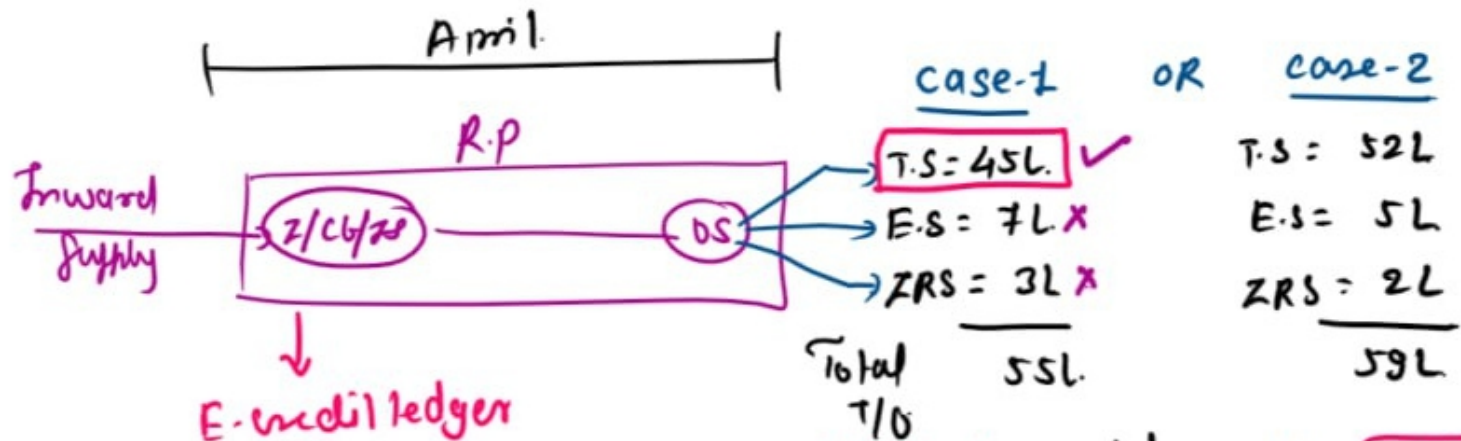
SUBST = 5L

IUST = 4L.

Total 14L



Rule 86B



E-cash ledger

<u>Case-1</u>	8.1		Op. balance	2L	
Bal c/f.	2.9		ITC of April	9L	
			(Z/CB/TS)		
<u>OR</u>					
<u>Case-2</u>	9.2664		Total ITC	11L	
Bal c/f	<u>1.7336</u>				

<p>Total T/O = 55L</p> <p>Restriction of Rule 86B = Not Applicable</p> <p>output tax = 8.1</p> <p>(@ 18% (45))</p> <p>ITC (fully used) = 8.1</p> <p>Net payable Nil</p> <p>(E-cash ledger)</p>	<p style="text-align: center;">Applicable</p> <p>output tax = 9.36L</p> <p>(@ 18% (52))</p> <p>Less: ITC = 8.1</p> <p>9.36L - 8.1 = 1.26L</p> <p>Net payable 0.0936L</p> <p>(E-cash ledger)</p>
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