

# INPUT TAX CREDIT

## MULTIPLE CHOICE QUESTIONS

- Which of the following is not regarded as inputs for the purpose of eligibility of input tax credit?
  - Materials to be used for trial run production
  - Materials to be used for testing of final products
  - Spares whose value is capitalized in books of accounts
  - Spares which are charged to Profit and Loss Account
- Capital goods means goods \_\_\_\_
  - goods, the value of which is capitalized in the books of account of the person claiming the ITC
  - which are used or intended to be used in the course or furtherance of business
  - Either (a) or (b)
  - Both (a) and (b)
- A taxpayer Mr. P receive 100 invoices (for inward supply of goods and services) involving credit ₹ 10 lakhs from various supplier during the month of October 2024. Suppliers have furnished in FORM GSTR-1 75 invoices involving ITC of ₹ 8.5 lakhs as on the due date of furnishing of the details of outward supplies by the suppliers and reflected in GSTR-2B of the recipient. Determine the eligible ITC to be taken by Mr. P in GSTR-3B to be filed by 20th November, 2024.
  - ₹ 10,00,000
  - ₹ 8,50,000
  - ₹ 8,92,500
  - ₹ 9,35,000
- Input tax credit can be taken by \_\_\_\_\_.
  - Registered dealer not opting for composition scheme
  - Registered dealer opting for composition scheme
  - Unregistered dealers
  - All of the above
- Where the goods against an invoice are received in lots, the registered person shall be entitled to take credit \_\_\_\_\_.
  - upon receipt of the first lot
  - upon receipt of the last lot
  - upon receipt of the half of lot
  - As and when the lot is received.
- Whether credit on capital goods can be taken immediately on receipt of the goods?
  - Yes

- (b) No
- (c) After usage of such capital goods
- (d) No, 50% in first year and balance in subsequent years
7. **A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income-tax Act, 1961. The supplier can –**
- (a) avail only 50% of the said tax component as ITC
- (b) not avail ITC on the said tax component
- (c) avail 100% ITC of the said tax component
- (d) avail only 25% of the said tax component as ITC
8. **Whether credit on inputs should be availed based on receipt of documents or receipt of goods.**
- (a) Receipt of goods
- (b) Receipt of Documents
- (c) Both (A) and (B)
- (d) Either receipt of documents or receipt of goods, whichever is earlier
9. **Where any person claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie \_\_\_\_\_.**
- (a) On the department
- (b) On department as well as such person equally
- (c) On such person
- (d) On the supplier of such person
10. **In which of the following situations recipient needs to reverse the credit already taken?**
- (a) If payment is not made to the supplier within 45 days from the date of invoice.
- (b) If payment is not made to the supplier within 90 days from the date of invoice.
- (c) If payment is not made to the supplier within 180 days from the date of invoice.
- (d) If payment is not made to the supplier within 365 days from the date of invoice.
11. **In case supplier has deposited the taxes but the receiver has not received the documents evidencing payment of tax, is receiver entitled to avail credit?**
- (a) Yes, it will be auto populated in recipient monthly returns
- (b) No, as one of the conditions of Section 16(2) is not fulfilled
- (c) Yes, if the receiver can prove that inputs are received by him
- (d) Yes, since receipt of tax paying documents is not a condition to avail Input tax credit.
12. **In which of the following cases reversal of ITC is not required even if payment is not made to the supplier within 180 days from the date of invoice issued by the supplier.**
- (a) Supplies on which tax is payable under reverse charge.
- (b) Deemed supplies without consideration i.e. value of supplies made without consideration as specified in Schedule I of the said Act.
- (c) The value of supplies on account of any amount added in accordance with the provisions Section 15(2)(b) shall be deemed to have been paid for the purposes of the second proviso to Section 16(2).



(d) All of the above.

**13. What is the time limit for availing ITC?**

- (a) Earlier of 30<sup>th</sup> day of November following the end of financial year to which such invoice or debit note pertains, or furnishing of the relevant annual return.
- (b) Later of 30<sup>th</sup> day of November following the end of financial year to which such invoice or debit note pertains, or furnishing of the relevant annual return.
- (c) Before the furnishing of the relevant annual return.
- (d) 30<sup>th</sup> day of November following the end of financial year to which such invoice or debit note pertains

**14. Input tax credit is not available on \_\_\_\_\_?**

- (a) Goods used for personal use
- (b) Trading goods
- (c) Capital goods
- (d) Inputs used for business

**15. Which of the following statements is not true with respect to ITC claim—**

- (a) ITC is available to both registered and unregistered persons.
- (b) ITC is available only on the goods and services used in the course or furtherance of business.
- (c) ITC will be credited in Electronic Credit Ledger.
- (d) The person claiming ITC must be in possession of the tax invoice or debit note issued by a registered supplier.

**16. A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay**

to the supplier thereof, within 180 days from the date of issue of invoice, shall be liable to pay interest @ \_\_\_\_\_ .

- (a) 6% p.a.
- (b) 9% p.a.
- (c) 12% p.a.
- (d) 18% p.a.

**17. ITC to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers u/s 37(1) in Form GSTR-1 or using the invoice furnishing facility (IFF), cannot exceed \_\_\_\_\_ of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers u/s 37(1) in Form GSTR-1 or using IFF.**

- (a) Actual amount
- (b) 10%
- (c) 5%
- (d) 20%

**18. Mr. A. a registered dealer, was issued a show cause notice for payment of ₹ 30,000 towards the GST as there was short payment of tax on account of fraud. Mr. A raised a debit note in name of Mr. X who was the recipient of the said supply. Mr. X paid ₹ 30,000 to Mr. A but he wished to avail ITC on the above tax payment. The Central Tax Officer denied the ITC to him. Is the action of the Central Tax Officer correct in law?**

- (a) No, the action of Central Tax Officer is incorrect, Mr. X can avail the benefit of ITC on the above tax payments.
- (b) Yes, the action of Central Tax Officer is correct, as, Rule 36(3) of the CGST Rules 2017, states that ITC cannot be availed on tax demands on account of fraud.

- (c) Mr. X can avail the benefit of ITC on any payments made by him with respect to the goods under consideration only if he possesses original invoice for initial supply made to him.
- (d) Mr. X can avail the input tax credit on tax demands if the tax demands has been made before the due date of furnishing the return for the month of September or the date of furnishing the annual return whichever is earlier.
19. X, a trader, places an order on Y for a consignment of chemicals. X receives a buying order from Z for the same quantity of chemicals. X instructs Y to deliver the goods to Z, and in turn he raises an invoice on Z. Is X entitled to ITC on the consignment?
- (a) No, X is not entitled to ITC as the goods were never received physically by him.
- (b) No, as the goods were directly delivered by Z to Y, only Y can avail the ITC.
- (c) Yes, as in case of 'Bill to Ship to' model where the goods are delivered to third party on the directions of the registered person who purchases the goods from the supplier, such registered person shall be entitled to avail ITC.
- (d) X can claim ITC only when the goods are first received at his premises and then the same is delivered to Z by Y.
20. In which of these circumstances ITC is available —
- (i) Goods are purchased by Mr. A, a registered dealer but he has not obtained the tax invoice.
- (ii) Goods are purchased from PQR Ltd. and full payment is made by ABC Ltd. to PQR Ltd. against such supply but tax has not been deposited by PQR Ltd.
- (iii) Purchases of goods to be used for non-business purposes.
- (iv) Goods purchased by AB Ltd. against a valid invoice from PQ Ltd. but only half payment is made by AB Ltd. but full amount of tax is deposited by PQ Ltd.
- (a) All of the above
- (b) None of the above
- (c) Only in (iv) above
- (d) In (ii) and (iv) above
21. A Ltd., a manufacturer of Delhi, entered into an agreement with a supplier of Delhi for supply of inputs. As per the agreement. It was agreed that 10,000 kgs of input will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. The invoice of ₹ 7,28,000 has been issued with supply of first lot of input. The lots received were as follows:
- first lot of 2,500 kgs received on 19-10-2024
  - second lot of 3,000 kgs received on 21-10-2024
  - third lot of 1,500 kgs received on 12-11-2024
  - fourth lot of 3,000 kgs received on 1-12-2024
- When can A Ltd. avail ITC on the said inputs?
- (a) A Ltd., can take the credit on 19-10-2024 on the supply of first lot of material itself as the invoice has been issued along with the first lot.



- (b) A Ltd. is eligible to take the credit on proportionate basis.
- (c) A Ltd. is entitled take the credit upon receipt of the last lot only i.e. 01-12-2024.
- (d) A Ltd. cannot avail ITC since inputs are received in installments.

22. Which of the following is not a prescribed document on basis of which input tax credit is admissible \_\_\_\_\_?

- (a) a debit note issued by a supplier in accordance with the provisions of section 34.
- (b) a credit note issued by a supplier in accordance with the provisions of section 34.
- (c) a bill of entry for the assessment of integrated tax on imports.
- (d) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31.

23. ABC Ltd. purchased goods valuing ₹ 5,00,000 (exclusive of CGST and SGST @ 9% each) under a cover of invoice dated 01-11-2023. Due to oversight the company failed to avail the ITC on the said inputs. During the course of audit, the mistake was noticed on 26-02-2024 and the company now wishes to claim the ITC on the said inputs purchased. The company is planning to file the annual return for the year 2023-24 on 12-08-2024. Can the company claim ITC on the above mentioned inputs? If yes, what is the time limit?

- (a) No, as no ITC can be claimed after lapse of 1 month from the date of receiving the inputs.
- (b) The time limit for claiming ITC is, earlier of – 30<sup>th</sup> November following the end of the financial year to which such

invoice pertains i.e. 30-11-2024 or the date of furnishing of the relevant annual return i.e. 12-08-2024. Therefore, the ITC can be claimed till 12-08-2024.

- (c) No, ITC in respect of inputs purchased during the financial year can be claimed in the same financial year.
- (d) The time limit for claiming ITC is later of 30<sup>th</sup> November following the end of the financial year to which such invoice pertains i.e. 30-11-2024 or the date of furnishing of the relevant annual return i.e. 12-08-2024. Therefore, ITC can be claimed till 30-11-2024.

24. Mr. X has purchased certain goods from AB Ltd. under invoice dated 10-06-2024. These goods were purchased by him on 6 months credit. Mr. X availed ITC on the above purchases and makes the payment of the goods duly on 10-01-2025. What shall be the consequence with respect to ITC claimed?

- (a) ITC cannot be claimed on goods purchased on credit.
- (b) ITC can be claimed on the goods only on the date of payment. Thus, X can claim then ITC only on 10-01-2025.
- (c) Yes, the recipient can take ITC without payment of the consideration on supply. However, he is required to pay the consideration along with the tax within 180 days from the date of invoice. If the payment is not made within 180 days, the ITC claimed will be added as output tax liability along with interest thereon. The amount so paid will be admissible as credit subsequently only when payment is made i.e. 10-01-2025.
- (d) Yes, the recipient can take ITC without payment of the consideration on

supply. However, he is required to pay the consideration along with the tax within 365 days from the date of invoice. Hence, the ITC claimed need not be reversed.

25. Z Ltd. procured 200 bags of cement for construction of godown in its factory vide invoice dated 8-01-2024. The value of cement was ₹ 40,000 and GST of ₹ 11,200 was charged. Payment for same was duly made by Z Ltd. It claimed ITC on the said purchases. The Central Tax Officer denied the ITC claim. Is the Central Tax officer right in his action?

- (a) No, Z Ltd. is eligible for ITC as it possesses the invoice and payment has also been made.
- (b) Yes. Z Ltd. is not eligible for ITC as cement is not covered within the definition of 'inputs'
- (c) Yes, Z Ltd. is not eligible for ITC as cement is not used in course or furtherance of business.
- (d) Yes, Z Ltd. is not eligible for ITC as input tax credit shall not be available in respect of goods or services or both received by a taxable person for construction of an immovable property on his own account.

26. X purchased motor spirit for use in his business and paid excise duty on it. He wants to take the ITC of the excise paid towards his output GST liability. Can he avail the ITC of excise on motor spirit?

- (a) No, as excise duty paid on motor spirit is not eligible as input tax credit for payment of GST Liability.
- (b) Yes, as ITC can be availed of any indirect tax paid in respect of inputs used in manufacture of goods.

(c) No, as motor spirit is coming under the scope of blocked credit u/s 17(5) of the CGST, Act, 2017.

(d) No, as motor spirit was ineligible inputs in erstwhile CENVAT Credit Rules, 2004.

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27. ABC Ltd., a manufacturing concern, procured input services of ₹ 2,50,000 for October, 2023. However, one invoice dated 20-01-2024 on which GST payable was ₹ 50,000 has been received on 10th October 2024. The company seeks your opinion regarding the admissibility of ITC on the above goods. The annual return for the financial year 2023-24 was filed on 15<sup>th</sup> September, 2024.

- (a) Yes, ITC can be claimed as the invoice has been received before 30<sup>th</sup> November 2024
- (b) Yes, ITC is admissible on receipt of the invoice and the date when the same is received is not material.
- (c) No, ITC cannot be availed as invoice is not received along with the goods.
- (d) No, the time limit for claim of ITC is before 30<sup>th</sup> November succeeding the financial year to which the invoice pertains or the date of filing of annual return, whichever is earlier. Hence, in this case, since the annual return has been filed before 30<sup>th</sup> November 2024), ITC on the invoice pertaining to F.Y. 2023-24 cannot be availed after 15<sup>th</sup> September 2024.

28. The time limit of taking credit u/s 16(4) is not available in which of the following cases —

- (a) Credit of Integrated tax on imports.
- (b) Credit of input tax in respect of supplies received from establishment having same PAN.



- (c) Re-availing of credit that had been reversed earlier.
- (d) Credit of tax paid by way of debit note.

29. XYZ Ltd. imported services eligible for ITC on 15-07-2023 but failed to pay tax under RCM. It has filed the annual return for FY 2023-24 on 31-12-2024. On 15-01-2025 it issued invoice for the said services and paid the tax under RCM along with applicable interest. Can XYZ Ltd. avail ITC in respect of the said services.

- (a) No it cannot avail ITC for the said services as the services relates to FY 2023-24 and it has not issued invoice within time limit.
- (b) No it cannot avail ITC for the said services as the services relates to FY 2023-24 and the time limit for availment of ITC has expired on 31-12-2024.
- (c) Yes, ITC can be claimed as the invoice has been issued on 15-01-2025 though the services have been received in FY 2023-24.
- (d) No it cannot avail ITC for the said services as the services relates to FY 2023-24 and the time limit for availment of ITC has expired on 30-11-2024

30. Determine the amount of Input tax credit available to Kalyan Ltd. in respect of the following goods and services procured by them in the month of April :

	Inward supplies	GST (₹)
1.	Services of repair and maintenance of motor lorries used for transportation of goods	36,000
2.	Services of general insurance of motor vehicles for transportation of	18,000

	persons having approved seating capacity of 7 persons (including driver)	
3.	Services of servicing of motor vehicles for transportation of persons having approved seating capacity of 14 persons (including driver)	50,000

- (a) ₹ 36,000
- (b) ₹ 50,000
- (c) ₹ 1,04,000
- (d) ₹ 86,000

31. Input tax credit in respect of Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver) will be available when they are used for making taxable supplies of \_\_\_\_\_.

- (a) such vehicles
- (b) transportation of passengers
- (c) imparting training on driving of such motor vehicles
- (d) All of the above

32. For the purpose of Input tax credit, Plant and machinery excludes \_\_\_\_\_.

- (a) land, building or any other civil structures
- (b) telecommunication towers
- (c) pipelines laid outside the factory premises
- (d) All of the above

33. Krishna Motors is a car dealer selling cars of an international car company. It also provides maintenance and repair services of the cars sold by it as also of other cars. Determine the amount of input tax credit available with the help of the following

information regarding expenses incurred by it during the course of its business operations –

Particulars	GST paid (₹)
Cars purchased from the manufacturer for making further supply of such cars. [Two of such cars are destroyed in accidents while being used for test drive by potential customers. GST paid on their purchase is ₹ 1,00,000]	20,00,000
Works contract services availed for constructing a car shed in its premises.	50,000

- (a) ₹ 19,50,000  
 (b) ₹ 20,00,000  
 (c) ₹ 19,00,000  
 (d) Nil

34. The input tax credit paid on \_\_\_\_\_ will not be available.

- (a) food and beverages  
 (b) outdoor catering  
 (c) beauty treatment  
 (d) All of the above

35. Input tax credit of tax paid on works contract services is available when supplied for construction of \_\_\_\_\_.

- (a) telecommunication towers  
 (b) pipelines laid outside the factory premises  
 (c) plant and machinery  
 (d) factory building

36. Input tax credit of tax paid on the \_\_\_\_\_ is not available.

- (a) Goods used for personal consumption.  
 (b) Goods used for CSR activities  
 (c) Goods disposed of by way of gift or free samples  
 (d) All of the above

37. Determine the amount of Input tax credit admissible to PQR Ltd. in respect of the following goods procured by it in the month of January :

	Inward supplies	GST (₹)
1	Goods used in constructing an additional floor of office building	28,800
2	Packing Materials used in a factory	6,000
3	Goods used for CSR Activities	12,500

- (a) ₹ 28,800  
 (b) ₹ 6,000  
 (c) ₹ 12,500  
 (d) ₹ 34,800

38. XYZ Ltd., is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October from the following particulars :

	Inward supplies	GST (₹)	Remarks
(i)	Inputs 'X'	1,20,000	One invoice on which GST payable was ₹ 10,000, is missing
(ii)	Inputs 'Y'	1,00,000	Inputs are to be received in two instalments. First instalment has been received in October.



- (a) ₹ 1,10,000
- (b) ₹ 1,60,000
- (c) ₹ 2,10,000
- (d) ₹ 2,20,000

39. A supplier of goods or services pays tax on demands by the department on account of fraud, willful misstatement etc. Whether recipient of goods can avail its input tax credit—

- (a) Yes
- (b) No
- (c) Yes, after receipt of goods or services
- (d) Yes, after receipt of invoice for goods or services

40. Rupesh hires a works contractor for repairing his factory building on a lumpsum payment of ₹ 23,60,000. He debits half of the expenditure in the profit and loss account and the remaining half in the building account. Assuming the rate of GST to be 18%, Rupesh can take input tax credit of :

- (a) ₹ 1,80,000
- (b) ₹ 4,24,800
- (c) ₹ 3,60,000
- (d) Nil

41. (i) A software professional providing technical consultancy buys a motorcycle for use of his employee.

(ii) A motor driving school buys a car for being used in imparting motor driving training.

(iii) A flying school imports an aircraft for use in its training activity.

(iv) A manufacturer buys a small truck for the purpose of transporting its inputs and finished goods.

Input tax credit cannot be taken on:

- (a) (i), (ii), (iii), (iv)
- (b) (i)
- (c) (i), (iii)
- (d) (ii)

42. Input tax credit is not available in respect of \_\_\_\_\_.

- (a) services on which tax has been paid under composition levy
- (b) free samples
- (c) goods used for personal consumption
- (d) All of the above

43. Input tax credit shall not be available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than \_\_\_\_\_ persons (including the driver), except when they are used for making the following taxable supplies, namely:—

- (A) further supply of such motor vehicles; or
  - (B) transportation of passengers; or
  - (C) imparting training on driving such motor vehicles.
- (a) 13
  - (b) 6
  - (c) 7
  - (d) 10

44. Determine the amount of Input tax credit available to Kalyan Ltd. in respect of the following goods and services procured by them in the month of April :

Inward supplies	GST (₹)
Motor vehicles for transportation of persons having approved seating	70,000



capacity of 7 persons (including driver)	
Motor bus for transportation of persons having approved seating capacity of 14 persons (including driver)	1,40,000

- (a) ₹ 70,000  
 (b) ₹ 1,40,000  
 (c) ₹ 2,10,000  
 (d) Nil

45. A non-resident taxable person has taken registration under GST laws requires you to determine the amount of input tax credit available to him from the following information :

Inputs imported by him on which he has paid basic custom duty ₹ 1,00,000, social welfare surcharge ₹ 10,000 and integrated tax under Section 3(7) of the Customs Tariff Act 1975 amounting ₹ 1,33,200. He has also purchased inputs from local dealer in the city on which CGST and SGST amounting ₹ 12,000 each has been paid.

- (a) ₹ 1,33,200  
 (b) ₹ 1,57,200  
 (c) ₹ 1,67,200  
 (d) ₹ 2,67,200

46. Input tax credit is not available on \_\_\_\_\_?

- (a) Goods used for personal use  
 (b) Trading goods  
 (c) Capital goods  
 (d) Inputs used for business

47. From the following information determine the amount of input tax credit admissible to a registered dealer, if he has fulfilled all the conditions for availing input tax credit :

	Inward supplies	GST (₹)
(i)	Inputs purchased (out of which inputs (GST paid : ₹ 6,000 has been distributed as free samples)	3,60,000
(ii)	Renting immovable property (Half of the property is used for personal purpose)	90,000
(iii)	Inputs used for making foundational and structural support of plant and machinery, the value of which is capitalized along with plant and machinery	50,000

- (a) ₹ 3,54,000  
 (b) ₹ 4,49,000  
 (c) ₹ 3,99,000  
 (d) ₹ 4,04,000

48. ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.

	Inward supplies	GST (₹)
(i)	Electrical transformers to be used in the manufacturing process	3,60,000
(ii)	Truck used for transportation of inputs in the factory	2,24,000
(iii)	Raw material	2,00,000
(iv)	Confectionery items for consumption of employees working in the factory	25,000

- (a) ₹ 6,09,000  
 (b) ₹ 5,85,000

- (c) ₹ 4,49,000
- (d) ₹ 7,84,000

49. ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.

	Inward supplies	GST (₹)
(i)	Ducts and manholes used in network of optical fiber cables (OFCs) for providing telecommunication services	3,60,000
(ii)	Demo vehicles, which are motor vehicles for transportation of passengers having approved seating capacity of not more than 13 persons (including the driver),	2,24,000
(iii)	Raw material	2,00,000
(iv)	Confectionery items for consumption of employees working in the factory	25,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July.

- (a) ₹ 6,09,000
- (b) ₹ 5,85,000
- (c) ₹ 4,49,000
- (d) ₹ 7,84,000

50. XYZ Ltd. is engaged in supply of works contract services for construction of immovable property. It gives a part of the construction work to a sub-contractor. The sub-contractor charges GST in his invoice to XYZ Ltd. Whether XYZ Ltd. can avail Input tax credit of the GST charged to it by the sub-contractor.

- (a) No
- (b) Yes, full input tax credit can be availed
- (c) Yes, Input tax credit can be availed to the extent of 50% of the GST paid on input services
- (d) Yes, but input tax credit can be availed proportionately on the basis of turnover.

51. Which of the following items are eligible for ITC claim:-

- (i) Raw materials
  - (ii) Capital goods used for generation of electricity for captive use within the factory
  - (iii) Inputs used for construction of building
  - (iv) Dairy and bakery products consumed by the employees
  - (v) Motor vehicles for transportation of goods (value is capitalized in books)
- (a) All of the above items are eligible for ITC claim
  - (b) Only items (i), (ii) and (v) are eligible for ITC claim
  - (c) (i), (ii) and (iv) are eligible for ITC claim
  - (d) None of the above are eligible for ITC claim

52. Ram Services Ltd., a service provider, seeks your opinion as to whether he can claim ITC in respect of the following services billed to it in the month of August :

- (i) Accounting and auditing services
  - (ii) Legal services
  - (iii) Rent a cab service for employees under contractual obligation.
- (a) He will be allowed ITC only on (i) and (iii)

- (b) He will be allowed ITC on (i) and (ii)
- (c) None of the above are eligible for ITC claim
- (d) He can claim ITC in respect of all of the above input services

53. KP motors is dealer in cars and is also engaged in providing maintenance and repair services of the cars. During the year it purchased cars from the manufacturer for making further supply of cars. One of the cars was destroyed in an accident while being used for test drive by potential customer. KP motors has availed ITC on all of the said cars. Rejecting the ITC claim, the Central Tax Officer contends that ITC on motor cars is specifically blocked under section 17 of the CGST Act, 2017. Is the Central Tax Officer right?

- (a) Yes, section 17(5)(a) specifically blocks ITC on motor vehicles and other conveyances.
- (b) No, though motor cars come within blocked credits, however, ITC is allowed on the motor vehicles and conveyances used for making further supply of such cars or vehicles.
- (c) No, ITC is allowed on the motor vehicles used for making further supply of such motor vehicles designed for transportation of passengers, however, ITC on cars destroyed in accidents will not be allowed as inputs destroyed is specifically included in blocked credits.
- (d) Yes, since motor cars do not fall in the definition of inputs.

54. Examine whether ITC is available on following items:

- (i) materials used in construction of additional floor of office building
- (ii) capital goods used as parts purchased from supplier who paid tax under

composition scheme

- (iii) paper for photocopying machine used in administrative office
- (iv) goods given as gifts
- (v) inputs used for quality control check
- (vi) packing materials used in a factory
- (a) ITC is available on (i), (iii) and (v)
- (b) ITC is available on (iii), (v) and (vi)
- (c) ITC is available on all the above inputs
- (d) ITC is available on none of the above

55. Determine the amount of ITC admissible to P Ltd. in respect of the following items procured by them in the month of November :

	Particulars	₹
(i)	Cement used for making foundation and structural support to plant and machinery	14,000
(ii)	Inputs used in trial runs	14,500
(iii)	Food and beverages purchased for the employees during the office hours under contractual obligation	8,400

- (a) Nil, as all of the above items fall within the blocked credit and hence no ITC available
- (b) ITC admissible is of all the items i.e. ₹ 36,900
- (c) ITC admissible is of items (i) and (ii) ₹ 28,500
- (d) ITC admissible is of item (ii) ₹ 14,500

56. Oriental college availed the services of Shreeji caterers on the occasion of its annual function. Shreeji caterers charged ₹ 2,00,000 plus GST @ 18% for the supply



of outdoor catering services. Can Oriental college avail input tax credit of the GST paid on outdoor catering service?

- (a) No, as per section 17(5) of the CGST Act, 2017, ITC shall not be available in respect of supply of outdoor catering service.
- (b) Yes, as outdoor catering service is used for the purpose of business.
- (c) Yes, as ITC is available unconditionally on outdoor catering service.
- (d) No, as tax has been wrongly paid by Oriental college since the said supplies are exempt from tax.

57. ABC Ltd. engaged in supplying taxable goods seeks your opinion whether it can avail ITC on the GST paid in respect of the following payments made by it.

- (i) Health and fitness services availed from physique club for upkeep of health of their employees not under any statutory obligation.
- (ii) ABC Ltd. hires a cab on rent for employees (under Government's notification for such service to be mandatorily provided to the employees).
- (iii) Sales promotion services.
  - (a) ITC can be availed on only item (iii) as health and fitness services and rent cab services are covered under blocked credits
  - (b) ITC can be availed on all of the above services
  - (c) ITC can be availed on items (ii) and (iii). The sales promotion service being used for furtherance of business ITC is admissible on it and rent a cab service, though covered under blocked credit, but since it is obligatory service under government's notification, ITC is

admissible.

- (d) ITC can be availed on (i) and (iii)

58. ABC Ltd, a pharmaceutical company, purchased certain items usable in first aid kit worth ₹ 10,00,000 (exclusive of CGST @ 6% and SGST @ 6%). It availed input tax credit on the same. However, the first aid kits were distributed as free samples to the physicians. Explain the input tax treatment in above case.

- (a) The distribution of free samples to physician is in course of furtherance of business and therefore, ITC is admissible and need not be reversed.
- (b) As per section 17(5) the goods disposed by way of free samples are ineligible for ITC. Since ABC Ltd. has availed ITC, it has to pay ₹ 60,000 towards CGST and 60,000 towards SGST liability.
- (c) The recipient of the output goods i.e. the physicians to whom the goods are distributed as free samples are required to pay the CGST and the SGST on the same.
- (d) Reversal of input tax credit is required in hands of physicians as services provided by them are exempt from GST.

59. Compute the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 from the following details :

- (i) Value of alcoholic liquor for human consumption - ₹ 1,50,000
- (ii) Value of architect services supplied - ₹ 2,00,000
- (iii) Securities of face value of ₹ 1,00,000 sold - ₹ 95,000
  - (a) ₹ 1,50,000
  - (b) ₹ 2,50,000

- (c) ₹ 2,45,000  
(d) ₹ 1,50,950
60. The value of exempt supplies being sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building is —
- (a) Transaction value of land and building  
(b) Purchase value of land and building  
(c) Value adopted for paying stamp duty on such land and building  
(d) Difference between the sale price and purchase price of land and building
61. The amount of common credit attributable to non-business purposes as per Rule 42 of the CGST Rules, 2017 shall be arrived as under—
- (a)  $(\text{Value of non-business supplies} \div \text{Total turnover in the State during the tax period}) \times \text{Common credit}$   
(b)  $(\text{Value of non-business supplies} \div \text{Taxable supplies in the State during the tax period}) \times \text{Common credit}$   
(c) 5% of the common credit  
(d) 50% of the common credit
62. For the purpose of Section 17(3) the expression "value of exempt supply" shall not include the value of activities or transactions specified in Schedule III, Except \_\_\_\_\_.
- (a) Transactions of sale of land and sale of building post completion.  
(b) Supply of warehoused goods to any person before clearance for home consumption as specified in Para 8(a) of Schedule-III  
(c) Both (a) and (b)  
(d) None of the above
63. For the purpose of Rule 42 and 43 (determination of input tax credit in respect of inputs and capital goods and reversal thereof) aggregate value of exempt supplies shall exclude —
- (a) 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 FI's including a NBFC, engaged in supplying services by way of accepting deposits, extending loans or advances.  
(b) Value of supply of Duty Credit Scrips.  
(c) Both (a) and (b)  
(d) None of the above
64. The capital goods which are used/intended to be used for making taxable as well as exempt supplies & business & non-business purposes. The useful life of such capital goods will be taken as \_\_\_\_\_ from the date of invoice.
- (a) 10 years  
(b) 5 years  
(c) 12 months  
(d) 12 years
65. Where capital goods which were initially exclusively used for non-business purposes/ for effecting exempt supplies are subsequently used for taxable supplies also, input tax shall be reduced by @ \_\_\_\_\_ or part thereof and balance amount shall be credit to electronic credit ledger.
- (a) 5% per month or part thereof  
(b) 2.5% per month or part thereof  
(c) 5% per quarter or part thereof  
(d) 2.5% per quarter or part thereof
66. In case of banking company, financial institutions including NBFC, option to avail



50% input tax credit is not applicable in case of \_\_\_\_\_ .

- (a) Supplies made to related persons
- (b) Supplies made to banking correspondent
- (c) Supplies made to own establishments
- (d) Supplies made to SEZ units/developers

67. For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the statement is true?

- (a) ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies.
- (b) 50% of eligible ITC on inputs, capital goods, and input service shall be mandatorily taken in a month and the balance amount of input tax credit shall be reversed in FORM GSTR-3B .
- (c) Banking companies can choose to exercise either option (A) or option (B).
- (d) Banking companies are not entitled to take input tax credit.

68. Punjab National Bank provides the following information for the month of November :

- (1) Eligible Input tax Credit (CGST and SGST) available on Inputs received ₹ 16020 each
- (2) Eligible Input tax Credit (CGST and SGST) available on Input Services availed ₹ 11,340 each
- (3) Value of taxable supply of services ₹ 11,00,000
- (4) Value of exempted supply of services ₹ 10,00,000

Determine net SGST and CGST liability for the month of November, if Punjab National Bank exercise the option of availing 50% of

eligible ITC. Determine net SGST and CGST liability. Assume rate of GST – 18%

- (a) CGST ₹ 84,669 SGST ₹ 84,669
- (b) CGST ₹ 85,320, SGST ₹ 85,320
- (c) CGST ₹ 71,640 SGST ₹ 71,640
- (d) CGST ₹ 82,980, SGST ₹ 82,980

69. For the purpose of section 17(2), value of exempt supplies in respect of securities is –

- (a) 1% of the purchase value of such security
- (b) 1% of the sale value of such security
- (c) 1% of the face value of such security
- (d) 1% of difference between sale value and purchase value

70. For the purpose of rule 42, the value of activities or transactions mentioned in Paragraph 8(a) of Schedule III of the Act (viz. supply of warehoused goods to any person before clearance for home Consumption) which is required to be included in the value of exempt supplies under Explanation (b) to Section 17(3) of the Act shall be \_\_\_\_\_.

- (a) the transaction value of identical goods imported at or about the same time.
- (b) the value of supply of goods from Duty Free Shops at arrival terminal in international airports to the incoming passengers.
- (c) The transaction value at which these goods are sold from the warehouse.
- (d) The transaction value of the goods when imported before deposit of the same in warehouse.

71. A garment factory receives a Government order for making uniforms for a commando unit. This supply is exempt from tax under a special notification. The

fabric is separately procured for the supply, but thread and lining material for the collars are the ones which are used for other taxable products of the factory.

The turnover of the other products of the factory and exempted uniforms in July is ₹ 4 crore and ₹ 1 crore respectively, the ITC on thread and lining material procured in July is ₹ 5000 and ₹ 15,000 respectively.

Calculate the eligible ITC on thread and lining material.

- (a) ₹ 16,000
- (b) ₹ 15,000
- (c) ₹ 5,000
- (d) ₹ 4,000

72. Compute credit attributable to non-business purposes as per Rule 42 of the CGST Rules, 2017 shall be arrived as under —

- (a)  $(\text{Value of non-business supplies} \div \text{Total turnover in the State during the tax period}) \times \text{Common credit}$
- (b)  $(\text{Value of non-business supplies} \div \text{Taxable supplies in the State during the tax period}) \times \text{Common credit}$
- (c) 5% of the common credit
- (d) 50% of the common credit

73. Proportionate credit for capital goods is allowed if capital goods are used \_\_\_\_\_.

- (a) for business and non-business purpose
- (b) for business or non-business purpose
- (c) both of the above
- (d) none of the above

74. Exempt supplies for the purpose of Section 17 of CGST Act, 2017 includes—

- (a) Reverse charge supplies
- (b) Sale of land and, subject to paragraph

5(b) of Schedule II, sale of building.

- (c) Transaction in securities
- (d) All of the above

75. In case of reversal of credit, where registered person switching to composition scheme/ goods or services become wholly exempt or cancellation of registration, credit to be reversed shall be calculated \_\_\_\_\_.

- (a) Proportionately on the basis of market price
- (b) Proportionately on the basis of purchase price
- (c) Proportionately on the basis of corresponding invoice
- (d) Proportionately on the basis of transaction value

76. How credit to be reversed shall be calculated where registered person switching to composition scheme/ goods or services become wholly exempt and tax invoices relating to the same are not available.

- (a) If invoices are not available, the ITC to be reversed will be based on the prevailing market price of such goods on the date of switch over/exemption.
- (b) If invoices are not available, the ITC to be reversed will be based on the prevailing transaction value of such goods on the date of switch over/exemption.
- (c) If invoices are not available, the ITC to be reversed cannot exceed the amount in electronic credit ledger.
- (d) If invoices are not available, the ITC to be reversed will be based on the estimated purchase price of such goods on the date of switch over/exemption.

77. Where registered person switching to composition scheme/goods or services become wholly exempt or cancellation of registration, amount of credit to be reversed shall form part of the \_\_\_\_\_ of registered person.
- Input tax credit
  - Output tax liability
  - Electronic credit ledger
  - Electronic cash ledger
78. In case of availability of credit at the time of registration or voluntary registration, opting out of composition scheme or conversion of exempt supply into taxable supply, electronic declaration of stock shall be filed in the FORM \_\_\_\_\_ .
- GST ITC-01
  - GST ITC-02
  - GST ITC-03
  - GST ITC-04
79. A registered person shall not be entitled to take input tax credit u/s 18(1) in respect of any supply of goods or services or both to him after the expiry of \_\_\_\_\_ from the date of issue of tax invoice relating to such supply.
- One year
  - Two years
  - Three years
  - Six months
80. In case of Voluntary registration input tax credit can be availed \_\_\_\_\_.
- on stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act.
  - on stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.
  - on stocks held on the day immediately preceding the date of application of registration under the provisions of this Act.
  - None of the above
81. Where any registered person ceases to pay tax under composition scheme, he shall be entitled to take credit of input tax in respect of \_\_\_\_\_ on the day immediately preceding the date from which he becomes liable to pay tax under normal scheme:
- inputs held in stock
  - capital goods
  - inputs contained in semi-finished or finished goods held in stock
  - All of the above
82. Can the unutilized input tax credit be transferred in case of change in constitution of business?
- Credit cannot be transferred in any circumstances
  - No, it will be exhausted
  - Yes, it will be transferred only if there is provision for transfer of liabilities
  - It will be transferred only if it is shown in books of Accounts of transferor
83. Which of the following statement is true for a composition tax payer?
- A composition tax payer can avail only 50% of ITC on capital goods.
  - A composition tax payer can avail 100% ITC on inputs.
  - ITC is not available on inward supplies made by a composition tax payer.



- (d) Composition tax will be available as ITC to the recipient only if the tax is mentioned separately in the invoice raised by the composition tax payer.

**84. Is Input tax fully restricted in case of switch over from taxable to exempt supplies?**

- (a) Yes  
(b) No  
(c) Proportionately restricted  
(d) Not restricted

**85. Is Input tax to be paid in case of switchover from taxable to exempt supplies.**

- (a) Yes, equivalent to the credit in respect of inputs held in stock (including semi-finished and finished goods) and on capital goods held on the day immediately preceding the date when taxable supply becomes exempt supply  
(b) No, credit once taken is infeasible  
(c) Yes, only to the extent of the amount available in electronic credit ledger  
(d) Yes, only to the extent of the amount available in electronic cash ledger

**86. 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 \_\_\_\_\_**

- (a) equal to the input tax credit taken on the said capital goods or plant and machinery reduced by 5% for every quarter or part thereof from the date of the issue of the invoice for such goods.  
(b) Equal to the tax on the transaction value of such capital goods or plant and machinery determined u/s 15.  
(c) equal to the input tax credit taken on the said capital goods or plant and machinery reduced by 5% for every

quarter or part thereof from the date of the issue of the invoice for such goods or the tax on the transaction value of such capital goods or plant and machinery determined u/s 15, whichever is higher.

- (d) equal to the input tax credit taken on the said capital goods or plant and machinery reduced by 5% for every quarter or part thereof from the date of the issue of the invoice for such goods or the tax on the transaction value of such capital goods or plant and machinery determined u/s 15, whichever is lower.

**87. In case of claiming credit in special circumstances as provided in Section 18 read with Rule 40, electronic declaration of eligibility to avail ITC to be filed within \_\_\_\_\_ .**

- (a) 60 days  
(b) 180 days  
(c) 120 days  
(d) 30 days

**88. In case of claiming credit in special circumstances as provided in Section 18 read with Rule 40, electronic declaration contain details of stock of inputs/ capital goods held to be certified by CA/ CMA if ITC claim exceeds \_\_\_\_\_ .**

- (a) ₹ 1,00,000  
(b) ₹ 2,00,000  
(c) ₹ 5,00,000  
(d) ₹ 20,00,000

**89. PQR Ltd. a registered person supplying taxable goods in Jaipur has opted to pay tax on composition scheme u/s 10 with effect from 28-02-2025. It provides following information relating to balance**



of ITC lying as on 27-02-2025 :

- (1) Inputs lying in stock as such valued at ₹ 1,68,000 (inclusive of CGST & SGST @ 12%)
- (2) Input tax on capital goods purchased on 25-10-2024 is ₹ 72,000.

Determine the amount payable by PQR Ltd.:

- (a) ₹ 85,200
  - (b) ₹ 66,000
  - (c) ₹ 84,000
  - (d) ₹ 82,800
90. Mr. A supplying taxable goods has opted to pay tax on composition scheme, due to which an amount of ₹ 93,600 (CGST + SGST) to be payable by him. Balance in electronic credit ledger is ₹ 1,10,000. Balance credit in electronic credit ledger after utilising the credit for payment of ₹ 93,600 shall \_\_\_\_\_.
- (a) Lapse
  - (b) Be carried forward
  - (c) Be Utilized for payment of other output tax liability
  - (d) None of the above.
91. In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay \_\_\_\_\_.
- (a) an amount equal to the ITC taken on the said capital goods or plant and machinery reduced @ 5% points for every quarter or part thereof from the date of the issue of the invoice for such goods.
  - (b) the tax on the transaction value of such capital goods or plant and machinery.
  - (c) Higher of (a) or (b)

- (d) Lower of (a) or (b)

92. Where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the \_\_\_\_\_ of such goods.
- (a) Wholesale Value
  - (b) Transaction Value
  - (c) Actual cost
  - (d) Purchase price
93. XYZ Ltd. a supplier of goods has purchased capital goods under cover of invoice dated 01-10-2024 for ₹ 4,13,000 (inclusive of CGST @ 9% and SGST @ 9%). After taking it for business use, the said capital goods were supplied for ₹ 2,85,000 on 26-04-2025. Determine amount of tax payable by XYZ Ltd.
- (a) ₹ 51,300
  - (b) ₹ 59,850
  - (c) ₹ 53,550
  - (d) ₹ 56,700
94. A registered person shall, in the event of sale, merger, demerger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, demerger, amalgamation, lease or transfer of business, in FORM \_\_\_\_\_, electronically on the common portal along with a request for transfer of unutilized ITC lying in his electronic credit ledger to the transferee.
- (a) GST ITC-01
  - (b) GST ITC-02
  - (c) GST ITC-03
  - (d) GST ITC-04



95. Where there is change in constitution of registered person on account of demerger, input tax credit shall be apportioned in the ratio of the \_\_\_\_\_ of new unit.
- Value of Assets
  - Value of Turnover
  - Value of Liabilities
  - Profit sharing ratio
96. The unutilized ITC in the electronic ITC Ledger will be allowed to a new entity on business as a whole transfer, merger, demerger, amalgamation and on lease if the transfer deed provides for:
- Transfer of all the Assets of the Existing Business Concern
  - Transfer of all the Liabilities of the Existing Business Concern
  - Transfer of both Assets and Liabilities of the existing business concern including credit on Electronic credit Ledger
  - Any of the Above
97. In case of availability of credit at the time of registration or voluntary registration, opting out of composition scheme or conversion of exempt supply into taxable supply, registered person shall not be entitled to take ITC after the expiry of \_\_\_\_\_.
- 2 year from the date of issue of invoice
  - 1 year from the date of issue of invoice
  - 5 year from the date of issue of invoice
  - 6 months from the date of issue of invoice
98. In case if a person who has applied for registration within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of \_\_\_\_\_ the day immediately preceding the date from which he becomes liable to pay tax under the provisions of CGST Act;
- Inputs held in stock and inputs contained in semi-finished or finished goods held in stock on
  - Capital goods held in stock on
  - Input services availed prior to
  - All of the above
99. SNP Pvt. Ltd., Coimbatore is engaged in exclusive manufacturing and selling of product 'Z' which is exempt from GST vide a notification. This product is sold by the company only in the state of Tamil Nadu. The turnover of the company in the previous year was ₹ 55 lakh and the company expects the sales to grow by 20% in the current year. The company decided to increase its production capacity and purchased additional machinery for manufacturing product 'Z' on 01-07-2024. The purchased price of the capital goods was ₹ 20 lakh exclusive of GST @ 18%. Effective from 01-11-2024, exemption available on "Z" was withdrawn by the Central Government and GST @ 12% was imposed thereon. The turnover of the company for the half year ended on 30-09-2024 was ₹ 40 lakh. The company applied for registration on 15-11-2024 and was granted registration on 18-11-2024. The Board of Directors of SNP Pvt. Ltd. wants to know whether they can take ITC on machinery purchased. If yes, then how much credit can be availed?
- As per section 18(1)(a) of the CGST Act, 2017, a person who has applied for registration under this Act within 30 days from the date on which he becomes liable to registration, and has been granted such registration shall be



entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished goods and inputs contained in finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act. Thus, no credit of capital goods shall be admissible.

- (b) As per section 18(1)(d) of the CGST Act, 2017 where an exempt supply becomes a taxable supply, registered is entitled to take credit on capital goods exclusively used for exempt supplies. So, SNP Pvt. Ltd. can avail the benefit of input tax credit of the input tax paid on the capital goods. The input tax credit being ₹ 3,60,000.
- (c) The admissibility of credit of capital goods is to be seen at the time of receipt of capital goods. When the capital goods were received by SNP Pvt. Ltd., it was engaged in making exempt supply only. Hence, it will not be entitled to take input tax credit of the tax paid on capital goods.
- (d) As per section 18(1)(d) of the CGST Act, 2017 where an exempt supply of goods by a registered person becomes a taxable supply, such person gets entitled to take credit on capital goods after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of the invoice on which the capital goods were received by the taxable person. So, SNP Pvt. Ltd. can avail the benefit of ITC on the capital goods. The credit on capital goods can be claimed after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of the invoice. The amount of credit that can be taken is ₹ 3,24,000.

100. PQR Pvt. Ltd. engaged in supplying taxable goods to its customers within the state and not liable for registration u/s 22 of the CGST Act, 2017, started inter-state supply of taxable goods from 15-02-2025 onward. It applied for registration on 25-02-2025 and same has been granted to it. It has certain stock of finished and semi-finished goods lying in stock as on 14-02-2025. It seeks your advice as to whether it is entitled to avail the ITC on the following inputs and goods lying in stock. The details of the goods in stock are as follows:

- (i) inputs received on 28-01-2025 (invoice dated 10-01-2025) lying in stock as on 14-02-2025
- (ii) inputs received on 25-10-2024 (invoice dated 26-10-2024) lying in semi-finished stock as on 14-02-2025
- (iii) inputs received on 15-01-2023 (invoice dated 15-01-2024) contained in finished goods as on 14-02-2025
- (a) It is not entitled to ITC on goods contained in stock or lying in stock prior to the registration date.
- (b) It is entitled to ITC on all the above mentioned items which are lying in stock on the day immediately preceding the date from which he becomes liable to pay tax i.e. 14-02-2025.
- (c) Items in (i) and (ii) are eligible for ITC claim and no ITC is available on item in (iii) as ITC can be availed only within 1 year from the date of issue of invoice by the supplier and in this case the invoice is dated 10-01-2025.
- (d) ITC can be availed only on the inputs and the inputs contained in the finished goods but not on the inputs contained in semi-finished goods.



101. B Ltd. is not required to register under CGST Act, 2017 but it wishes to obtain voluntary registration. It applied for voluntary registration and was granted registration certificate on 25<sup>th</sup> September, 2024. On verifying the stock as on 24<sup>th</sup> September it found the following items. It seeks your advice regarding the availability of ITC on the inputs and the inputs contained in the finished and semi-finished goods lying in stock as on that day. The details of stock were :

- (i) Input procured on 03-09-2024 lying in stock
  - (ii) Input received on 21-02-2024 contained in semi-finished goods held in stock
  - (iii) Value of inputs contained in finished goods held in stock procured on 19-09-2023 by invoice dated 19-09-2023
  - (iv) Capital goods procured on 12-09-2024
- (a) ITC is available on all the items as they are lying in stock on the day immediately preceding the date of grant of registration.
  - (b) ITC cannot be availed on (iii) as the inputs have been purchased on 19-09-2023 and invoice issued on same date hence one year has been elapsed.
  - (c) ITC cannot be availed on (iv) capital goods lying in stock by the person who obtains voluntary registration.
  - (d) Both (b) and (c)

102. M/s. XYZ Ltd., a registered dealer was engaged in supplying exempted goods to its customers. On 17-06-2024, exemption notification was rescinded and goods were liable for tax. It seeks your opinion

regarding availability of ITC on the goods that are lying in stock with them as on 16-06-2024 :

- (i) inputs lying in stock as on 16-06-2024 (all inputs were procured after 01-03-2024)
  - (ii) inputs contained in semi-finished goods lying in stock as on 16-06-2024 out of which inputs worth ₹ 85,000 in semi-finished goods were procured after 16-06-2023
  - (iii) capital goods procured on 10-12-2023 exclusively used in the supply of exempt goods.
- (a) All the above-mentioned goods are eligible for ITC as they are in stock as on 16-06-2023 i.e. the day immediately preceding the date from which the supply becomes taxable.
  - (b) ITC can be availed on (i) above and in respect of (ii) goods worth ₹ 85,000 which are less than 1 year old and in respect of capital goods as mentioned in (iii).
  - (c) ITC is eligible only on (i) and (ii) mentioned above. No ITC is available on capital goods.
  - (d) ITC cannot be claimed in respect of inputs contained in semi-finished goods.

103. R Ltd., have been exempted from GST w.e.f. 01-05-2024. Earlier these goods were liable to CGST and SGST @ 6% respectively. The inputs used in manufacturing were also liable to CGST and SGST @ 6% respectively. The goods lying in stock as on 30-04-2024 were –

- (i) inputs costing ₹ 1,12,000 (inclusive of CGST and SGST) are lying in stock
- (ii) inputs costing ₹ 80,640 (inclusive of CGST and SGST) are held in process



(iii) finished goods valuing ₹ 5,60,000 are in stock, the input cost (inclusive of CGST and SGST) is 50% of the value.

- (a) The balance in electronic credit ledger is ₹ 1,52,000 as on 30-04-2024. what amount is required to be reversed by R Ltd. and how shall the balance in the electronic credit ledger be utilised?
- (b) The entire amount of the credit of ₹ 1,52,000 in the electronic credit ledger is required to be reversed.
- (c) The credit once validly taken is indefeasible and hence no reversal is required. The entire amount of ₹ 1,52,000 is refundable to it.
- (d) R Ltd. shall pay an amount, by way of debit in the electronic credit ledger, equivalent to the credit of input tax in respect of inputs held in stock and contained in semi-finished or finished goods held in stock on the day immediately preceding such date of exemption. Thus, R Ltd. shall pay ₹ 50,640 by way of debiting the electronic credit ledger while the balance of ₹ 1,01,360 in the electronic credit ledger shall lapse.

104. R Ltd. shall pay ₹ 50,640 by way of debiting the electronic credit ledger while the balance of ₹ 1,01,360 in the electronic credit ledger shall be refunded to him.

ABC traders were paying tax under the Composition scheme. On 01-04-2024, it crossed the threshold limit and becomes liable to pay tax under the regular scheme. It seeks your advice regarding admissibility of the ITC to it—

- (a) it shall be entitled to take credit of the input tax in respect of the inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods (reducing 5%

points for each quarter) on the day immediately preceding the date from which he becomes liable to pay tax.

- (b) it shall be entitled to take credit of the input tax in respect of the inputs held in stock, inputs contained in semi-finished or finished goods held in stock but not on capital goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax.
- (c) No credit shall be admissible on opting out of the composition scheme
- (d) Credit shall be available only of 50% of the tax paid on the inputs lying in stock and of the tax paid on the capital goods.

105. PQR Ltd., a registered entity engaged in supply of taxable goods, has opted to switch over to the composition scheme from 28-02-2024. It had availed of the input tax of ₹ 72,000 on the capital goods purchased on 25-10-2024. The Central Tax Officer requires it to reverse the amount of input tax credit availed by it on the capital goods. Advice PQR Ltd., whether the reversal is required and if yes what amount is to be reversed?

- (a) PQR Ltd., is required to reverse, by way of debit in the electronic credit ledger or electronic cash ledger an amount equivalent to the credit of input tax in respect of capital goods. The amount to be reversed is ₹ 72,000.
- (b) No reversal is required of the tax paid on the capital goods on switching to composition scheme.
- (c) PQR Ltd., is required to reverse, by way of debit in the electronic credit ledger or electronic cash ledger an amount equivalent to the credit of input tax in respect of capital goods, taking useful

life of capital goods as 5 years on the day immediately preceding the date of exercising such option. Here, amount to be reversed is ₹ 66,000.

- (d) PQR Ltd., is required to reverse, by way of debit in the electronic credit ledger or electronic cash ledger an amount equivalent to the credit of input tax in respect of capital goods as reduced by 5% per quarter or part thereof preceding the date of exercising such option. Here, amount to be reversed is ₹ 64,800.

**106. ABC Ltd., registered person, purchased capital goods worth ₹ 8,26,000 invoice dated 01-10-2024 (inclusive of CGST @ 9% and SGST 9%) after using it for business, the said capital goods were supplied for ₹ 2,35,000 on 18-04-2025. What shall be the input tax credit treatment?**

- (a) ABC Ltd. shall pay an amount equal to the input tax credit taken on the capital goods i.e. ₹ 1,26,000.
- (b) ABC Ltd. shall pay an amount equal to the input tax credit taken on the capital goods as reduced by an amount calculated @ 5% for every quarter or part thereof from the date of issue of invoice for such goods. [₹ 1,26,000 – ₹ 1,26,000 × 5% × 7 quarters] = ₹ 81,900
- (c) ABC Ltd. shall pay the tax on transaction value of such capital goods i.e. ₹ 42,300 (₹ 2,35,000 × 18%)
- (d) Higher of (b) and (c)

**107. ABC Ltd., registered person, purchased capital goods being refractory bricks, moulds and dies worth ₹ 5,90,000 (inclusive of CGST 9% and SGST 9%) on 01-10-2024. After using it for business purpose, the same were removed as scrap at a transaction value of ₹ 50,000 on**

**29-03-2025. The GST leviable on scrap being 18% what shall be the input tax credit treatment in this case?**

- (a) ABC Ltd. shall pay an amount equal to the input tax credit taken on the capital goods i.e. ₹ 90,000.
- (b) ABC Ltd. shall pay an amount equal to the input tax credit taken on the capital goods as reduced by an amount calculated @ 5% for every quarter or part thereof from the date of issue of invoice for such goods. [₹ 90,000-90,000 × 5% × 3] = ₹ 76,500.
- (c) There is no requirement for reversal of the input tax credit and the taxable person is required to pay only the tax on the transaction value of such goods i.e. 50,000 × 18% i.e. ₹ 9,000.
- (d) Higher of (a) and (b)

**108. R Ltd., a registered manufacturer demerged its entity into RX Ltd and RY Ltd. The total value of assets of R Ltd. is ₹ 25,00,000 and unutilized credit on account of CGST and SGST amounting to ₹ 25,000 each. The value of assets of RX Ltd. is ₹ 12,00,000 and that of RY Ltd. is ₹ 13,00,000. Is ITC also transferable to the new units? If yes, what shall be the treatment of ITC in books of the demerged units?**

- (a) In case of demerger, the registered person shall be allowed to transfer the unutilized amount of the input tax credit which remains unutilised in his electronic credit ledger to the resulting unit. The input tax credit shall be apportioned in the ratio of value of assets of new unit i.e. 12:13. RX Ltd. getting a credit of ₹ 24,000 (CGST + SGST) and RY Ltd. getting credit of ₹ 26,000 (CGST + SGST).
- (b) In case of demerger, the registered person shall not be allowed to transfer



the unutilized amount of the input tax credit which remains unutilized in his electronic credit ledger to the resulting unit. The entire credit lapses.

- (c) In case of demerger, the registered person shall be allowed to transfer the unutilized amount of the input tax credit which remains unutilized in his electronic credit ledger to the resulting unit. The amount equivalent to the input tax credit is required to be paid by the registered person prior to demerger. Hence, X Ltd. is first required to pay an amount equal to ₹ 50,000 (CGST + SGST) prior to demerger.
- (d) The demerged units are required to pay the amount equal to the input tax credit as shown in the electronic credit ledger of R Ltd. in proportion of the assets acquired by them. Hence, RX Ltd, shall pay ₹ 24,000 and RY Ltd. shall pay ₹ 26,000 towards the unutilized ITC of R Ltd.

**109. The time limit beyond which capital goods sent for job work if not returned will be treated as deemed supply of capital goods to job-worker.**

- (a) 1 year  
(b) 5 years  
(c) 3 years  
(d) 4 years

**110. Is the Principal entitled for credit of goods though he has not received the goods and the goods have been sent to job worker directly by supplier of goods.**

- (a) Yes  
(b) No  
(c) Yes, but the job-worker must be registered in the same state as of the Principal

- (d) Yes, but the job-worker must be registered in the same state as of the supplier of goods

**111. Which of the following statements are true?**

- (i) ITC is allowed to the principal in respect of the inputs sent to job-worker only when the same has been received back by principal within 1 year of being sent out or such period extended
- (ii) Principal is not eligible to ITC claim in case the inputs are sent directly to the job-worker
- (iii) ITC is allowed to the principal on capital goods sent on job work if the same is received back within 5 years of being sent out.
- (iv) If the inputs are not received by the principal within 1 year of being sent out, it shall be deemed supply of inputs to the job worker.

- (a) All are true  
(b) All are false  
(c) (i) and (ii) and (iv) are true  
(d) (i) and (iv) are true

**112. Principal is allowed ITC claim on moulds and dies, jigs and fixtures or tools sent to the job worker when they are received back within a period of \_\_\_\_\_.**

- (a) No time limit  
(b) 1 year  
(c) 3 years  
(d) 5 years

**113. S manufacturers received certain inputs on 08-07-2024 on which they availed the ITC of CGST ₹ 66,000 and SGST ₹ 66,000 paid on these inputs. On 18-07-2024 it sent the**

inputs to a job worker outside its factory for certain processes to be carried on it. These inputs were received back into the factory on 20-08-2025. S manufacturers seek your advice regarding the treatment of ITC.

- (a) The ITC can be availed only by the job worker and the principal is not eligible to claim the ITC on goods sent out of the factory on job work.
- (b) Principal is eligible to claim ITC on the inputs sent out for job work if the same is received back within 1 year from being sent out. Here, since the goods have been received on 20-08-2025 i.e. after the expiry of 1 year, it will be deemed that inputs have been supplied by S manufacturer to the job worker on 18-07-2024 and S manufacturer is required to pay tax on such deemed supply of inputs.
- (c) The time limit for return of inputs from the job worker is 5 years from being sent out. Hence, since the inputs have been received on 20-08-2025, which is well within the time limit, hence the principal need not pay any amount.
- (d) Since the inputs have not been received back within 1 year from the date of being sent put, hence the Job-worker is required to pay an amount equal to input tax credit taken by the Principal.

114. S manufacturer's, engaged in the manufacturing of car bodies, procured certain inputs worth ₹ 3,54,000 (inclusive of GST @ 18%) under the cover of invoice dated 07-07-2024. The inputs were to be sent to a job worker outside the factory for processing. Therefore, S manufacturers directly dispatched the inputs to the job worker's premises on 10-07-2024 without getting the same into its own factory which

were received in job-workers premises on 11-07-2024. S manufacturers availed the credit of the tax paid by it on the inputs. The Central Tax Officer refused the ITC claim to S manufacturers contending that the goods were not brought into the factory premises hence no ITC claim was admissible to S manufacturers as the basic condition for claiming ITC was not fulfilled. Is the Central Tax Officer right? What shall be the effect in case the goods after processing are received into the factory of S manufacturers on 09-08-2025.

- (a) The Central Tax Officer is right. In order to be eligible for ITC claim, the goods must be received by the assessee. Here, since the goods did not come to the premises of the assessee, no ITC claim is admissible to S manufacturers.
- (b) The Central Tax Officer is incorrect. The principal is eligible to ITC claim on the goods which have been directly sent to the job worker. Hence S manufacturer's is entitled to claim ITC provided the goods are received back within 1 year from the date of invoice. Here, since the goods are received after the expiry of 1 year from the date of invoice, it shall be deemed supply to job worker premises and S Ltd. has to pay tax on such deemed supply of inputs.
- (c) The Central Tax Officer is incorrect. The principal is eligible to ITC claim on the goods which have been directly sent to the job worker. Hence S manufacturer is entitled to claim ITC provided the goods are received back within 1 year from the date of receipt of inputs in job-workers premises. Here, since the goods are received within 1 year from the date of receipt of inputs in the job worker hence no payment is required to be made by S manufacturers.



(d) The Central Tax Officer is right. The job worker alone is eligible to claim ITC on the goods received by him.

115. AB manufacturers, a registered person, engaged in the manufacturing of different kinds of fans, got an order for manufactured of 50,000 nos. of fans. The goods were sent to SS Ltd., a job worker, outside its factory premises for painting of the blades. To expedite the work, AB manufacturers purchased a machine for spray painting the blades and instructed the supplier to send the machine directly to SS Ltd. The supplier's invoice was dated 15-09-2024. AB manufacturers immediately availed the credit of the tax paid on the machine. The goods were received by the job worker on 25-09-2024. After completing the order, SS Ltd. returned the machine to AB manufacturers on 20-09-2025. Is AB manufacturers eligible to avail the ITC on the machinery? What action under CGST Act, 2017 is required to be taken by AB manufacturers?

- (a) AB manufacturer is not entitled to avail ITC on the machinery as it was never brought to the factory of AB manufacturers. It is required to reverse the credit availed by it and also pay the interest on credit so wrongly availed.
- (b) AB manufacturers is not entitled to avail ITC on the machinery as the same was returned by the job worker after the expiry of 1 year from the invoice date (1 year expiring on 15-09-2025). Hence, it shall be treated as deemed supply by principal to job worker made on 25-09-2024 and AB manufacturers is required to pay tax along with the interest on such deemed supply.
- (c) AB manufacturer is entitled to avail ITC on the machinery as the same was returned within a period of 3 years of

being sent out. The period of 3 years is reckoned from the date of receipt of the machinery by the job worker i.e. 25-09-2029. Hence, AB manufacturer is not required to pay any amount on account of tax.

(d) No ITC can be availed on the capital goods.

116. Can the credit distributed by an Input service distributor exceed the amount available for distribution?

- (a) Yes, but subject to fulfillment of certain conditions
- (b) No
- (c) Yes
- (d) None of the above

117. In case of input service distributor, if credit applicable to more than one recipient, then it shall be distributed, \_\_\_\_\_.

- (a) Equally
- (b) On pro rata basis to the aggregate turnover of such recipients
- (c) More to those units which are short of credit
- (d) As per adhoc ratio

118. If the recipient of the credit and the Input Service Distributor (ISD) are located in the same State or Union Territory, then ITC of the central tax and State tax and Union territory tax shall be distributed as —

- (a) Central tax, State tax and Union territory tax respectively.
- (b) Integrated tax
- (c) Both (A) and (B)
- (d) None of the above

119. If the recipient of the credit and the Input Service Distributor (ISD) are located in

different State or Union Territory, then ITC of the Central tax and State tax and Union territory tax shall be distributed as —

- (a) Central tax, state tax and union territory tax respectively.
- (b) Integrated tax
- (c) Both (a) and (b)
- (d) None of the above

120. Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be —

- (a) apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed.
- (b) apportioned to each recipient in the ratio of the turnover of all the units during the relevant month when the credit note was issued.
- (c) apportioned to each recipient in the ratio of the turnover of all the units during the relevant quarter immediately preceding the month of issuance of the credit note.
- (d) apportioned to each recipient equally.

121. The threshold limit of ISD registration is :

- (a) Aggregate turnover upto ₹ 20 lakhs [₹ 10 lakh if the person is carrying out business in Special Category States except Jammu and Kashmir]
- (b) Aggregate turnover upto ₹ 20 lakhs for all the states.
- (c) Nil
- (d) Aggregate turnover upto ₹ 10 lakhs for all the states.

122. The input tax credit available for distribution in a month shall be distributed

- (a) in the same month.
- (b) upto the due date of furnishing the return for the period ending 30th September of the next financial year.
- (c) upto the date of furnishing the annual return for the relevant financial year.
- (d) in the next month.

123. In which cases credit distributed by the Input Service Distributor (ISD) is recovered from recipients along with interest.

- (a) In case of distribution of credit in contravention of provision contained in section 20.
- (b) In case of excess distribution of credit to one or more recipients of credit.
- (c) Input tax credit wrongly distributed cannot be recovered from the recipients but same shall be recovered from the input service distributor
- (d) Both (a) or (b)

124. In which cases credit distributed by the Input Service Distributor (ISD) is recovered from recipients along with interest.

- (a) In case of distribution of credit in contravention of provision contained in section 20.
- (b) In case of excess distribution of credit to one or more recipients of credit.
- (c) Input tax credit wrongly distributed cannot be recovered from the recipients but same shall be recovered from the input service distributor
- (d) Both (a) or (b)

125. Input Service Distributor (ISD) shall furnish monthly return by —

- (a) 20<sup>th</sup> of next month



- (b) 13<sup>th</sup> of next month
- (c) 10<sup>th</sup> of next month
- (d) 15<sup>th</sup> of next month

126. Input Service Distributor (ISD) shall furnish monthly return in FORM \_\_\_\_\_ .

- (a) GSTR-6
- (b) GSTR-5
- (c) GSTR-4
- (d) GSTR-3

127. BTW Pvt. Ltd. has following units:

- A : Factory in Noida, Uttar Pradesh; closed from 2024-25 onwards, no turnover;
- B : Factory in Ghaziabad, Uttar Pradesh; turnover of ₹ 54 crores in 2024-25;
- C : Service centre in Faridabad, Haryana; turnover of ₹ 2 crore in 2024-25;
- D : Service centre in New Delhi; turnover of ₹ 4 crores in 2024-25.

The company's corporate office functions as an input service distributor. It has to distribute input tax credit of ₹ 18 lakh for April, 2025. Of this, an invoice involving tax of ₹ 6 lakh pertains to technical consultancy for Faridabad unit.

Input tax credit will be distributed as:

- (a) ₹ 3,00,000 to Noida Factory, ₹ 9,00,000 to Ghaziabad factory, ₹ 3,00,000 to Faridabad service centre and ₹ 3,00,000 to New Delhi service centre.
- (b) ₹ 10,80,000 to Ghaziabad factory, ₹ 6,40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- (c) ₹ 10,80,000 to Ghaziabad factory, ₹ 40,000 to Faridabad service centre

and ₹ 80,000 to New Delhi service centre.

- (d) ₹ 16,20,000 to Ghaziabad factory, ₹ 60,000 to Faridabad service centre and ₹ 1,20,000 to New Delhi service centre.

128. Every registered taxable person shall be entitled to take credit of input tax in his return and such input tax credit shall be credited to his —

- (a) Personal Ledger Account
- (b) Electronic liability register
- (c) Electronic Cash Ledger
- (d) Electronic Credit Ledger

129. Input tax credit as credited in Electronic Credit ledger can be utilized for—

- (a) Payment of interest.
- (b) Payment of penalty.
- (c) Payment of late fees.
- (d) Payment of taxes.

130. The total value of inter-State supply of Raman & Sons for the month of February 2025 is of ₹ 100 lakh. Said supply is taxable @ 18% IGST. Amount available in electronic credit ledger is ₹ 20 lakh (IGST). Determine the amount of GST to be paid by e-cash ledger if restrictions of Rule 86B are applicable.

- (a) ₹ 18,00,000
- (b) Nil
- (c) ₹ 18,000
- (d) ₹ 17,82,000

131. The order of the utilisation of the input tax credit relating to SGST will be :

- (a) Payment of IGST, CGST and SGST output tax liability respectively.

- (b) Payment of CGST, IGST and SGST output tax liability respectively.
- (c) Payment of SGST, IGST output tax liability respectively and No Utilisation for CGST liability.
- (d) Payment of SGST, CGST output tax liability respectively and No Utilisation for IGST liability.
132. The restrictions under Rule 86B in respect of utilisation of ITC will not be applicable in respect of the following registered person:
- (a) Government Department
- (b) Public Sector Undertaking
- (c) Local authority
- (d) All of the above
133. The restrictions under Rule 86B in respect of utilisation of ITC will not be applicable in respect of the following cases :
- (a) Where the said person/ proprietor/ karta/ managing director/ any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹ 1 lakh as income tax in each of the last 2 financial years
- (b) Where the registered person has received a refund of more than ₹ 1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies made without payment of tax or (ii) inverted duty structure.
- (c) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year.
- (d) All of the above
134. As per Rule 86B, the registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of \_\_\_\_\_ such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds \_\_\_\_\_.
- (a) 90%, ₹ 100 lakhs
- (b) 99% , ₹ 100 lakhs
- (c) 99%, ₹ 50 lakhs
- (d) 90%, ₹ 50 lakhs
135. Mr. X, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under —

Head	Output Tax Liability	ITC
IGST	2000	4000
CGST	800	2000
SGST/ UTGST	2500	500

- (a) ₹ 1,200 CGST
- (b) ₹ 800 SGST
- (c) ₹ 2,000 SGST
- (d) Nil



## ANSWERS TO MCQ'S

Question No.	Answer
1.	<b>(c)</b> Inputs does not include capital goods. Capital goods means goods, the value of which is capitalised in the books 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. Hence, in this case spares whose value is capitalized in books of accounts cannot be regarded as capital goods.
2.	<b>(d)</b> As per Section 2(19), Capital goods means goods, the value of which is capitalised in the books 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.
3.	<b>(b)</b> 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 u/s 37(1) unless,— <b>(a)</b> 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>(b)</b> the details of such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B under Rule 60 (7).
4.	<b>(a)</b> As per Section 16(1) Registration under GST is mandatory requirement for claiming input tax credit. However, input tax credit cannot be taken by registered person who has opted for composition scheme under Section 10 of the CGST Act, 2017.
5.	<b>(b)</b> As per first proviso to Section 16(2), where the goods against an invoice are received in lots or installments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment.
6.	<b>(a)</b> Yes, the credit of capital goods can be taken immediately on receipt of capital goods.
7.	<b>(b)</b> As per Section 16(3), 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 ITC on the said tax component shall not be allowed.
8.	<b>(c)</b> Input tax credit can be taken only when inputs and documents on basis of which credit is taken is received.
9.	<b>(c)</b> According to Section 155, where any person claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie on such person.
10.	<b>(c)</b> As per Second Proviso to Section 16, where a recipient fails to pay to the supplier of goods or services or both, the amount towards the value of supply along with tax

		payable thereon, within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed.
11.	(b)	According to Section 16(2)(a), No registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless, 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.
12.	(d)	<p>This condition of payment of value of supply plus tax within 180 days does not apply in the following situations :</p> <p>(a) Supplies on which tax is payable under reverse charge</p> <p>(b) Deemed supplies without consideration i.e. value of supplies made without consideration as specified in Schedule I of the said Act.</p> <p>(c) The value of supplies on account of any amount added in accordance with the provisions Section 15(2)(b) shall be deemed to have been paid for the purposes of the second proviso to Section 16(2), i.e. additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.</p> <p><b>Note:</b> Under situations given in points (b) &amp; (c), the value of supply is deemed to have been paid.</p>
13.	(a)	According to 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 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.
14.	(a)	According to Section 17(5)(g), Input tax credit shall not be admissible in respect of goods or services or both used for personal consumption.
15.	(a)	ITC is available only to registered person hence the statement that the same is available to both registered and unregistered person is false.
16.	(d)	A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, within 180 days from the date of issue of invoice, shall be liable to pay interest @ 18% p.a. for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability, as mentioned in Rule 37(2), is paid.
17.	(a)	ITC to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers u/s 37(1) in Form GSTR-1 or using the invoice furnishing facility (IFF), cannot exceed the actual amount of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers u/s 37(1) in Form GSTR-1 or using IFF.

18.	(b)	According to Rule 36(3), No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, willful misstatement or suppression of facts.
19.	(c)	According to Explanation to Rule 36, it shall be deemed that the registered person has received the goods 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. Thus, in this case X is entitled to take the credit.
20.	(d)	<p>(i) Goods are purchased by Mr. A, a registered dealer but he has not obtained the tax invoice — Credit is not available since the goods are purchased without taxpaying document.</p> <p>(ii) Goods are purchased from PQR Ltd. and full payment is made by ABC Ltd. to PQR Ltd. against such supply but tax has not been deposited by PQR Ltd. — ITC can be claimed provisionally in September since all the conditions necessary for availing the same have been complied with (Section 16 of the CGST Act, 2017). However, the claim will get confirmed only when the tax charged in respect of such supply has been actually paid to the Government.] [Section 16(2)(c)]</p> <p>(iii) Purchases of goods to be used for non-business purposes. — Credit will not be admissible since the goods must be used in course or furtherance of business</p> <p>(iv) Goods purchased by AB Ltd. against a valid invoice from PQ Ltd. but only half payment is made by AB Ltd. but full amount of tax is deposited by PQ Ltd. — Credit will be admissible in this case.</p>
21.	(c)	As per first proviso to Section 16(2), where the goods against an invoice are received in lots or installments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment. Therefore, in the given case Input 'X' has been received in lots hence, the credit of tax of ₹ 78,000 i.e. ( $₹ 7,28,000 \times 12 \div 112$ ) paid on such input shall be taken by A Ltd. only after receipt of fourth lot i.e., 01-12-2024.
22.	(b)	A credit note issued by a supplier in accordance with the provisions of section 34 is not a valid document on basis of which input tax credit can be availed.
23.	(b)	<p>As per 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 30<sup>th</sup> November following the end of financial year to which such invoice pertains or furnishing of the relevant annual return, whichever is earlier.</p> <p>In this case the inputs were purchased by invoice dated 01-11-2023, hence Input tax credit in respect of such inputs can be taken on earlier of following dates—</p> <ul style="list-style-type: none"> <li>– 30-11-2024 i.e. 30<sup>th</sup> November following the end of financial year to which such invoice pertains; or</li> <li>– 12-08-2024 being the date of furnishing of annual return.</li> </ul>

		Since, ABC Ltd. can avail credit of input tax paid on inputs till 12-08-2024.						
24.	(c)	The recipient can take ITC without payment of the consideration on supply. A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the amount towards the value of such supply along with the tax payable thereon, within 180 days from the date of invoice, shall pay an amount equal to the input tax credit availed in respect of such supply along with interest payable thereon u/s 50, while furnishing the return in FORM GSTR-3B for the tax period immediately following the period of 180 days from the date of the issue of the invoice. Here time limit of 180 days expires 07-12-2025. Hence, ITC is to added along with interest in Form GSTR-3B. The amount of tax so paid will be admissible as credit subsequently only when payment is made i.e. 10-01-2025.						
25.	(d)	Z Ltd. is not eligible for ITC as input tax credit shall not be available in respect of goods or services or both received by a taxable person for construction of an immovable property on his own account.						
26.	(a)	Excise duty paid on motor spirit is not eligible as input tax credit for payment of GST Liability.						
27.	(d)	As per Section 16(4), the time limit for claim of ITC is before 30 <sup>th</sup> November following the end of financial year to which the invoice pertains or the date of filing of annual return, whichever is earlier. Hence, in this case, since the annual return has been filed before 30 <sup>th</sup> November 2024, ITC on the invoice pertaining to F.Y. 2023-24 cannot be availed after 15 <sup>th</sup> September 2024.						
28.	(c)	The time limit of taking credit u/s 16(4) is not available in respect of re-availing of credit that had been reversed earlier.						
29.	(c)	In cases of supplies received from unregistered suppliers, where tax has to be paid by the recipient under reverse charge mechanism (RCM) and where invoice is to be issued by the recipient of the supplies in accordance with section 31(3)(f) of CGST Act, the relevant financial year for calculation of time limit for availment of input tax credit under the provisions of section 16(4) of CGST Act will be the financial year in which the invoice has been issued by the recipient under section 31(3)(f) of CGST Act, subject to payment of tax on the said supply by the recipient and fulfilment of other conditions and restrictions of section 16 and 17 of CGST Act.						
30.	(d)	<p><b>The amount of admissible credit shall be —</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Services of repair and maintenance of motor lorries used for transportation of goods</td> <td>36,000</td> </tr> <tr> <td>Services of general insurance of motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) [Same is blocked u/s 17(5)(ab)]</td> <td>Nil</td> </tr> </tbody> </table>	Particulars	₹	Services of repair and maintenance of motor lorries used for transportation of goods	36,000	Services of general insurance of motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) [Same is blocked u/s 17(5)(ab)]	Nil
Particulars	₹							
Services of repair and maintenance of motor lorries used for transportation of goods	36,000							
Services of general insurance of motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) [Same is blocked u/s 17(5)(ab)]	Nil							

		Services of servicing of motor vehicles for transportation of persons having approved seating capacity of 14 persons (including driver)	50,000								
		<b>Total Input tax credit available</b>	<b>86,000</b>								
31.	(d)	<p>According to Section 17(5)(a), Input tax credit shall not be admissible in respect of Motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver).</p> <p>However, credit will be available when they are used for making the following taxable supplies, namely:—</p> <p>(A) further supply of such motor vehicles; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on driving such motor vehicles.</p>									
32.	(d)	<p>As per Explanation to Section 15, <b>“Plant and machinery”</b> 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—</p> <p>(i) land, building or any other civil structures;</p> <p>(ii) telecommunication towers; and</p> <p>(iii) pipelines laid outside the factory premises.</p>									
33.	(c)	<p><b>Computation of amount of admissible Input tax credit —</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>GST paid (₹)</th> </tr> </thead> <tbody> <tr> <td>Cars purchased from the manufacturer for making further supply of such cars shall be eligible for credit. However, as per Section 17(5)(h) credit is not admissible in respect of Two cars which are destroyed in accidents while being used for test drive by potential customers.</td> <td>19,00,000</td> </tr> <tr> <td>Works contract services availed for constructing a car shed in its premises shall not be admissible as credit since factory shed amounts to immovable property and credit is blocked as per provisions of Section 17(5)(c).</td> <td>-</td> </tr> <tr> <td><b>Total admissible credit</b></td> <td><b>19,00,000</b></td> </tr> </tbody> </table>	Particulars	GST paid (₹)	Cars purchased from the manufacturer for making further supply of such cars shall be eligible for credit. However, as per Section 17(5)(h) credit is not admissible in respect of Two cars which are destroyed in accidents while being used for test drive by potential customers.	19,00,000	Works contract services availed for constructing a car shed in its premises shall not be admissible as credit since factory shed amounts to immovable property and credit is blocked as per provisions of Section 17(5)(c).	-	<b>Total admissible credit</b>	<b>19,00,000</b>	
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<b>Total admissible credit</b>	<b>19,00,000</b>										
34.	(d)	<p>As per Section 17(5)(b), ITC shall not be admissible in respect of the following supply of goods or services or both—</p> <p>(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:</p> <p>However, 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</p>									

		<p>category of goods or services or both or as an element of a taxable composite or mixed supply;</p> <p>(ii) membership of a club, health and fitness centre; and</p> <p>(iii) travel benefits extended to employees on vacation such as leave or home travel concession.</p> <p>However, 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.</p>															
35.	(c)	Input tax credit of tax paid on works contract services is available when supplied for construction of Plant and machinery.															
36.	(d)	According to Section 17(5)(g), (fa) and (h), Input tax credit shall not be admissible in respect of goods or services or both used for personal consumption; Goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility and goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.															
37.	(b)	<p><b>Computation of amount of admissible credit —</b></p> <table border="1"> <thead> <tr> <th></th> <th>Inward supplies</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Goods used in constructing an additional floor of office building [Since Immovable property, credit is not admissible as per Section 17(5) (d)]</td> <td>Nil</td> </tr> <tr> <td>2</td> <td>Packing Materials used in a factory</td> <td>6,000</td> </tr> <tr> <td>3</td> <td>Goods used for CSR Activities [Blocked as per provisions of Section 17(5)(fa)]</td> <td>Nil</td> </tr> <tr> <td colspan="2"><b>Total admissible credit</b></td> <td><b>6,000</b></td> </tr> </tbody> </table>		Inward supplies	GST (₹)	1	Goods used in constructing an additional floor of office building [Since Immovable property, credit is not admissible as per Section 17(5) (d)]	Nil	2	Packing Materials used in a factory	6,000	3	Goods used for CSR Activities [Blocked as per provisions of Section 17(5)(fa)]	Nil	<b>Total admissible credit</b>		<b>6,000</b>
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38.	(a)	<p><b>Computation of admissible credit —</b></p> <table border="1"> <thead> <tr> <th></th> <th>Inward supplies</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Inputs 'X' [Input tax credit is not admissible in case of missing invoice]</td> <td>1,10,000</td> </tr> <tr> <td>(ii)</td> <td>Inputs 'Y' [Entire credit will be admissible when last installment is received]</td> <td>Nil</td> </tr> <tr> <td colspan="2"><b>Total admissible credit</b></td> <td><b>1,10,000</b></td> </tr> </tbody> </table>		Inward supplies	GST (₹)	(i)	Inputs 'X' [Input tax credit is not admissible in case of missing invoice]	1,10,000	(ii)	Inputs 'Y' [Entire credit will be admissible when last installment is received]	Nil	<b>Total admissible credit</b>		<b>1,10,000</b>			
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<b>Total admissible credit</b>		<b>1,10,000</b>															
39.	(b)	According to Section 17(5)(i), ITC is not admissible of any tax paid in accordance with the provisions of sections 74, 129 and 130.															
40.	(a)	In this case since half of the expenditure is debited to Profit and loss account and is not capitalized in cost of building being immovable property, credit of the tax so paid is admissible. The amount of input tax credit will be $[50\% \text{ of } 23,60,000 \times 18/118] = ₹ 1,80,000$ .															

41.	(b)	<p>As per Section 17(5), ITC is not admissible in respect of—</p> <p>(a) motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making the following taxable supplies, namely:—</p> <p>(A) further supply of such motor vehicles; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on driving such motor vehicles.</p> <p>(aa) Vessels and aircraft. However, credit will be available when they are used—</p> <p>(i) for making the following taxable supplies, namely:—</p> <p>(A) further supply of such vessels or aircraft; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on navigating such vessels; or</p> <p>(D) imparting training on flying such aircraft;</p> <p>(ii) for transportation of goods.</p> <p>Hence, input tax credit shall not be admissible in respect of motorcycle used by employee of soft-ware professional providing technical consultancy.</p>								
42.	(d)	<p>According to Section 17(5)(e)/(g)/(h), Input tax credit is not admissible in respect of goods or services or both on which tax has been paid under section 10/goods or services or both used for personal consumption;/ goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.</p>								
43.	(a)	<p>As per Section 17(5)(a), Input tax credit shall not be available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making the following taxable supplies, namely:—</p> <p>(A) further supply of such motor vehicles; or</p> <p>(B) transportation of passengers; or</p> <p>(C) imparting training on driving such motor vehicles.</p>								
44.	(b)	<p><b>Computation of ITC available with Posco Ltd.—</b></p> <table border="1" data-bbox="373 1480 1441 1868"> <thead> <tr> <th data-bbox="373 1480 1281 1532">Particulars</th> <th data-bbox="1281 1480 1441 1532">₹</th> </tr> </thead> <tbody> <tr> <td data-bbox="373 1532 1281 1733">Motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) <i>[As per Section 17(5)(a), no Input tax credit is available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver)]</i></td> <td data-bbox="1281 1532 1441 1733">Nil</td> </tr> <tr> <td data-bbox="373 1733 1281 1816">Motor bus for transportation of persons having approved seating capacity of 14 persons (including driver)</td> <td data-bbox="1281 1733 1441 1816">1,40,000</td> </tr> <tr> <td data-bbox="373 1816 1281 1868"><b>Total Input tax credit available</b></td> <td data-bbox="1281 1816 1441 1868"><b>1,40,000</b></td> </tr> </tbody> </table>	Particulars	₹	Motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) <i>[As per Section 17(5)(a), no Input tax credit is available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver)]</i>	Nil	Motor bus for transportation of persons having approved seating capacity of 14 persons (including driver)	1,40,000	<b>Total Input tax credit available</b>	<b>1,40,000</b>
Particulars	₹									
Motor vehicles for transportation of persons having approved seating capacity of 7 persons (including driver) <i>[As per Section 17(5)(a), no Input tax credit is available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver)]</i>	Nil									
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45.	(a)	According to Section 17(5)(f) Input tax credit shall not be admissible on goods or services or both received by a non-resident taxable person except on goods imported by him. Thus, he will be entitled to take input tax credit of integrated tax paid on imports amounting to ₹ 1,33,200.																		
46.	(a)	According to Section 17(5)(g), Input tax credit shall not be admissible in respect of goods or services or both used for personal consumption.																		
47.	(b)	<p><b>Computation of admissible Input tax credit—</b></p> <table border="1"> <thead> <tr> <th></th> <th>Inward supplies</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Inputs purchased (No ITC is admissible in respect of goods distributed as free samples)</td> <td>3,54,000</td> </tr> <tr> <td>(ii)</td> <td>Renting immovable property (No credit is admissible of GST paid on rent of the property is used for personal purpose)</td> <td>45,000</td> </tr> <tr> <td>(iii)</td> <td>Inputs used for making foundational and structural support of plant and machinery, the value of which is capitalized along with plant and machinery (It shall be regarded as plant and machinery and credit shall be admissible.)</td> <td>50,000</td> </tr> <tr> <td></td> <td><b>Total admissible ITC</b></td> <td><b>4,49,000</b></td> </tr> </tbody> </table>		Inward supplies	GST (₹)	(i)	Inputs purchased (No ITC is admissible in respect of goods distributed as free samples)	3,54,000	(ii)	Renting immovable property (No credit is admissible of GST paid on rent of the property is used for personal purpose)	45,000	(iii)	Inputs used for making foundational and structural support of plant and machinery, the value of which is capitalized along with plant and machinery (It shall be regarded as plant and machinery and credit shall be admissible.)	50,000		<b>Total admissible ITC</b>	<b>4,49,000</b>			
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48.	(d)	<p><b>Computation of ITC available to ABC Co. Ltd. :</b></p> <table border="1"> <thead> <tr> <th></th> <th>Inward supplies</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Electrical transformers to be used in the manufacturing process</td> <td>3,60,000</td> </tr> <tr> <td>(ii)</td> <td>Truck used for transportation of inputs in the factory</td> <td>2,24,000</td> </tr> <tr> <td>(iii)</td> <td>Raw material</td> <td>2,00,000</td> </tr> <tr> <td>(iv)</td> <td>Confectionery items for consumption of employees working in the factory [Same is blocked u/s 17(5)(b)]</td> <td>Nil</td> </tr> <tr> <td></td> <td><b>Total admissible credit</b></td> <td><b>7,84,000</b></td> </tr> </tbody> </table>		Inward supplies	GST (₹)	(i)	Electrical transformers to be used in the manufacturing process	3,60,000	(ii)	Truck used for transportation of inputs in the factory	2,24,000	(iii)	Raw material	2,00,000	(iv)	Confectionery items for consumption of employees working in the factory [Same is blocked u/s 17(5)(b)]	Nil		<b>Total admissible credit</b>	<b>7,84,000</b>
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50.	(b)	As per Section 17(5)(c), input tax credit shall not be available in respect of works contract services when supplied for construction of an immovable property. However, credit is allowed where it is an input service for further supply of works contract service. In the given case, the services supplied by the sub-contractor have been used by the XYZ Ltd. for supply of works contract service. Hence, XYZ Ltd. can avail the Input tax credit of the GST charged on the input service provided by the sub-contractor.						
51.	(b)	<ul style="list-style-type: none"> <li>(i) Raw materials – Same is eligible for credit as inputs.</li> <li>(ii) Capital goods used for generation of electricity for captive use within the factory – same is eligible for credit as capital goods.</li> <li>(iii) Inputs used for construction of building – Building is immovable property, hence credit is not admissible.</li> <li>(iv) Dairy and bakery products consumed by the employees – Since the same is not statutory obligation credit is not admissible.</li> <li>(v) Motor vehicles for transportation of goods (value is capitalized in books) – Credit is admissible since the same is not blocked u/s 17(5)</li> </ul>						
52.	(b)	Credit can be taken for accounting and auditing services and Legal services but not for Rent-a cab-service for employees under contractual obligation since the same is blocked under section 17(5)(b).						
53.	(c)	ITC is allowed on the motor vehicles used for making further supply of such motor vehicles designed for transportation of passengers, however, ITC on cars destroyed in accidents will not be allowed as inputs destroyed is specifically included in blocked credits under Section 17(5)(h).						
54.	(b)	<p>The admissibility of credit is as under –</p> <ul style="list-style-type: none"> <li>(i) materials used in construction of additional floor of office building – Credit is not admissible as it results in immovable property</li> <li>(ii) capital goods used as parts purchased from supplier who paid tax under composition scheme – Credit is not admissible of composition tax</li> <li>(iii) paper for photocopying machine used in administrative office – Credit is admissible since used for business.</li> <li>(iv) goods given as gifts- Credit is not admissible as same is blocked u/s 17(5)(h)</li> <li>(v) inputs used for quality control check – Credit is admissible since used for business.</li> <li>(vi) packing materials used in a factory – Credit is admissible since used for business.</li> </ul>						
55.	(c)	<p><b>The amount of admissible ITC shall be —</b></p> <table border="1"> <thead> <tr> <th></th> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Cement used for making foundation and structural support to plant and machinery [Eligible as covered in Plant and machinery]</td> <td>14,000</td> </tr> </tbody> </table>		Particulars	₹	(i)	Cement used for making foundation and structural support to plant and machinery [Eligible as covered in Plant and machinery]	14,000
	Particulars	₹						
(i)	Cement used for making foundation and structural support to plant and machinery [Eligible as covered in Plant and machinery]	14,000						

		(ii) Inputs used in trial runs [Eligible as input]	14,500
		(iii) Food and beverages purchased for the employees during the office hours [Not eligible as provided under contractual obligation]	Nil
		<b>Total admissible credit</b>	<b>28,500</b>
56.	(a)	No, as per section 17(5)(b) of the CGST Act, 2017, ITC shall not be available in respect of supply of outdoor catering service since the same is not under any statutory obligation.	
57.	(c)	As per Section 17(5) credit is not available in case of Health and fitness services availed from physique club for upkeep of health of their employees as the same is not under any statutory obligation.	
58.	(b)	As per section 17(5)(h) the goods disposed by way of free samples are ineligible for ITC. In this case Since ABC Ltd. has availed ITC, it has to pay ₹ 60,000 towards CGST and ₹ 60,000 towards SGST liability.	
59.	(d)	Computation of value of exempt supply for the purpose of Section 17(2),—	
		<b>Particulars</b>	<b>₹</b>
		(i) Value of alcoholic liquor for human consumption	1,50,000
		(ii) Value of architect services supplied	Nil
		(iii) Sale of Securities [1% of sale value of securities i.e. 1% of ₹ 95,000]	950
		<b>Value of exempt supply</b>	<b>1,50,950</b>
60.	(c)	The value of exempt supplies being sale of land and, subject to Paragraph 5(b) of Schedule II, sale of building is value adopted for paying stamp duty on such land and building.	
61.	(c)	The amount of common credit attributable to non-business supplies shall be 5% of the common credit.	
62.	(c)	For the purpose of Section 17(3) the expression " <b>value of exempt supply</b> " shall not include the value of activities or transactions specified in Schedule III, except	
		(i)	the value of activities or transactions specified in paragraph 5 of the said Schedule; and
		(ii)	the value of such activities or transactions as may be prescribed in respect of paragraph 8(a) of the said Schedule.
63.	(d)	For the purposes of Rule 42 and Rule 43, it is hereby clarified that the aggregate value of exempt supplies shall exclude :-	
		(a)	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 (b) the value of supply of Duty Credit Scrips.																								
64.	(b)	The capital goods which are used/intended to be used for making taxable as well as exempt supplies & business & non-business purposes. The useful life of such capital goods will be taken as 5 years from the date of invoice.																								
65.	(c)	Where capital goods which were initially exclusively used for non-business purposes/ for effecting exempt supplies are subsequently used for taxable supplies also, input tax shall be reduced by @ 5% per quarter or part thereof or part thereof and balance amount shall be credit to electronic credit ledger.																								
66.	(c)	In case of banking company, financial institutions including NBFC, option to avail 50% input tax credit is not applicable in case of Supplies made to own establishments. In such cases 100% credit shall be admissible.																								
67.	(c)	According to Section 17(4), 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 shall have the option to — <ul style="list-style-type: none"> <li>➤ either comply with the provisions of Section 17(2) i.e. ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies; or</li> <li>➤ avail of, every month, an amount equal to 50% of the eligible input tax credit on inputs, capital goods and the balance amount of input tax credit shall be reversed in FORM GSTR-3B.</li> </ul>																								
68.		<p>The net GST liability shall be arrived as under—</p> <p><b>In case the Bank opts for option to avail 50% Eligible ITC u/s 17(4) (amt in ₹) :</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>CGST paid</th> <th>SGST paid</th> </tr> </thead> <tbody> <tr> <td>Total Eligible Input tax credit available</td> <td>27,360</td> <td>27,360</td> </tr> <tr> <td><b>Less:</b> Amount of input tax credit credited to electronic ledger (50% of eligible input tax on inputs, input services and capital goods) i.e., ₹ 27,360 × 50%</td> <td>13,680</td> <td>13,680</td> </tr> <tr> <td><b>Remaining ITC to be reversed in Form GSTR-3B</b></td> <td><b>13,680</b></td> <td><b>13,680</b></td> </tr> </tbody> </table> <p><b>Determination of Net Tax liability of Bank for the month of Nov. (amt in ₹) :</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>CGST @ 9%</th> <th>SGST @ 9%</th> <th>Total GST liability</th> </tr> </thead> <tbody> <tr> <td>Tax liability of bank before availing eligible Input tax Credit on taxable supply of services of ₹ 11,00,000</td> <td>99,000</td> <td>99,000</td> <td>1,98,000</td> </tr> <tr> <td><b>Less:</b> Net/Eligible CGST Credit available on Inputs/ Input services</td> <td>13,680</td> <td>–</td> <td>13,680</td> </tr> </tbody> </table>	Particulars	CGST paid	SGST paid	Total Eligible Input tax credit available	27,360	27,360	<b>Less:</b> Amount of input tax credit credited to electronic ledger (50% of eligible input tax on inputs, input services and capital goods) i.e., ₹ 27,360 × 50%	13,680	13,680	<b>Remaining ITC to be reversed in Form GSTR-3B</b>	<b>13,680</b>	<b>13,680</b>	Particulars	CGST @ 9%	SGST @ 9%	Total GST liability	Tax liability of bank before availing eligible Input tax Credit on taxable supply of services of ₹ 11,00,000	99,000	99,000	1,98,000	<b>Less:</b> Net/Eligible CGST Credit available on Inputs/ Input services	13,680	–	13,680
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		<b>Less:</b> Net/Eligible SGST Credit available on Inputs/ Input services	–	13,680	13,680
		<b>Net output Tax liability of bank after availing eligible ITC</b>	<b>85,320</b>	<b>85,320</b>	<b>1,70,640</b>
69.	(b)	The value of exempt supplies in respect of securities is 1% of the sale value of such security.			
70.	(b)	For the purpose of rule 42, the value of activities or transactions mentioned in Paragraph 8(a) of Schedule III of the Act (viz. supply of warehoused goods to any person before clearance for home consumption) which is required to be included in the value of exempt supplies under Explanation (b) to Section 17(3) of the Act shall be the value of supply of goods from Duty Free Shops at arrival terminal in international airports to the incoming passengers.			
71.	(a)	<p>Thread, buttons and lining material are inputs which are used for making taxable as well as exempt supplies. Therefore, credit on such items will be apportioned and credit attributable to exempt supplies will be added to the output tax liability in terms of Rule 42 of the CGST Rules, 2017.</p> <p>Credit attributable to exempt supplies = Common credit × (Exempt turnover/ Total turnover)</p> <p>Common credit = ₹ 15,000 + ₹ 5,000 = ₹ 20,000</p> <p>Exempt turnover = ₹ 1 crore</p> <p>Total turnover = ₹ 5 crore</p> <p>Credit attributable to exempt supplies = (₹ 1 crore/ ₹ 5 crore) × ₹ 20,000 = ₹ 4,000.</p> <p>Ineligible credit of ₹ 4,000 will be reversed by the registered person in FORM GSTR-3B for the month of July. Credit of ₹ 16,000 will be eligible credit for the month of July.</p>			
72.	(c)	The amount of common credit attributable to non-business supplies shall be 5% of the common credit.			
73.	(a)	<p>According to Section 17(1), where capital goods are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.</p> <p>As per Section 17(2), where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the IGST Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.</p>			
74.	(d)	According to Section 17(3) of the CGST Act, 2017, the value of exempt supply u/s 17(2) shall be such as may be prescribed and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.			

75.	(c)	In case of reversal of credit, where registered person switching to composition scheme/ goods or services become wholly exempt or cancellation of registration, credit to be reversed shall be calculated proportionately on the basis of corresponding invoice.
76.	(a)	According to Rule 44(3) of the CGST Rules, 2017, where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under Rule 44(1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in Section 18(4) or, as the case may be, Section 29(5).
77.	(b)	Where registered person switching to composition scheme/ goods or services become wholly exempt or cancellation of registration, amount of credit to be reversed shall form part of the Output tax liability of registered person.
78.	(a)	In case of availability of credit at the time of registration or voluntary registration, opting out of composition scheme or conversion of exempt supply into taxable supply, electronic declaration of stock shall be filed in the FORM GST ITC-01.
79.	(a)	According to Section 18(2), a registered person shall not be entitled to take input tax credit under Section 18(1) 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.
80.	(b)	As per Section 18(1)(b), a person who takes voluntary registration u/s 25(3) shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration.
81.	(d)	As per Section 18(1)(c), where any registered person ceases to pay tax u/s 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax u/s 9 i.e. under normal scheme.
82.	(c)	According to Section 18(3), where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.
83.	(c)	Composition tax payer shall not be entitled to take ITC on inward supplies as per provisions of Section 10(4) of the CGST Act, 2017.
84.	(a)	According to Section 18(4), Where any registered person who has availed of input tax credit opts to pay tax u/s 10 or, where the goods or services or both supplied by him

		<p>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. After payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.</p> <p>Thus, input tax credit is fully restricted in case of switch over from taxable to exempt supplies.</p>
85.	(a)	<p>According to Section 18(4), where any registered person who has availed of input tax credit opts to pay tax u/s 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. After payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.</p>
86.	(c)	<p>As per Section 18(6) read with Rule 40(2) of CGST Rules, 2017, in case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay high-er of the following amounts —</p> <ol style="list-style-type: none"> <li>(1) an amount equal to the ITC taken on the said capital goods or plant and machinery reduced @ 5% points for every quarter or part thereof from the date of the issue of the invoice for such goods; or</li> <li>(2) the tax on the transaction value of such capital goods or plant and machinery determined u/s 15.</li> </ol>
87.	(d)	<p>The registered person shall within a period of 30 days from the date of becoming eligible to avail the input tax credit u/s 18(1), 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.</p>
88.	(b)	<p>In case of claiming credit in special circumstances as provided in Section 18 read with Rule 40, electronic declaration contain details of stock of inputs/ capital goods held to be certified by CA/ CMA if ITC claim exceeds ₹ 2,00,000.</p>
89.	(c)	<p>As per Section 18(4), where any registered taxable person who has availed of input tax credit opts to pay tax u/s 10 i.e. composition scheme, 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, taking useful life of capital goods 5 years, on the day immediately preceding the date of exercising such option.</p>

		Therefore, in given case PQR Ltd. is required to pay following amounts :								
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Inputs lying in stock (<math>\text{₹ } 1,68,000 \times 12 \div 112</math>)</td> <td>18,000</td> </tr> <tr> <td>Input tax on Capital goods used for 4 months and 2 days, taking residual life as 5 years (<math>\text{₹ } 72,000 \times 55 \div 60</math>) (55 months being remaining residual life of capital goods)</td> <td>66,000</td> </tr> <tr> <td><b>Amount to be paid by PQR Ltd. (CGST + SGST)</b></td> <td><b>84,000</b></td> </tr> </tbody> </table>	Particulars	₹	Inputs lying in stock ( $\text{₹ } 1,68,000 \times 12 \div 112$ )	18,000	Input tax on Capital goods used for 4 months and 2 days, taking residual life as 5 years ( $\text{₹ } 72,000 \times 55 \div 60$ ) (55 months being remaining residual life of capital goods)	66,000	<b>Amount to be paid by PQR Ltd. (CGST + SGST)</b>	<b>84,000</b>
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<b>Amount to be paid by PQR Ltd. (CGST + SGST)</b>	<b>84,000</b>									
90.	(a)	<p>As per Section 18(4), where any registered person who has availed of input tax credit opts to pay tax u/s 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:</p> <p>However, after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.</p>								
91.	(c)	<p>As per Section 18(6) read with Rule 40(2) of CGST Rules, 2017, in case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay higher of the following amounts —</p> <p>(1) an amount equal to the ITC taken on the said capital goods or plant and machinery reduced @ 5% points for every quarter or part thereof from the date of the issue of the invoice for such goods; or</p> <p>(2) the tax on the transaction value of such capital goods or plant and machinery determined u/s 15.</p>								
92.	(b)	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 determined under section 15.								
93.	(c)	<p>As per Section 18(6) of the CGST Act read with Rule 40(2) of CGST Rules, 2017, in case of supply of capital goods, 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 reduced by an amount calculated @ 5% for every quarter or part thereof from the date of issue of invoice for such goods or the tax on the transaction value of such capital goods or plant and machinery determined u/s 15, whichever is higher.</p> <p><b>Computation of amount of tax payable by XYZ Ltd. (amount in ₹) :</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>(₹)</th> </tr> </thead> <tbody> <tr> <td>Date of Invoice of purchase of capital goods</td> <td>01-10-2024</td> </tr> <tr> <td>Date of Supply of capital goods after taking into use</td> <td>26-04-2025</td> </tr> </tbody> </table>	Particulars	(₹)	Date of Invoice of purchase of capital goods	01-10-2024	Date of Supply of capital goods after taking into use	26-04-2025		
Particulars	(₹)									
Date of Invoice of purchase of capital goods	01-10-2024									
Date of Supply of capital goods after taking into use	26-04-2025									

		No. of Quarters from the date of issue of invoice for such goods	3
		CGST and SGST paid on purchase of capital goods [ $\text{₹ } 4,13,000 \times 18 \div 118]$	63,000
		Reduced by $\text{₹ } 63,000 \times 5\% \times 3$ quarters	9,450
		<b>Amount of CGST and SGST [A]</b>	<b>53,550</b>
		Transaction Value on supply of capital goods u/s 15	2,85,000
		<b>CGST and SGST payable on supply of capital goods @ 18% [B]</b>	<b>51,300</b>
		<b>Amount to be payable [higher of A or B]</b>	<b>53,550</b>
94.	(b)	A registered person shall, in the event of sale, merger, demerger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, demerger, amalgamation, lease or transfer of business, in FORM GST ITC-02, electronically on the common portal along with a request for transfer of unutilized ITC lying in his electronic credit ledger to the transferee.	
95.	(a)	In the case of demerger, the ITC shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme. <b>Value of Assets [Explanation]</b> : It means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.	
96.	(c)	The unutilized ITC in the electronic ITC Ledger will be allowed to a new entity on business as a whole transfer, merger, demerger, amalgamation and on lease if the transfer deed provides for transfer of both Assets and Liabilities of the existing business concern including credit on Electronic credit Ledger.	
97.	(b)	In case of availability of credit at the time of registration or voluntary registration, opting out of composition scheme or conversion of exempt supply into taxable supply, registered person shall not be entitled to take ITC after the expiry of one year from the date of invoice.	
98.	(a)	As per Section 18(1)(a), a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act.	
99.	(a)	As per section 18(1)(a) of the CGST Act, 2017, a person who has applied for registration under this Act within 30 days from the date on which he becomes liable to registration, and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished goods and inputs contained in finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act. Thus, no credit of capital goods shall be admissible.	

		The provisions of Section 18(1)(d) is applicable only in case of registered person when his exempt supply becomes taxable supply.
100.	(c)	<p>As per Section 18(1)(a), a person who has applied for registration under this Act within 30 days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished goods and inputs contained in finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act.</p> <p>However, ITC cannot be availed on capital goods.</p> <p>A registered person shall not be entitled to take input tax credit under Section 18(1) 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.</p>
101.	(d)	<p>As per Section 18(1)(b), a person who takes registration u/s 25(3) i.e. voluntary registration shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished goods and inputs contained in finished goods held in stock on the day immediately preceding the date of grant of registration.</p> <p>However, ITC cannot be availed on capital goods.</p> <p>A registered person shall not be entitled to take ITC u/s 18(1) 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.</p>
102.	(b)	<p>As per Section 18(1)(d), where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of in-puts held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable.</p> <p>As per Rule 40(1)(a) of CGST Rules, 2017, the input tax credit on capital goods, shall be claimed after reducing the tax paid on such capital goods by 5% points per quarter of a year or part thereof from the date of invoice or such other documents on which the capital goods were received by the taxable person.</p> <p>A registered person shall not be entitled to take input tax credit u/s 18(1) 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.</p>
103.	(c)	<p>As per Section 18(4), where any registered person who has availed input tax credit and 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 taking useful life of capital goods 5 years, on the day immediately preceding the date of such exemption.</p>

		<p>The balance of input tax credit, if any, lying in his electronic credit ledger shall lapse. Accordingly, R Ltd. will have to pay an amount computed as follows :</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Inputs lying in stock (Credit = ₹ 1,12,000 × 12 ÷ 112) (Net purchase price, exclusive of tax)</td> <td>12,000</td> </tr> <tr> <td>Inputs in process (₹ 80,640 × 12 ÷ 112)</td> <td>8,640</td> </tr> <tr> <td>Inputs contained in finished goods lying in stock (₹ 5,60,000 × 50% × 12 ÷ 112)</td> <td>30,000</td> </tr> <tr> <td><b>Amount to be paid by R Ltd.</b></td> <td><b>50,640</b></td> </tr> </tbody> </table> <p>The aforesaid amount can be paid by utilizing the balance in Electronic credit Ledger. The balance credit = ₹ 1,52,000 – ₹ 50,640 = ₹ 1,01,360 shall lapse.</p>	Particulars	₹	Inputs lying in stock (Credit = ₹ 1,12,000 × 12 ÷ 112) (Net purchase price, exclusive of tax)	12,000	Inputs in process (₹ 80,640 × 12 ÷ 112)	8,640	Inputs contained in finished goods lying in stock (₹ 5,60,000 × 50% × 12 ÷ 112)	30,000	<b>Amount to be paid by R Ltd.</b>	<b>50,640</b>
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<b>Amount to be paid by R Ltd.</b>	<b>50,640</b>											
104.	(a)	<p>As per Section 18(1)(c), where any registered person ceases to pay tax under Section 10 i.e. Composition scheme, he shall be entitled to take credit of input tax in respect of inputs held in stock; inputs contained in semi-finished goods; inputs contained in finished goods held in stock, and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9.</p> <p><b>Reduced credit available in respect of capital goods :</b> The credit on capital goods shall be reduced by such percentage points as may be prescribed.</p>										
105.	(c)	<p>As per Section 18(4), where any registered taxable person who has availed of input tax credit opts to pay tax u/s 10 i.e. composition scheme, 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, taking useful life of capital goods 5 years, on the day immediately preceding the date of exercising such option.</p> <p>Input tax on capital goods used for 5 months, taking residual life as 5 years (₹ 72,000 × 55 ÷ 60) (55 months being remaining residual life of capital goods) ₹ 66,000.</p>										
106.	(d)	<p>As per Section 18(6) of the CGST Act read with Rule 40(2) of CGST Rules, 2017, in case of supply of capital goods, on which input tax credit has been taken, the registered person shall pay an amount—</p> <ul style="list-style-type: none"> <li>– equal to the input tax credit taken on the said capital goods reduced by an amount calculated @ 5% for every quarter or part thereof from the date of issue of invoice for such goods; or</li> <li>– the tax on the transaction value of such capital goods or plant and machinery determined u/s 15,</li> </ul> <p>whichever is higher.</p> <p><b>Computation of amount of tax payable by XYZ Ltd. :</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>(₹)</th> </tr> </thead> <tbody> <tr> <td>Date of Invoice of purchase of capital goods</td> <td>01-10-2024</td> </tr> <tr> <td>Date of Supply of capital goods after taking into use</td> <td>18-04-2025</td> </tr> </tbody> </table>	Particulars	(₹)	Date of Invoice of purchase of capital goods	01-10-2024	Date of Supply of capital goods after taking into use	18-04-2025				
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		<p>No. of Quarters from the date of issue of invoice for such goods</p> <p>CGST and SGST paid on purchase of capital goods [₹ 8,26,000 × 18 ÷ 118]</p> <p>Reduced by ₹ 1,26,000 × 5% × 7 quarters</p> <p><b>Amount of CGST and SGST [A]</b></p> <p>Transaction Value on supply of Capital Goods u/s 15</p> <p><b>CGST and SGST payable on supply of Capital Goods @ 18% [B]</b></p> <p><b>Amount to be payable (higher of A or B)</b></p>	<p>7</p> <p>1,26,000</p> <p>44,100</p> <p><b>81,900</b></p> <p>2,35,000</p> <p><b>42,300</b></p> <p><b>81,900</b></p>																
107.	(c)	<p>As per Section 18(6), where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, there shall be no requirement for reversal of Input tax credit, taxable person may pay tax on the transaction value of such goods determined under section 15.</p> <p>In the given case, Refractory bricks are cleared as scrap, the manufacturer shall pay an amount equal to the tax leviable on transaction value i.e. GST ₹ 50,000 × 18% = ₹ 9,000.</p>																	
108.	(a)	<p>As per Section 18(3), where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.</p> <p>As per Rule 41 of CGST Rules, 2017, in case of demerger, input tax credit shall be apportioned in the ratio of value of assets of new unit as specified in demerger scheme. In the given case, credit transferred to both the new units would be—</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>R Ltd. (₹)</th> <th>RX Cement Ltd. (₹)</th> <th>RY Steel Ltd. (₹)</th> </tr> </thead> <tbody> <tr> <td>Value of Assets</td> <td>25,00,000</td> <td>12,00,000</td> <td>13,00,000</td> </tr> <tr> <td>Unutilised credit (to be apportioned in ratio of value of assets of RX Cement and RY Steel Ltd.)</td> <td>50,000</td> <td>24,000</td> <td>26,000</td> </tr> <tr> <td><b>Total apportioned Credit</b></td> <td><b>50,000</b></td> <td><b>24,000</b></td> <td><b>26,000</b></td> </tr> </tbody> </table>	Particulars	R Ltd. (₹)	RX Cement Ltd. (₹)	RY Steel Ltd. (₹)	Value of Assets	25,00,000	12,00,000	13,00,000	Unutilised credit (to be apportioned in ratio of value of assets of RX Cement and RY Steel Ltd.)	50,000	24,000	26,000	<b>Total apportioned Credit</b>	<b>50,000</b>	<b>24,000</b>	<b>26,000</b>	
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109.	(c)	<p>According to Section 19(6), where the capital goods sent for job work are not received back by the principal within a period of 3 years of being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out.</p>																	
110.	(a)	<p>According to Section 19(2), the principal shall be entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business.</p>																	

111.	(d)	<p>(i) ITC is allowed to the principal in respect of the inputs sent to job-worker only when the same has been received back by principal within 1 year of being sent out – this statement is correct.</p> <p>(ii) Principal is not eligible to ITC claim in case the inputs are sent directly to the job-worker – this statement is false.</p> <p>(iii) ITC is allowed to the principal on capital goods sent on job work if the same is received back within 5 years of being sent out – this statement is false.</p> <p>(iv) If the inputs are not received by the principal within 1 year of being sent out, it shall be deemed supply of inputs to the job worker – this statement is true.</p>
112.	(a)	The time limit for bringing back inputs u/s 19(3) and capital goods under section 19(6) shall not apply to moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work.
113.	(b)	Where the inputs sent for job work are not received back by the principal after completion of job-work or otherwise or are not supplied from the place of business of the job worker in accordance with Section 143(1) (a)/(b) within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out.
114.	(c)	<p>According to Section 19(2), Notwithstanding anything contained in Section 16(2)(b), the principal shall be entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business.</p> <p>Where the inputs sent for job work are not received back by the principal after completion of job-work or otherwise or are not supplied from the place of business of the job worker in accordance with Section 143(1) (a)/(b) within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out. Where the inputs are sent directly to a job worker, the period of one year shall be counted from the date of receipt of inputs by the job worker.</p>
115.	(c)	<p>According to section 19(5), Notwithstanding anything contained in Section 16(2)(b), the principal shall be entitled to take credit of input tax on capital goods even if the capital goods are directly sent to a job worker for job work without being first brought to his place of business. However, where the capital goods sent for job work are not received back by the principal within a period of 3 years of being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out. Where the capital goods are sent directly to a job worker, the period of 3 years shall be counted from the date of receipt of capital goods by the job worker.</p> <p>In this case AB manufacturer is not required to pay any amount, since capital goods are received back within 3 years from 25-09-2024.</p>



116.	(b)	As per Section 20(2)(b), the amount of the credit distributed shall not exceed the amount of credit available for distribution.
117.	(b)	The credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period.
118.	(a)	If the recipient of the credit and the Input Service Distributor (ISD) are located in the same State or Union Territory, then ITC of the central tax and State tax and Union territory tax shall be distributed as Central tax, State tax and Union territory tax respectively.
119.	(b)	If the recipient of the credit and the Input Service Distributor (ISD) are located in different State or Union Territory, then ITC of the Central tax and State tax and Union territory tax shall be distributed as integrated tax.
120.	(a)	Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed, and the amount so apportioned shall be— (i) reduced from the amount to be distributed in the month in which the credit note is included in the return in FORM GSTR-6; or (ii) added to the output tax liability of the recipient where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted.
121.	(c)	There is no threshold limit of IGST registration.
122.	(a)	According to Rule 39 of the CGST Rules, 2017, the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in FORM GSTR-6.
123.	(d)	As per Section 21 of the CGST Act, 2017, where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74, as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered.
124.	(d)	As per Section 21 of the CGST Act, 2017, where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20

		resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74, as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered.																														
125.	(b)	As per Section 39(4), every taxable person registered as an Input Service Distributor shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within 13 days after the end of such month.																														
126.	(a)	Input Service Distributor (ISD) shall furnish monthly return in FORM GSTR-6.																														
127.	(b)	As per Rule 39(d) of CGST Rules relating to ITC, – <ul style="list-style-type: none"> <li>– ₹ 6 lakh is attributable to Faridabad unit, and will be transferred to Faridabad unit only.</li> <li>– of the remaining ₹ 12 lakh, Noida unit will not be entitled to any credit as ITC is distributed to only those recipients which supply goods and /or services.</li> <li>– ₹ 12 lakh have to be distributed among Gaziabad unit and the service centres in New Delhi and Faridabad in proportion of their turnover in the previous Financial Year, that is, in 2024-25.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Noida</th> <th style="text-align: center;">Ghaziabad</th> <th style="text-align: center;">Faridabad</th> <th style="text-align: center;">New Delhi</th> </tr> </thead> <tbody> <tr> <td>Turnover in FY 2024-25</td> <td style="text-align: center;">-</td> <td style="text-align: center;">₹ 54 crore</td> <td style="text-align: center;">₹ 2 crore</td> <td style="text-align: center;">₹ 4 crore</td> </tr> <tr> <td>ITC ₹ 6,00,000 attributable to Faridabad unit</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">₹ 6,00,000</td> <td style="text-align: center;">-</td> </tr> <tr> <td>ITC ₹ 12,00,000 (to be distributed on basis of turnover of operational units)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">10,80,000</td> <td style="text-align: center;">40,000</td> <td style="text-align: center;">80,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">[(₹ 54 crore/ ₹ 60 crore) × ₹ 12 lakh]</td> <td style="text-align: center;">[(₹ 2 crore/ ₹ 60 crore) × ₹ 12 lakh]</td> <td style="text-align: center;">[(₹ 4 crore/ ₹ 60 crore) × ₹ 12 lakh]</td> </tr> <tr> <td><b>Total admissible credit</b></td> <td style="text-align: center;">-</td> <td style="text-align: center;"><b>10,80,000</b></td> <td style="text-align: center;"><b>6,40,000</b></td> <td style="text-align: center;"><b>80,000</b></td> </tr> </tbody> </table>	Particulars	Noida	Ghaziabad	Faridabad	New Delhi	Turnover in FY 2024-25	-	₹ 54 crore	₹ 2 crore	₹ 4 crore	ITC ₹ 6,00,000 attributable to Faridabad unit	-	-	₹ 6,00,000	-	ITC ₹ 12,00,000 (to be distributed on basis of turnover of operational units)	-	10,80,000	40,000	80,000			[(₹ 54 crore/ ₹ 60 crore) × ₹ 12 lakh]	[(₹ 2 crore/ ₹ 60 crore) × ₹ 12 lakh]	[(₹ 4 crore/ ₹ 60 crore) × ₹ 12 lakh]	<b>Total admissible credit</b>	-	<b>10,80,000</b>	<b>6,40,000</b>	<b>80,000</b>
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128.	(d)	Every registered taxable person shall be entitled to take credit of input tax in his return and such input tax credit shall be credited to his Electronic Credit Ledger.																														
129.	(d)	Input tax credit as credited in Electronic Credit ledger can be utilized for only for payment of taxes.																														
130.	(c)	In terms of restriction imposed by rule 86B, Raman & Sons can discharge 99% of its output tax liability, i.e. ₹ 17,82,000 (99% of ₹ 18,00,000) from the amount available in electronic credit ledger. However, it has to mandatorily discharge the balance 1% of the output tax liability i.e. ₹ 18,000 (1% of ₹ 18,00,000) through electronic cash ledger only.																														

131.	(c)	The State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax.
132.	(d)	The restrictions under rule 86B in respect of utilisation of ITC will not be applicable in respect of the following registered person: Government Department — ➤ Public Sector Undertaking ➤ Local authority ➤ Statutory body.
133.	(d)	The restrictions under Rule 86B in respect of utilisation of ITC will not be applicable in respect of the following : This restriction shall not apply in following cases:- (a) Where the said person/ proprietor/ karta/ managing director/ any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹ 1 lakh as income tax in each of the last 2 financial years (b) Where the registered person has received a refund of more than ₹ 1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies made without payment of tax or (ii) inverted duty structure. (c) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year.
134.	(c)	The registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹ 50 lakh.
135.	(d)	Mr. X can use the ITC to pay his output tax liability. The order of utilisation of ITC is as under:- (i) IGST credit should first be utilized towards payment of IGST. (ii) Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion. (iii) Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST. (iv) ITC of CGST should be utilized for payment of CGST and IGST in that order. (v) ITC of SGST/UTGST should be utilized for payment of SGST/UTGST and IGST in that order. However, ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. CGST credit cannot be utilized for payment of SGST/UTGST and SGST/ UTGST credit cannot be utilized for payment of CGST.

<b>Computation of minimum GST payable in cash :</b>			
<b>Particulars</b>	<b>CGST (₹)</b>	<b>SGST (₹)</b>	<b>IGST (₹)</b>
GST Payable	800	2,500	2,000
<b>Less:</b> ITC IGST	-	(2,000)	(2,000)
CGST/ SGST	(800)	(500)	
<b>Net GST payable in cash</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, it is beneficial to use ITC of IGST to pay SGST (after paying IGST liability) to minimize cash outflow.

