chapter-9 Input tax credit

Some important definition

Input	Any goods other than capital goods use and intended to use in course and FOB.
Input service	Any service and intended to use in course and FOB.
Capital goods	Value capitalized in the books& ITC Availed.
Exempted supply	• Nil rated supply • 100% Exempted supply • Non taxable supply
Taxable supply	Levaible to Tax under this Act
Non taxable supply	Not Levaible to Tax under this Act

ITC at a Glance/overview

1. Section :- 16 to 20
2. Avoid cascading.
3. Make GST destination based Tax.
4. Avail on all input, input service and capital goods use for purpose of business or profession.
5. Avail only taxable person.
6. Use for payment of Tax on taxable outward
7. Gst law does not require "one to one" co-relation between input/input service and final product /services. Any eligible ITC can be used for payment of tax of any taxable outward supply.
8. ITC can availed and utilised for the payment of taxable outward supply.
9. Exempted supply -----> ITC ✗
10. Zero rated supply------> ITC ✓
11. Supply both taxable and exempt supply, ITC is available only for taxable supply.

Three Main concept related to ITC

- **Availment of ITC**
  - Normal ITC → Sec 16 Sec17
  - Special ITC → Sec 18 Sec19
  - Sub part- reversal ITC
- **Utilization of ITC**
  - For Payment of output tax
  - Sec 49,49A,49B rule-88A & sec 20
- **Refund of ITC**
  - ZRS
  - Inverted duty structure
  - Other cases

Sec 16 :- Eligibility and condition for taking ITC
Sec 17 :- apportionment of credit and blocked credit
sec 18 :- Availability of credit in special circumference
Sec 19 :- Taking ITC in respect of input &capital goods sent for job work

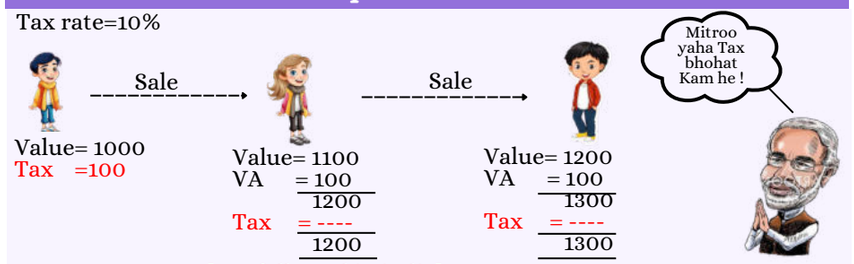
Let understand utilization of ITC

System of tax collection (worldwide)

1.First point collection
2.Last point collection
3.Multipoint collection
4.multipoint collection with ITC

1. First point collection

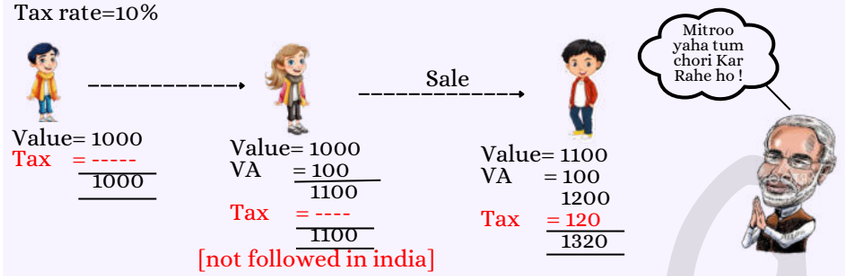
Tax rate=10%



[not followed in india]

2. Last point collection

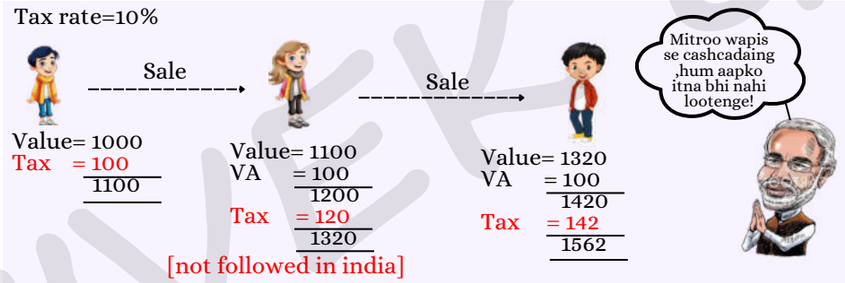
Tax rate=10%



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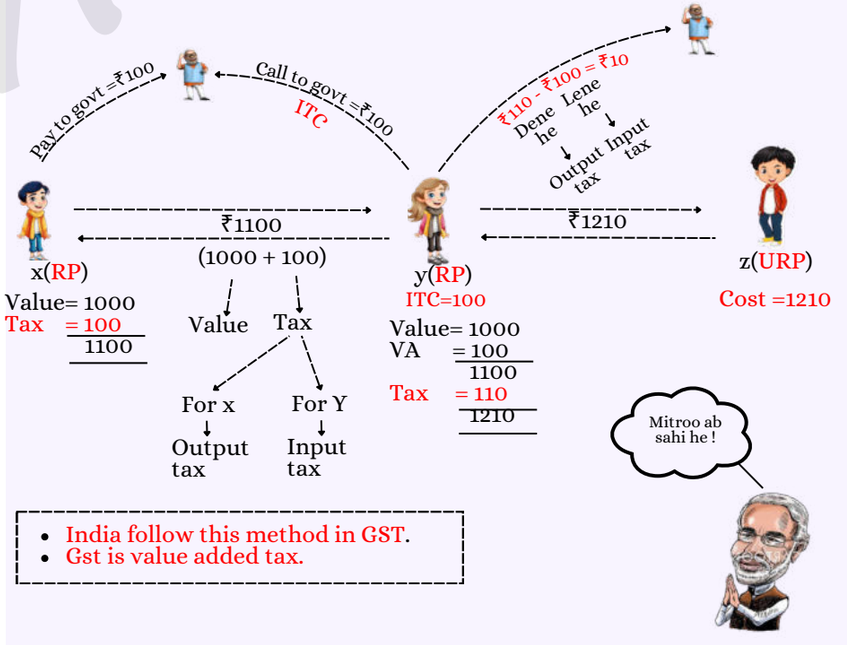
3. Multi point collection

Tax rate=10%



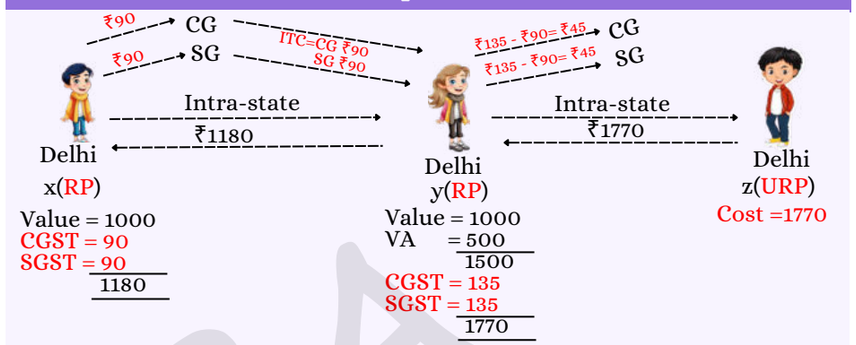
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4. Multi point collection with ITC

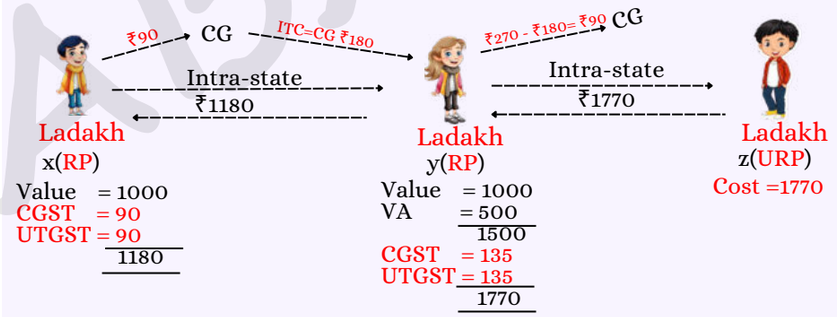


- India follow this method in GST.
- Gst is value added tax.

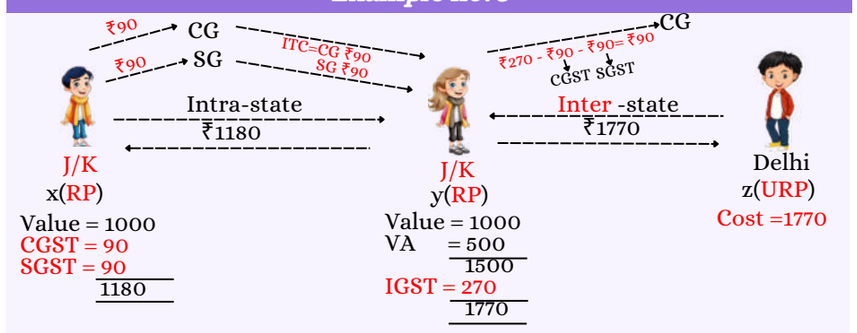
Example no. 1



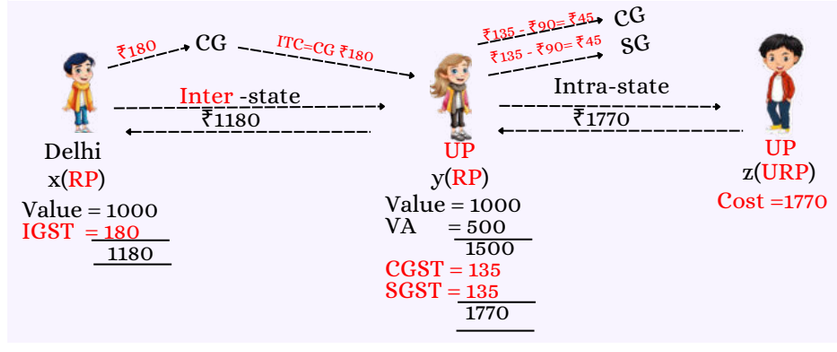
Example no. 2



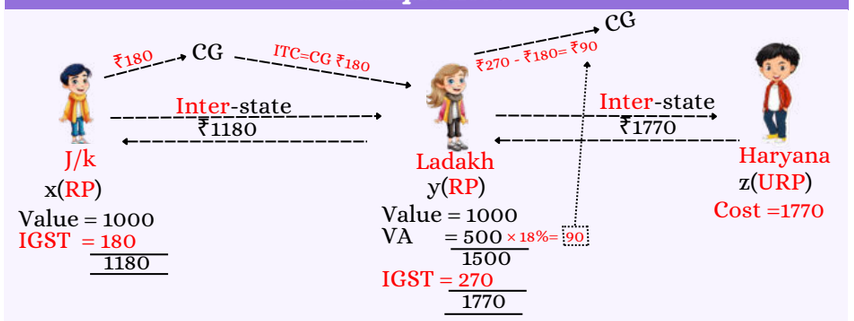
Example no. 3



Example no. 4



Example no. 5



Order and manner of ITC utilization

Section 49 read with Rule 88A

1. IGST credit can be utilized for the payment of first IGST,then CGST or SGST at any manner at any Ratio.
2. CGST credit can be utilized for the payment of first CGST ,then IGST.
3. SGST credit can be utilized for the payment of first SGST,then IGST.
4. UTGST credit can be utilized for the payment of first UTGST,then IGST.

Crux

Order	manner of utilization	
	Credit	payment
I	IGST	1st IGST 2nd CGST or SGST
II	CGST	1st CGST 2nd IGST
III	SGST/ UTGST	1st SGST/UTGST 2nd IGST

Note

CGST credit can't be utilized for the payment of SGST/UTGST or vice-versa.

Example no. 6

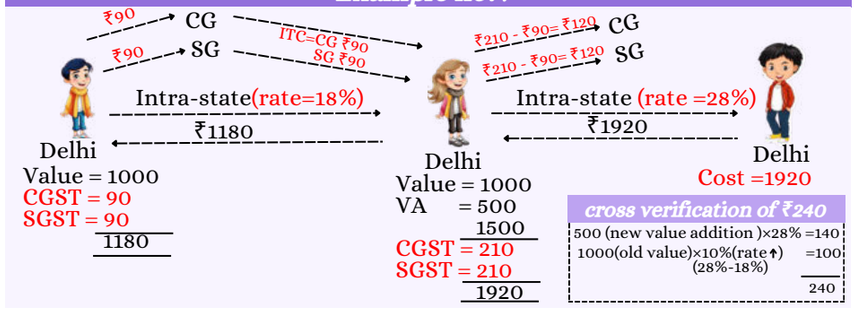
Q.) Compute net gst after liability utilization of ITC on the Basis of following details:

Particular	ITC	Payment
IGST	₹185000	₹127000
CGST	₹82000	₹110000
SGST	₹90000	₹140000

ANS:- Computation of net GST liability

Particular	IGST	CGST	SGST
Gross Gst liability	₹127000	₹110000	₹140000
(-)Input tax credit			
1.IGST	(₹127000)	(₹28000)	(₹30000)
2.CGST	—	(₹82000)	—
3.SGST	—	—	(₹90000)
Net Gst liability	Nil	Nil	(₹20000)
ITC C/F	Nil	Nil	Nil

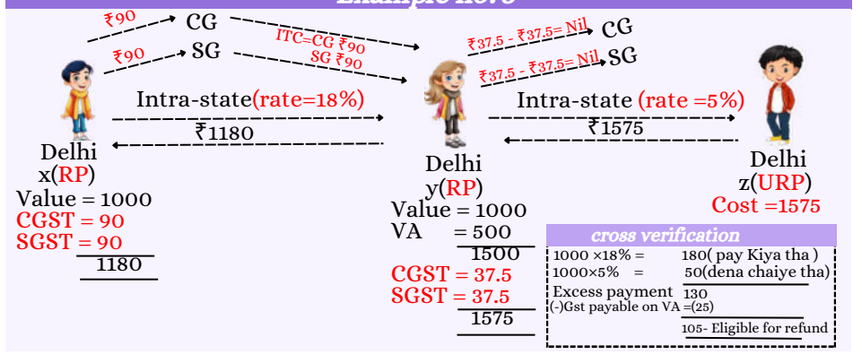
Example no. 7



cross verification of ₹240

500 (new value addition)×28%	=140
1000(old value)×10%(rate↑ (28%-18%)	=100
	240

Example no. 8



cross verification

1000 ×18% =	180(pay Kiya tha)
1000×5% =	50(dena chaiye tha)
Excess payment	130
(-)Gst payable on VA	=(25)
	105- Eligible for refund

Rule for ITC

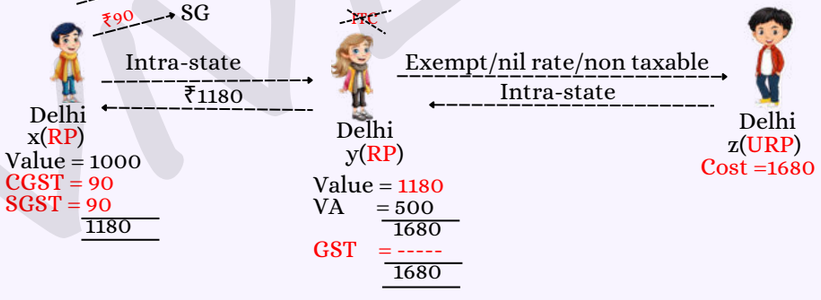
Government

1. Tum mujhe GST do me ,tume ITC dunga
   Exception in
   zero rate supply
   No khoon [GST] fir bhi Azadi[ITC]
2. Agar phele ITC USE Karli he toh wapis ITC reverse Karni padegi.

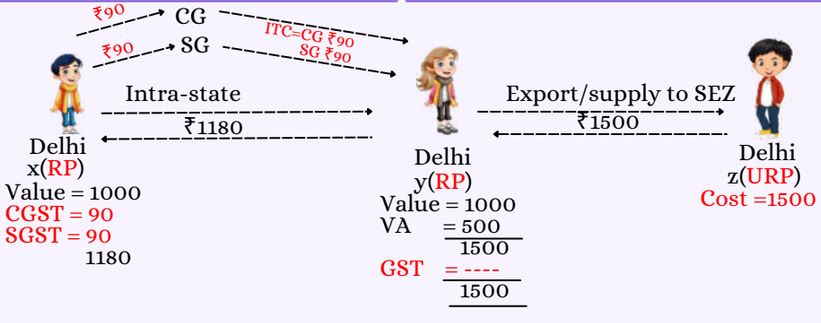
Reason of no tax/GST payable on outward supply

- Exempted (ITC ✗)
- Nil rated (ITC✗)
- Non Taxable (ITC✗)
- Export I.e ZRS (ITC✓)
- Supply to SEZ(ITC✓)

Example no. 9



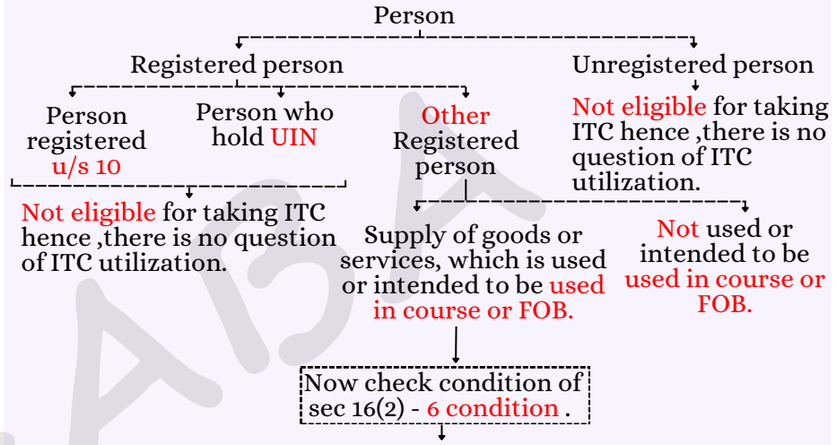
Example no. 10



Availment of ITC

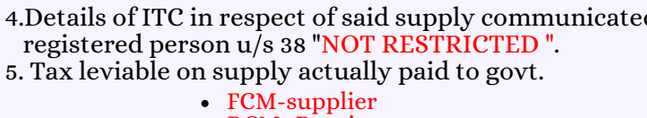
Section 16 : Eligibility and condition for taking ITC

Analysis of section 16(1) and 16(2)

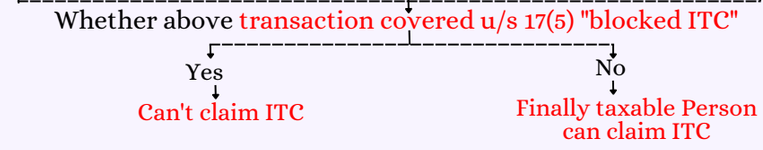


1. Possession of tax paying document. (Tax invoice,debit note)
2. Details of invoice/debit note Uploaded by supplier in the GSTR -1 or using IFF and details communicated in the form GSTR -2B.
3. Receipt of goods or services or both.

Bill to ship to model



4. Details of ITC in respect of said supply communicated to the registered person u/s 38 "NOT RESTRICTED ".
5. Tax leviable on supply actually paid to govt.
   - FCM-supplier
   - RCM -Receiver
6. The registered person who is liable taking ITC must have File his return in GSTR-3B u/s 39.



Note 1

- Where Goods received in lots or installments against an invoice.
- The registered person is entitled to take credit only after receiving the last lot or installment.

Note 2

- Where Recipient fails to pay the Supplier within 180 days from the invoice date.
- This applies to all supplies, except those under RCM.
- The amount equal to the ITC availed by the recipient will be added to their output tax liability.(reversal of ITC)
- Interest (18% P.a)will be charged on the added output tax liability.
- The ITC must be reversed due to non-payment within the specified period.

Section 16 (3)

The registered perisn has claimed depreciation on the Tax component of the cost of capital goods and plant and machinery, the input tax credit on said tax component shall not be allowed .

Example

Cost of plant and machinery = 400000
GST @28% = 112000
512000

400000 → Always claim depreciation u/s 32 of IT ACT 1961.

112000 → Either claim depreciation or claim ITC.(at the option taxable person.

Section 16 (4)

ITC on invoices pertaining to a FY or debit note issued In a FY can be availed anytime :-

Till 30th November of the succeeding year
Or
Actual Date of filling of relevant annual return
→ Whichever is earlier

Clarification RCM case

supplier (URP) ---------- Receiver (RP) -- receiver issue self invoice within 30 days

The time limit of ITC availment will start from time the receiver raise the invoice.

Section 16 (6) [newly inserted]

RC cancellation — 30th November' — Revocation of RC (Claim within 30 days from revocation of order.)

Eligible for ITC But not claim due to cancellation of RC

Section 41 : Availment or reversal in specified case

1. ITC shall be allowed finally not provisionally.
2. ITC availed by RP by the Tax Payable thereon has not been paid by the corresponding supplier then Recipient Shall Reverse ITC along with Interest (18% p.a) if supplier Paid tax to govt after sometime then Recipient can re-claim/re-avail ITC of that amount.

Section 17 : Apportionment and blocked ITC

Section 17
- 17(1),17(2),17(3),17(4) → Apportionment of ITC
- 17(5) → Blocked ITC

Analysis of section 17(1) , 17(2) , 17(3)

Goods/services ---------- Used
- business use
  - Exempted supply
    - Actual exempt → Nil rated, 100% exempt,NT → ITC✗
    - Deemed exempt → RCM,sale of land &building transaction in securities → ITC✗
  - Non exempted
    - Taxable
    - ZRS → ITC✓
- Non business use → ITC✗

Section 17(4)

Not In syllabus

Section 17(5) : ITC Blocked

Analysis of section 17(5)(a)/(aa)/(ab)

Conveyance
- Motor vehicle
  - Passenger MV
    - Sitting capacity upto 13 passenger (including driver)
      - Not cover under 3 specified cases → ITC blocked
      - ★cover under 3 specified cases → ITC allowed
    - Sitting capacity more than 13 passenger (including driver) → ITC allowed
  - Goods MV → ITC allowed
- Vessel/ Aircraft → ITC blocked
  - Except 4 specified cases
    1. Further supply
    2. Importing/Training
    3. Transportation of passenger
    4. Transportation of goods

ITC on tax paid on ★service also allowed

ITC on tax paid on ★service not allowed
- Except
  - Manufacturer
  - General insurance
- ITC allowed

★specified cases
1. Further supply
2. Importing/Training
3. Transportation of passenger

★Services
1. General services
2. Insurance services
3. Repair& maintenance

Clarification on Passenger MV

Demo car, test drive ,trail run - ITC cannot blocked

Section 17(5)(b)

Following supply of goods or services or both :-

(i)
- Food and beverages
- Outdoor catering
- Beauty treatment
- Health service
- Cosmetic and plastic surgery
- Leasing ,renting or hiring of moter vehicle
- Vessels or aircraft referred in clause (a) or (aa)
- Life insurance and health insurance

ITC allowed in following case
1. If inward and outward supply are same.
2. Provided such goods or services as composite supply /mixed supply.

(ii) Membership of club ,Health, and fitness Centre;

(iii) Travel benefit extended to employees on such vacation such as leave or home travel concession.

Proviso to section 17(5)(b) I.e complete clause (b)

ITC 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.

Section 17(5)(c)

Goods or services or both on which tax has been paid u/s 10.

Section 17(5)(d)

Goods or services or both received by a Non resident taxable person except on goods imported by him.

Section 17(5)(e)

Goods or services or both used for personal consumption.

Section 17(5)(f)

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

Section 17(5)(g)

Any tax paid in accordance with the provision of section 74,129 and 130.

Section 17(5)(h)

Goods or services provide for CSR Activity.

Section 17(5)(i) and (j)

Work contract and construction contract
- Construction of land and building
  - Re-construction
  - Renovation
  - Addition
  - Repair etc.
    - Expenditure capitalized → ITC Blocked
    - Expenditure not capitalized → ITC allowed
- Construction of plant **and** machinery
  - Addition
  - Renovation
  - Repair
  - Alteration. etc.

→ ITC allowed (whether exp. Capitalized or not)

Clarification

Ducts and manholes used in network of optical fiber cables cover under plant&machinery and ITC not restricted.

Plant & machinery does not include
1. Land and building &civil structure
2. Telecommunication towers
3. Pipelines laid outside the factory premises

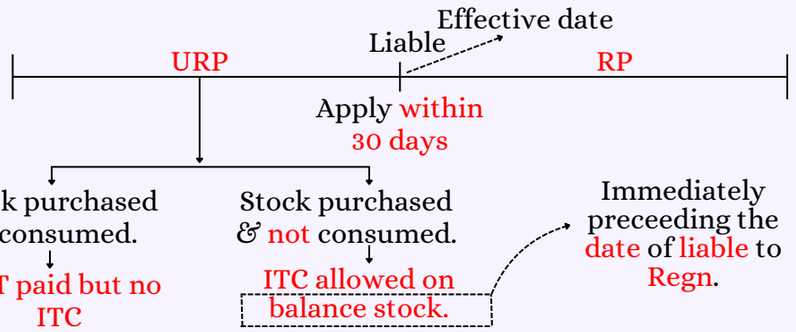
Section 18 : Availability of credit in special circumstances

Concept of Effective date of registration

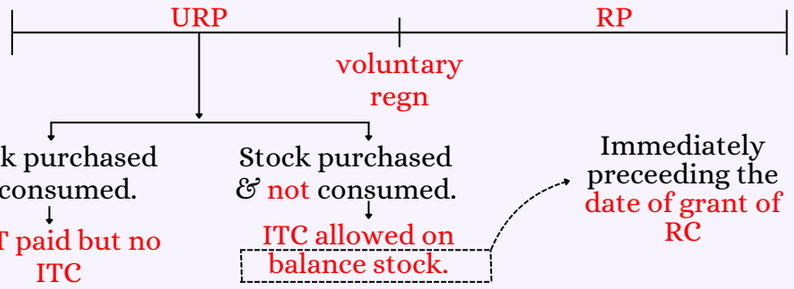
Person
- Liable for registration
  - Apply within 30 days from liable. → Effective date of registration → From the date of liable for registration
  - Not Apply within 30 days from liable. → Effective date of registration → From the date of grant for registration certificate
- Not liable for registration → Effective date of registration → From the date of grant for registration certificate

Analysis of section 18(1) and 18(2)

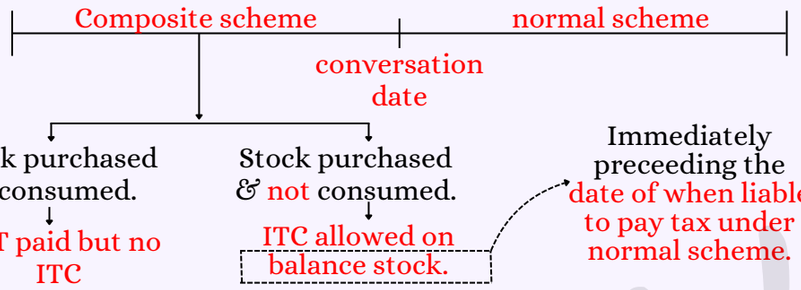
(a)



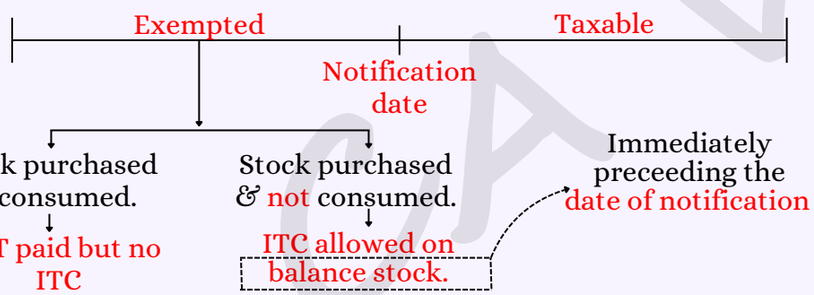
(b)



(c)



(d)



Meaning of stock

- For (a) and (b) clause ,stock means only input stock not capital goods
- For (c) and (d) clause, stock means input and capital goods.

★ How can claim ITC in case of capital goods

Input Tax paid on capital goods	=xxx
(-) 5% each quarter or part thereof	=xxx
Balance amount	xxx

→ can claim ITC.

Section 18(2) Time limit to claim u/s 18

Upto 1 year from the date of issuance of tax invoice.

Crux of time limit of normal ITC v/s special ITC

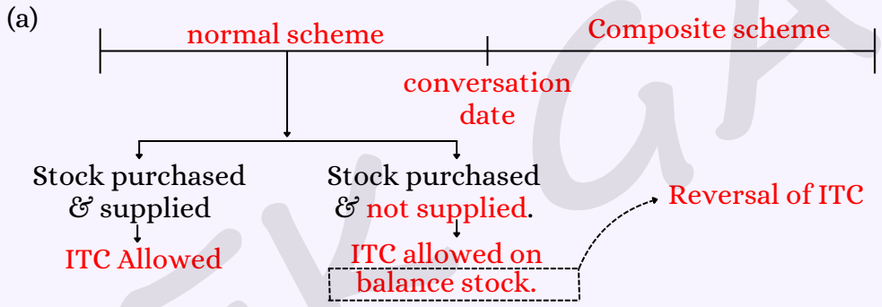
Normal ITC u/s 16,17,19	Special ITC u/s 18
30th NOV of next FY. Or Actual date of filing annual return. whichever is earlier	Upto 1 year from the date of issuance of tax invoice.

Section 18(3)

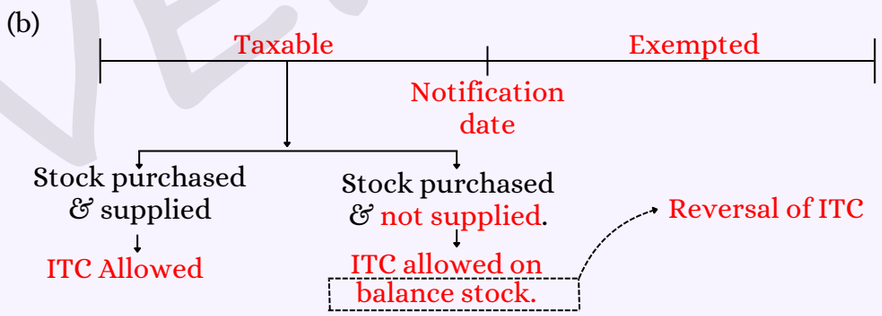
In case of amalgamation, merger ,demerger ,succession of company un-utilized ITC can be carry forward to successor company (I.e Amalgamated company, resulting company, etc.)

Section 18(4)

(a)



(b)



Meaning of stock

In above both clause, stock means input and capital goods.

Reversal of capital goods

ITC reversal = $\frac{\text{ITC claimed}}{60 \text{ month}}$ × remaining useful life (in month)

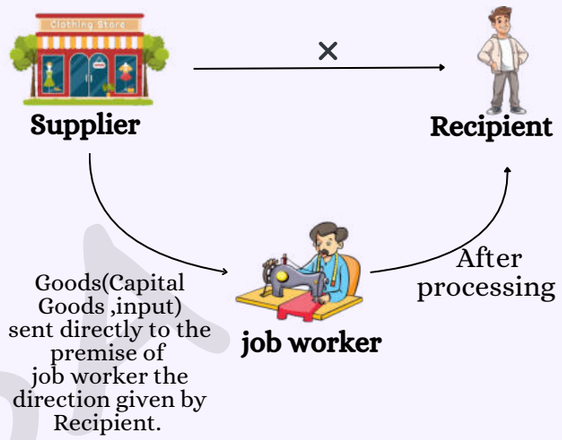
Section 18(6)

In case of supply of capital Goods on Plant and Machinery on which ITC has been taken, The Registered Person Shall Pay an amount equal to ITC taken on Said CG @ P/M reduced by 5% each quarter on Part thereof or Tax on Transaction value of such CG or P/M, whichever is higher.

Crux

Transaction value × GST rate
Or
ITC availed (-)5% each quarter or part
→ Whichever is higher

Section 19 : ITC in case of job work



- Although section 16(2) provides that ITC Will be allowed only when goods are actually received but under job work this condition is Exempt.
- Therefore , ITC can be claimed even if input /CG directly sent to job-worker being first received to the place of principle business.

ITC can be availed on the date the vehicles are billed and handed over to the transporter by the OEM at his factory gate

NO ITC

-Goods used for non-business purpose

- Goods are lost, stolen, destroyed, written off or disposed of by way of gift or free samples

ITC ALLOWED FOR MAKING SAME CATEGORY OF FURTHER SUPPLY



NOTES

(i) Plant and Machinery means apparatus, equipment, machinery fixed to earth by foundation including such foundation or structure **except**:


Land and building or other civil structure


Telecommunication tower


Pipeline outside factory

→ ITC **NOT ALLOWED** in such cases



(ii) As per S.C. judgement, **Telecommunication tower** cannot be considered as immovable property, Hence ITC on the same will **not be blocked**.



(iii) ITC on **ducts and manholes** used for optical fibre cable network is **not blocked**, as the same is considered as **plant and machinery**, being **integral part** of the fibre cable network.

EXAMPLES

Particulars	ITC Treatment
 Purchase of cement & tiles for construction of own office building (capitalised)	ITC BLOCKED
 Cement used for making foundation structure through which plant is fix to land	ITC AVAILABLE
 Availed work contract service for construction of staff quarter & parking shed	ITC BLOCKED
 Work contract service for laying of pipeline from river upto the factory gate	ITC BLOCKED
 Work contract service for repairing of building charged to P&L	ITC AVAILABLE
 ABC Ltd. subcontract the work for construction of building to Ajay constructions for which it received the contract from Ron Associates	ITC AVAILABLE TO ABC LTD.

Particulars	ITC Treatment
 Tax paid on Inward Supply from Composition supplier	ITC NOT ALLOWED

QUICK SUMMARY

- ITC allowed if goods/services are used for making **same category of further supply**.
- ITC blocked on **land, buildings, civil structures, telecom towers, pipelines outside factory.**
- SC judgement: **Telecom tower** is movable → ITC not blocked.
- **Ducts & manholes** for **optical fibre** → treated as **plant & machinery** → ITC available.



★ Remember: Always check whether the input is used for **same category of further supply.**



CHAPTER 8 INPUT TAX CREDIT

Question 1

What is input tax?

Answer:

Input tax means the Central Tax (CGST), State Tax (SGST), Integrated Tax (IGST) or Union Territory Tax (UTGST) charged on supply of goods/services or both made to a registered person. It also includes tax paid on reverse charge basis and IGST charged on import of goods. It does not include tax paid under composition levy.

Question 2

What are the conditions necessary for availing ITC?

Answer:

Following six conditions are to be satisfied by the registered taxable person for obtaining ITC:

(a) He is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;

(b) He has received the goods or services or both;

(c) The details of the invoice or debit note referred to in Condition I should have been furnished by the supplier in the statement of outward supplies (Form GSTR-1 or IFF) and such details should have been communicated to the registered recipient in Form GSTR-2B;

(d) The details of input tax credit in respect of the said supply communicated to such registered person u/s 38 has not been restricted.

(e) The supplier has actually paid the tax charged in respect of the supply to the Government; and

(f) He has furnished the return u/s 39.

Question 3

Can a person take ITC without payment of consideration for the supply along with tax?

Answer:

Yes, the recipient can take ITC. However, he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.

Question 4

What is the time limit for taking ITC and reasons therefor?

Answer:

The time limit for taking ITC is 30^{th} November of the succeeding financial year or date of filing of annual return, whichever is earlier

Question 5

What is the ITC entitlement of a newly registered person?

Answer:

A person applying for registration can take input tax credit 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.

If the person was liable to take registration and he has applied for registration within 30 days from the date on which he became liable to registration, then ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date on which he became liable to pay tax can be taken.

In case of voluntary registration, ITC of such goods held in stock on the day immediately preceding the date of registration can be taken.

Question 6

What is the implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

Answer:

In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the date of invoice or the tax on the transaction value of such capital goods, whichever is higher.

However, in case of refractory bricks, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

Question 7

A registered person transfers its business to another person. Is such registered person allowed to transfer the unutilized ITC lying in

its electronic credit ledger to such transferred business? Discuss.

Answer:

As per Section 18(3), in case of sale, merger, demerger, amalgamation, transfer or change in ownership of business etc, the ITC that remains unutilized in the electronic credit ledger of the registered person can be transferred to the new entity, provided there is a specific provision for transfer of liabilities in such change of constitution.

The registered person should furnish the details of change in constitution on the common portal and submit a certificate from practicing Chartered Account/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of liabilities. Upon acceptance of such details by the transferee on the common portal, the unutilized ITC gets credited to his electronic credit ledger. The transferee should record the inputs and capital goods so transferred in his books of account.

Question 8

Swastik Pvt Ltd is a manufacturer of taxable goods. It purchased a machinery for ₹ $8,00,000$ on which IGST of ₹ 14,400 is paid. The company has claimed depreciation under the Income Tax Act, 1961 on the full value of the machine, ie including the IGST component of ₹ 14,400 availed by it as ITC. Examine if the stand taken by the company is correct in law.

Answer:

As per Section 16(3), if the person taking the ITC on capital goods and plant and machinery has claimed depreciation on the tax component of the cost of the said items under the Income Tax Act 1961, the ITC on the said tax component shall not be allowed. Since in the given case, Swastik Pvt Ltd has claimed depreciation on the tax component of the cost of the machine, it cannot claim ITC of IGST of ₹ 14,400 paid by it on the machine. It can either claim depreciation on the tax component or avail ITC of such tax but cannot avail both the benefits simultaneously.

Question 9

Sigma Consultants, an LLP of finance professionals, provides financial consultancy services. It made an advance payment of ₹1,18,000 (inclusive of IGST @ 18%) in the month of October to Azuro Computer Services for developing a software. The software would be used by the LLP to enhance the precision of the financial advice given by it to various clients. The balance payment is to be made after the successful test run of the software in the month of December. Sigma Consultants has availed ITC of IGST of ₹ 18,000 in the month of October.

Do you think Sigma Consultants can avail such ITC? Examine the scenario with reference to the relevant legal provisions.

Answer:

As per Section 16(2) (b), tax paid on supply of goods and/or services can be availed as ITC only if such goods and/or services are received by the registered person. In the given case, sigma consultants has paid IGST of ₹ 18,000, in the month of October, on advance for IT services intended to be used in the course or furtherance of business. However, it cannot avail ITC of such tax in the month of October as the services in relation to which the advance payment has been made have not been received in that month.

Question 10

A taxable person is in the business of information technology. He buys a car (maximum seating capacity - 5 persons) for use of his Executive Directors. Can he avail the ITC in respect of GST paid on purchase of such car?

Answer:

No. ITC on motor vehicles for transportation of persons with seating capacity of up to 13 persons (including driver), can be availed only if the taxable person is in the business of transport of passengers or is providing the services of imparting training on driving such motor vehicles or is in the business of supply of such motor vehicles.

Question 11

A technical testing agency tests and certifies each batch of machine tools before dispatch by BMT Ltd. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable. The finance personnel of BMT Ltd want to know whether they need to carry out reversal of ITC on the testing agency's services to the extent attributable to the SEZ supplies. Give your comments.

Answer:

ITC is disallowed only to the extent it pertains to supplies used for non-business purposes or supplies other than taxable and zero-rated supplies. Supplies to SEZ units are zero rated supplies in terms of Section 16(4) of the IGST Act. Thus, full ITC is allowed on inward supplies of BMT Ltd used for effecting supplies to the unit in the SEZ.

Question 12

'AB', a registered person, was paying tax under composition scheme up to 30^{th} July. However, wef 31^{st} July, 'AB' becomes liable to pay tax under regular scheme. Is 'AB' eligible for any ITC?

Answer:

'AB' is eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods as on 30th July. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Question 13

Babla Enterprises is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On Ist October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla Enterprises was ₹ 50 lakhs. Examine the eligibility of Babla Enterprises for availing ITC, if any.

Answer:

Since the exemption available on goods being supplied by Babla Enterprises gets withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit on the day when the exemption is withdrawn.

Assuming that Babla Enterprises applies for registration within 30 days of Ist October and it obtains such registration, it will 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 it becomes liable to pay tax, ie 30th september.

Question 14

Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On Ist October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

Answer:

If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18 become applicable. In the given case, since Mamta Trade Links is a registered person, section 18 will be applicable.

As per Section 18, Mamta Trade Links will 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 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, ie 30^{th} September. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Expected

Question 15

Comfortable (P) Ltd is registered under GST in the State of Odisha. It carries on business of manufacture of iron and steel products. It has received IT engineering services from High-Fi Infotech (P) Ltd for ₹11,00,000 (excluding GST @ 18%) on 28^{th} October. Invoice for service rendered was issued on 5^{th} November. Comfortable (P) Ltd made part payment of $₹4,20,000$ on 30^{th} November. Being unhappy with service provided by High-Fi Infotech (P) Ltd, it did not make the balance payment. Deficiency in service rendered was made good by High-Fi Infotech (P) Ltd by 15^{th} April of next year. Comfortable (P) Ltd made the balance payment on 6^{th} July of next year.

Examine the availability of ITC with Comfortable (P) Ltd in respect of IT engineering services received by it from High-Fi Infotech (P) Ltd.

Answer:

Every registered person is entitled to take credit of input tax charged on any supply of goods and/or services which are used or intended to be used in the course or furtherance of his business if, inter alia, he is in possession of a tax invoice issued by a supplier and he has received the goods and/or services.

The registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. In the event of failure to do so, the corresponding credits availed by the registered person would be added to his output tax liability, with interest. However, once the recipient makes the payment of value of goods and/or services along with tax, he will be entitled to avail the credit again without any time limit. In case part-payment has been made, proportionate credit would be allowed.

In the given case, High-Fi Infotech (P) Ltd provides the service in the month of October and Comfortable (P) Ltd receives the invoice in the month of November. Therefore, in view of the above provisions and assuming all other conditions required for availing ITC having been fulfilled, ITC of ₹1,98,000 (₹ $11,00,000 \times 18\%$) will be availed by comfortable (P) Ltd in the month of November when it receives the invoice issued by High-Fi infotech (P) Ltd.

However, proportionate ITC amounting to ₹1,33,932 {(₹12,98,000-₹4,20,000) x18/118} will be added to the output tax liability of Comfortable (P) Ltd as full payment has not been made within 180 days of issuance of the invoice, ie by 4^{th} May of next year. ITC of ₹1,33,932 can, however, be availed again by Comfortable (P) Ltd in the month of July next year when it makes the balance payment.

Question 16

M/s Diwan & Sons of New Delhi, has placed an order for 250 kg of plastic granules @ ₹50 per kg (exclusive of GST) on M/s Karim & Bros of Noida, UP. M/s Karim & Bros has agreed to deliver the goods at the warehouse of M/s Diwan & Sons at New Delhi.

While the order was getting packed at the factory of M/s Karim & Bros, M/s Diwan & Sons got an order from Shubhkamna Sales of Hapur, UP for 250 kg of plastic granules @ ₹ 60 per kg (exclusive of GST). In order to save on transportation cost, $\frac{M}{s}$ Diwan & Sons asks M/s Karim & Bros to directly deliver the plastic granules to shubhkamna sales at its godown located in Hapur. Accordingly, M/s Karim & Bros has delivered the plastic granules at the godown of Shubhkamna Sales at Hapur.

Examine the availability of ITC with M/s Diwan & Sons & M/s Karim & Bros.

Note: All the parties are registered under GST and rate of GST is 18%.

Answer:

One of the conditions for availing ITC is that the registered person taking the ITC must have received the goods and/or services. However, goods delivered to a third person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. So, ITC is available to the registered person, on whose order the goods are delivered to a third person even though the registered person does not receive the goods.

In the given case, goods have been delivered by M/s Karim & Bros (supplier) to shubhkamna sales (third person) on the direction of M/s Diwan & Sons (registered person). Therefore, in view of the above provisions, ITC of ₹2,250 (₹50 per $\text{kg} \times 250\ \text{kg} \times 18\%$) will be available to M/s Diwan & Sons (registered person) on the purchase of 250 kg of plastic granules @ 50 per kg. Further, in this case there is another supply between M/s Diwan & Sons (supplier) and Shubhkamna Sales (recipient). Therefore, shubhkamna sales can avail ITC of ₹ 2,700 (₹ 60 per $\text{kg} \times 250\ \text{kg} \times 18\%$) on the purchase of 250 kg of plastic granules @ 60 per kg.

Expected

Question 17

Harshgeet Pvt Ltd, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases madelinput services availed by it during the month of July:

S.No.	Tax Liability	Amount (₹)

(1)	Raw Material (To be received in September)	2,50,000
(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 items is missing & GST paid on those items is ₹ 80,000)	1,50,000

Determine the amount of tax credit available with Harshgeet Pvt Ltd for the month of July by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of ITC Available With Harshgeet Pvt Ltd:

S.No.	Tax Liability	Amount (₹)
(1)	Raw Material (To be received in September) {ITC can be availed only if the goods have been received. Since the goods are received in September, ITC cannot be availed in July}	Nil
(2)	Membership of a club availed for employees working in the factory {Blocked credit in terms of section 17(5) of the CGST Act, 2017}	Nil
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month {In case of goods received in lots, ITC can be taken only upon receipt of the last lot}	Nil
(4)	Trucks used for transport of raw material {ITC of GST paid on motor vehicles is allowed only when used, inter alia, for transportation of goods}	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 items is missing & GST paid on those items is ₹ 80,000) EITC of GST paid on items for which invoice is missing is not available; so ITC of ₹ 80,000 is not available?	70,000
Total ITC Available		1,10,000

Expected

Question 18

Jamku Ltd, a registered person, is engaged in the business of spices. It provides the following details for GST paid during October. Determine the amount of ITC available to Jamku Ltd for the month of October with all related workings and explanations. All the conditions necessary for availing the ITC have been fulfilled.

S.No.	Particulars	Amount (₹)
(i)	Purchase of raw spices: • Raw spices used for furtherance of spices • Raw spices used for personal use of directors	 50,000 20,000
(ii)	Electric machinery purchased to be used in the manufacturing process	25,000
(iii)	Motor vehicle used for transportation of the employee	55,000
(iv)	Payment made for material and to contractor for construction of staff quarter	1,25,000

Answer:

Computation of ITC Available With Jamku Ltd:

S.No.	Particulars	Amount (₹)
(i)	Purchase of raw spices used for furtherance of spices {Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business} Purchase of raw spices used for personal use of directors {ITC is not available on goods used for personal consumption}	50,000
(ii)	Electric machinery purchased to be used in the manufacturing process {Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business}	25,000
(iii)	Motor vehicle used for transportation of the employee {ITC on motor vehicles can be availed, inter alia, when they are used for making the taxable supply of transportation of passengers. In the given case, since the supplier is in the business of spices, it cannot avail credit on motor vehicles used for transportation of the employee. Thus, ITC on motor vehicle used for transportation of the employee is blocked credit} - Assumed that the seating capacity of the vehicle including driver ⩽ 13 persons	Nil
(iv)	Payment made for material and to contractor for construction of staff quarter {ITC is not available on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in	Nil

	the course or furtherance of business}	
Total Eligible ITC		75,000

Question 19

Dina Ltd, a registered supplier from Maharashtra, is engaged in the manufacturing of passenger auto. The company provides the following details of purchases made/services availed by it during the month of March. You are required to determine the eligible input tax credit available to M/s Dina Ltd for the month of March, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing input tax -credit have been fulfilled.

S.No.	Particulars	Amount (₹)
(i)	Purchase of iron which is used as a raw material {Goods were received in two instalments, first one in March and the second instalment was received in April}	2,50,000
(ii)	Purchase of accessories which were delivered directly to the dealers of the company. Only invoice was received by Dina Ltd	90,000
(iii)	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
(iv)	Input tax credit on general insurance taken on a car used by executives of the company for official purposes	5,200
(v)	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as a voluntary staff welfare measure	54,700

Answer:

Computation of Input Tax Credit (ITC) Available With Dina Ltd:

S.No.	Particulars	Amount (₹)
(i)	Purchase of iron which is used as a raw material {Goods were received in two instalments, first one in March and the second instalment was received in April} {When inputs are received in instalments, ITC can be availed only on the receipt of last instalment. Hence, since last instalment is received in April, ITC cannot be availed in March}	Nil
(ii)	Purchase of accessories which were delivered directly to the dealers of the company. Only invoice was received by Dina Ltd {Goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. Thus, ITC is available to the registered person, on whose order/direction the goods are delivered to a third person}	90,000
(iii)	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back {ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed}	1,97,000
(iv)	Input tax credit on general insurance taken on a car used by executives of the company for official purposes {ITC on motor vehicles for transportation of persons with seating capacity $\leqslant 13$ persons (including the driver) is blocked except when the same are used for (a) making further taxable supply of such motor vehicles (b) making taxable supply of transportation of passengers (c) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on general insurance taken on such car is also blocked}	Nil
(v)	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as a voluntary staff welfare measure {ITC on outdoor catering is blocked except (a) in the case of sub-contracting, ie when such service is used by the taxpayer who is in the same line of business (b) when such service is provided by the employer to its employees under a statutory obligation. Since the company is not an outdoor caterer and it is providing such services to its employees as a voluntary staff welfare measure, ITC on such outdoor catering services is blocked}	Nil
Total ITC Available		2,87,000

Question 20 Expected

Paritosh & Co, a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

S.No.	Particulars	Amount (₹)
(i)	Intra-state taxable supply of goods	10,00,000

(ii)	Inter-state taxable supply of goods	8,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

S.No.	Particulars	Amount (₹)
(i)	Intra-state purchase of goods	3,00,000
(ii)	Inter-state purchase of goods	2,50,000

Paritosh & Co has following ITCs with it at the beginning of the tax period:

Nature	ITC Amount (₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

Compute the minimum GST, payable in cash, by Paritosh & co for the tax period and the ITC to be carried forward to the next month after taking note of the following points. Make suitable assumptions as required.

· Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

· Both inward and outward supplies are exclusive of taxes wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of Output GST Liability of Paritosh & Co:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	10,00,000	90,000	90,000	-
Inter-state taxable supply of goods	8,00,000	-	-	1,44,000
Total		90,000	90,000	1,44,000

Computation of Input GST Credit of Mr Himanshu:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	57,000	60,000	1,40,000
Intra-state purchase of goods from registered dealer {Assumed that inward supply of goods is used/intended to be used in the course/furtherance of his business}	3,00,000	27,000	27,000	-
Inter-state purchase of goods from registered dealer {Assumed that inward supply of goods is used/intended to be used in the course/furtherance of his business}	2,50,000	-	-	45,000
Total		84,000	87,000	1,85,000

Computation of Net GST Payable In Cash:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	90,000	90,000	1,44,000
Less: Utilization of ITC			
• IGST	(38,000)	(30,000)	(1,44,000)
• CGST	(52,000)	-	-
• SGST	-	(87,000)	-
Net GST Payable In Cash	Nil	Nil	Nil
ITC Balance To Be C/F To Next Period	32,000	*Nil	Nil

Question 21

Mr Nimit, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies in the month of August 2023:

S.No.	Particulars	Amount (₹)
(i)	Intra-state supplies of goods	₹6,00,000
(ii)	Inter-state supplies of goods	₹2,00,000

He has also furnished the following information in respect of purchases made from registered dealers during August 2023:

S.No.	Particulars	Amount (₹)
(i)	Intra-state purchase of goods	₹ 4,00,000
(ii)	inter-state purchase of goods	₹50,000

Balance of ITC available at the beginning of August 2023:

Nature	ITC Amount (₹)
CGST	₹ 15,000
SGST	₹ 35,000
IGST	₹ 20,000

Compute the net GST payable by Mr Nimit for the month of August 2023 after taking note of the following points:

· Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.

· Both inward and outward supplies given above are exclusive of taxes, wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of output GST Liability of Mr Nimit {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	6,00,000	54,000	54,000	-
Inter-state taxable supply of goods	2,00,000	-	-	36,000
Total		54,000	54,000	36,000

Computation of input GST Credit Of Mr Ajay? {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	15,000	35,000	20,000
Intra-state purchase of taxable goods	4,00,000	36,000	36,000	-
Inter-state purchase of goods	50,000	-	-	9,000
Total		51,000	71,000	29,000

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	54,000	54,000	36,000
Less: Utilization of ITC			
- Set-off of IGST credit against IGST liability		-	(29,000)
- Set-off of CGST credit against CGST liability	(51,000)	-	-
- Set-off of SGST credit firstly against SGST liability and then against IGST liability	-	(54,000)	(7,000)
Net GST Payable in Cash	3,000	Nil	Nil

Note: Balance SGST credit of ₹ 10,000 shall be c/f to the future periods.

Question 22

Mr Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2023:

S.No.	Particulars	Amount (₹)
(i)	Inter-state taxable supply of goods	10,00,000
(ii)	Intra-state taxable supply of goods	2,00,000
(iii)	Intra-state purchase of taxable goods	5,00,000

He has the following input tax credit at the beginning of August 2023:

Nature	ITC Amount (₹)
CGST	20,000

SGST	30,000
IGST	25,000

Compute the net GST payable by Mr Ajay for the month of August 2023 after taking note of the following points:

· Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

· Both inward and outward supplies are exclusive of taxes wherever applicable.

· All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of output GST Liability of Mr Ajay {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-state taxable supply of goods	2,00,000	18,000	18,000	-
Inter-state taxable supply of goods	10,00,000	-	-	1,80,000
Total		18,000	18,000	1,80,000

Computation of Input GST Credit Of Mr Ajay {August 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	20,000	30,000	25,000
Intra-state purchase of taxable goods	5,00,000	45,000	45,000	-
Total		65,000	75,000	25,000

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	18,000	18,000	1,80,000
• Set-off of IGST credit against IGST liability	-	-	(25,000)
• Set-off of CGST credit firstly against CGST liability and then against IGST liability	(18,000)	-	(47,000)
• Set-off of SGST credit firstly against SGST liability and then against IGST liability	-	(18,000)	(57,000)
Net GST Payable in Cash	Nil	Nil	51,000

Question 23 Expected

Insight Ltd is operating in West Bengal. The tax liability for the month of August 2023 is as follows:

S.No.	Tax Liability	Amount (₹)
(i)	Output CGST Payable	24,000
(ii)	Output SGST Payable	9,000
(iii)	Output IGST Payable	3,000
(iv)	Input CGST	7,000
(v)	Input SGST	14,000
(vi)	Input IGST	12,000

Calculate tax payable and carry forward for the month of August 2023.

Answer:

Computation of Net GST Payable In Cash {August 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	24,000	9000	3,000
Less: Utilization of ITC			
• Set-off of IGST liability from IGST credit	-	-	(9,000)
• Set-off of IGST credit against CGST liability	(9,000)	-	-
• Set-off of CGST and SGST credit against CGST and SGST liability respectively	(7,000)	(9,000)	-
Net GST Payable in Cash	8,000	Nil	Nil

Note: Unutilized SGST credit of ₹ 5,000 shall be c/f to next period.

Question 24

From the following information, compute the net GST payable for the month of October 2023:

	Output GST (₹)	Opening ITC as per Credit Ledger (₹)
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer:

Computation of Net GST Payable In Cash {October 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	2,000	15,000	24,000
Less: Utilization of ITC			
• Set-off of IGST liability from IGST credit	-	-	(24,000)
• Set-off of IGST credit against CGST & SGST liability	(2,000)	(11,000)	-
• Set-off of SGST credit against SGST liability	-	(1,000)	-
Net GST Payable In Cash	Nil	3,000	Nil

Question 25

From the following information furnished by ABC Ltd, determine the amount of input tax credit admissible in respect of various inputs purchased during the month of September 2023:

Particulars	Amount (₹)
Goods purchased without invoice	25,000
Purchase of goods not to be used for business purposes	18,000
Goods purchased from PQR Ltd (Full payment is made by ABC Ltd to PQR Ltd against such supply but tax has not been deposited by PQR Ltd)	1,20,000
Purchase of goods from πLtd (Invoice of πLtd is received in the month of September 2023, but goods were received in the month of October 2023)	24,000
Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd has made payment to FF Ltd for such purchases in October 2023.	36,000

Answer:

Computation of Admissible ITC:

Particulars	Amount (₹)
Goods purchased without invoice	Nil
{Input tax credit is not available in the absence of a supporting document}	
Purchase of goods not to be used for business purposes	
{Input tax credit is available only where the goods are used or intended to be used in the course or furtherance of his business. Since ABC Ltd has purchased the goods for non-business purposes, hence no credit will be admissible on such purchases}	
Goods purchased from PQR Ltd (Full payment is made by ABC Ltd to PQR Ltd against such supply but tax has not been deposited by PQR Ltd)	Nil
{A registered person is entitled to claim credit of input taxes in respect of supply of goods only if the tax charged in respect of such supply has been actually paid to the government. Since PQR Ltd has not deposited the tax to the credit of government, no ITC can be claimed by ABC Ltd}	
Purchase of goods from πLtd (Invoice of πLtd is received in the month of September 2023, but goods were received in the month of October 2023)	Nil
{In case of purchase of goods, input tax credit is admissible only when such goods have been received. Since the goods are received in the month of October 2023, input tax credit cannot be taken in the month of September 2023}	
Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd has made payment to FF Ltd for such purchases in October 2023.	Nil
{Input tax credit shall be admissible in the month of September 2023 even if payment is made by ABC Ltd in the month of October 2023}	
Eligible Input Tax Credit	36,000

Question 26

Expected

S Ltd, a manufacturer in Jaipur, entered into a contract with a supplier for supply of Input ' x ' in the month of October 2023. As per contract, it was agreed that 10,000kgs of input ' X ' will be supplied for ₹7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of input ' x '. Following further information has been provided regarding supply of Input ' x ' received in subsequent lots.

Input ' X ' (In Lots)	Quantity (Kgs)	Date of Receipt of Supply
First Lot	2,500	19-10-2023
Second Lot	3,000	21-10-2023
Third Lot	1,500	12-11-2023
Fourth Lot	3,000	01-12-2023

Briefly explain whether S Ltd is eligible to take credit on proportionate basis.

Answer:

Section 16(2) of CGST Act provides that where the goods against an invoice are received in lots or installments, credit can be taken only after the receipt of last lot. Therefore, SLtd is not eligible to claim credit on proportionate basis. Since Input ' x ' has been received in lots, the credit of tax of ₹78,000 $\left(₹7,28,000 \times \frac{12}{112}\right)$ can be taken only after the receipt of last lot (ie, credit can be taken on or after 01-12-2023).

Question 27

XYZ Ltd purchased goods valuing ₹6,00,000 (exclusive of CGST and SGST @ 9% each) under the cover of an invoice dated 25-12-2023. The company made payment to the supplier on the same date. Since there was a doubt regarding admissibility of tax credit on such inputs, the company did not take the input tax credit at the time of receipt of input. The company obtained clarification from a legal consultant who opined that the good's were eligible as inputs under Input Tax Credit Rules. The opinion was received on 05-05-2024. The company now wants to avail input tax credit of the tax paid on such inputs. Can it do so? The company has filed its annual return for FY 2023-24 on 12-08-2024.

Answer:

Section 16(4) of CGST Act provides that 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 after:

(a) 30^{th} November of succeeding financial year; or

(b) furnishing of the relevant annual return, whichever is earlier.

In this case the inputs were purchased by invoice dated 25-12-2023, hence the time by which input tax credit in respect of such inputs can be taken shall be earlier of following dates:

(a) 30-11-2024: or

(b) 12-08-2024, being the date of furnishing of annual return for FY 2023-24.

Since XYZ Ltd can avail credit of input tax paid on inputs till 12-08-2024, therefore, it can avail credit of CGST ₹54,000 and SGST of ₹54,000 on 05-05-2024.

Question 28

A registered supplier of taxable goods supplied goods valued ₹1,12,000 (inclusive of CGST ₹ 6,000 and SGST ₹ 6,000) to PQR Ltd under forward charge on 12-11-2022 for which tax invoice was also issued on the same date. The inputs were received by PQR Ltd on 12-11-2022. PQR Ltd availed credit of ₹12,000 on 15-12-2022. But PQR Ltd did not make any payment towards such supply along with tax thereon to the supplier. Is PQR Ltd eligible to avail input tax credit on such supply?

Discuss ITC implications if PQR Ltd makes payment of ₹78,400 to the supplier on 15-09-2023 and balance payment of ₹33,600 on 06-10-2023.

Answer:

- PQR Ltd can avail input tax credit on receipt of goods. But it is required to pay the consideration along with tax within 180 days from the date of issue of invoice.
- · Where a registered person has availed credit on any inward supply of goods or services without making payment and such person fails to make payment to the supplier within 180 days from the date of issue of invoice, he shall furnish the details of such supply and the amount of input tax credit proportionate to such unpaid amount in his return of the month immediately following such 180 days.
- In this case, since PQR Ltd has not made any payment within 180 days from the date of invoice (ie upto 11^{th} May 2023), therefore amount equal to input tax credit availed by PQR Ltd shall be considered as an output tax liability for the month of May 2023. Such details need to be furnished in the returns which are to be filed for the month of May 2023.
- Interest shall be calculated @ 18% p.a for the period starting from date of availing credit till the date when input tax credit added to the output tax liability is paid.
- If PQR Ltd makes payment of ₹78,400 to the supplier on 15-09-2023 and balance payment of ₹33,600 on 06-10-2023, PQR Ltd shall be entitled to avail input tax credit of ₹ 8,400 and ₹ 3,600 on 15-09-2023 and 06-10-2023 respectively.

Question 29

XYZ Ltd, a manufacturer, which is engaged in supply of taxable goods has purchased 10,000kgs of inputs for ₹ 1,00,000 (exclusive of CGST @ 6% and SGST @ 6%) on which input tax credit has been taken. Due to technical changes in manufacturing process, the said inputs became obsolete and their value has been written off in the books of accounts. Explain treatment of input tax credit in the above case.

Answer:

As per Section 17(5) of CGST Act, if the value of any goods is written-off in the books of accounts, then no input tax credit shall be allowed in respect of the said input. Where input tax credit has been taken in respect of the said goods, the same has to be paid back by the recipient. Since XYZ Ltd has availed input tax credit in the given case, thus it has to pay ₹ 6,000 (₹1,00,000 @ 6%) towards CGST and ₹6,000 towards SGST liability.

Question 30

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. You are required to advice XYZ Ltd if it can avail input tax credit of the GST charged to it by the sub-contractor.

Answer:

As per Section 17(S) of CGST Act, 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 XYZ Ltd for supply of works contract service. Hence, XYZ Ltd can avail input tax credit of the GST charged on the input service provided by the sub-contractor.

Question 31

XY2 Ltd is engaged in supply of passenger transportation services. During september 2022, it has purchased two motor vehicles for ₹36,00,000 plus GST @ 28%. You are required to advice XYZ Ltd if it can avail input tax credit of the GST paid by it on motor vehicles.

Answer:

As per Section 17(5) of CGST Act, input tax credit shall not be available in respect of motor vehicles and conveyances. However, credit will be available when they are used for making taxable supplies of transportation of passengers. Since XYZ Ltd is engaged in transportation of passengers, it will be entitled to take credit of GST amounting to ₹ $10{,}08{,}000$ (₹ $36L^{*}28\%$).

Question 32

XYZ Ltd conducted its 50th Annual General meeting at its head office in New Delhi and availed services of 'Delicious Caterers' on that occasion. Delicious Caterers charged ₹ $15,00,000$ plus GST @ 18% for the supply of outdoor catering services. You are required to advice XYZ Ltd if it can avail input tax credit of GST paid on outdoor catering service.

Answer:

As per Section 17(5) of CGST Act, input tax credit shall not be available in respect of supply of outdoor catering services. Hence, XYZ Ltd is not entitled to avail input tax credit of GST paid on outdoor catering services availed from Delicious Caterers.

Question 33

× Ltd, a registered manufacturer engaged in taxable supply of goods, procured the following goods during the month of October. The same has been capitalized in the books of accounts of × Ltd. Determine the amount of input tax credit available by giving necessary explanations for treatment of various items:

Inward Supplies	GST (₹)
Electrical transformers used in the factory	2,16,000
Moulds and dies used in the factory	26,000
Pollution control equipment used in the factory	2,34,000
Capital goods purchased on which depreciation has been taken on full value including input tax thereon	1,35,000
Capital goods used as parts purchased from supplier who paid tax of ₹ 10,000 under composition scheme and the composition tax has not been collected from × Ltd.	

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Electrical transformers used in the factory {Credit available as the goods are being used in the course or furtherance of business}	2,16,000
Moulds and dies used in the factory {Credit available as the goods are being used in the course or furtherance of business}	26,000
Pollution control equipment used in the factory {Credit available as the goods are being used in the course or furtherance of business}	2,34,000
Capital goods purchased on which depreciation has been taken on full value including input tax thereon {ITC is not admissible where registered person has claimed depreciation on the tax component of the cost of capital goods u/s 32 of Income Tax Act}	Nil
Capital goods used as parts purchased from supplier who paid tax under composition scheme and the composite tax has not been collected from × *Ltd* **{Tax paid under composition scheme by a supplier cannot be claimed as credit by the recipient}**	Nil
Total Imput Tax Credit Available	4,76,000

EXPECTED

Question 34

Determine the amount of ITC available with Posco Ltd in respect of the following items procured by them:

S.No.	Inward Supplies	GST (₹)
(i)	Input used for the manufacture of the final product	72,000
(ii)	Food and beverages procured from sweet Caterers for being used in dealer's meet	48,000
(iii)	Goods used for providing services during warranty period	12,000
(iv)	Goods used for setting up telecommunication towers being immovable property	90,000
(v)	Inputs stolen from the factory store	13,200

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Input used for the manufacture of the final product **{Credit available as the goods are being used in the course or furtherance of business}**	72,000
Food and beverages procured from sweet caterers for being used in dealer's meet **{ITC is available in respect of food and beverages only where an inward supply of such goods is used for making a similar outward taxable supply. Hence, no ITC is available on food and beverages procured from sweet Caterers for being used in dealer's meet}**	Not Available
Goods used for providing services during warranty period **{Credit available as the goods are being used in the course or furtherance of business}**	12,000
Goods used for setting up telecommunication towers being immovable property **{Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Since telecommunication tower is an immovable property, no ITC shall be allowed in respect of goods used for setting it up}**	Not Available
Inputs stolen from the factory store {Goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples are considered as ineligible input and credit of GST paid on such goods cannot be taken}	Not Available
Total Input Tax Credit Available	84,000

Question 35

Determine the amount of input tax credit admissible to PQR Ltd in respect of the following goods procured by it:

S.No.	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 destroyed due to natural calamities	12,500
4.	Goods used for repairing office building and cost of repairs is debited to P&L A/C	12,000
5.	Paper for photocopying machine used in administration office	950
6.	Goods given as gifts	25,000
7.	Inputs used for tests or quality control check	15,600

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
• Goods used in constructing an additional floor of office building {Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Hence, ITC shall not be available in respect of goods used in construction of an additional floor of office building}	Nil
• Packing materials used in a factory {Credit available as the goods are being used in the course or furtherance of business}	6,000
• Goods destroyed due to natural calamities {ITC shall not be available in respect of goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples}	Nil
• Goods used for repairing the office building and cost of repairs is debited to P&L A/c {Goods used for revenue repairs of an immovable property are considered as an eligible input and credit shall be allowed on the same}	12,000

• Paper for photocopying machine used in administration office {Credit available as the goods are being used in the course or furtherance of business}	950
• Goods given as gifts {ITC shall not be available in respect of goods lost, stolen, destroyed, written-off or disposed of by way of gift or free samples}	Nil
• Inputs used for tests or quality control check {credit available as the goods are being used in the course or furtherance of business}	15,600
Total Input Tax Credit Available	34,550

Question 36

Determine the amount of input tax credit admissible to *P* Ltd in respect of the following items procured by them:

S.No.	Inward Supplies	GST (₹)
1.	Goods supplied for captive consumption in a factory	9,800
2.	Goods purchased for repairing the factory shed and same has been capitalized in books	18,000
3.	Cement used for making foundation and structural support to P&M	14,000
4.	Inputs used in trial runs	14,560
5.	Food and beverages purchased for the employees during office hours	8,400

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Goods supplied for captive consumption in a factory **{Credit available as the goods are being used in the course or furtherance of business}**	9,800
Goods purchased for being used in repairing the factory shed and same has been capitalized {Goods used by a person for construction of an immovable property on his own account shall be considered as ineligible inputs. Construction includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property. Since the cost of repairs is capitalized in books, ITC on goods used shall not be allowed}	Nil
Cement used for making foundation and structural support to P&M **{ITC is admissible in respect of goods or services or both received by a taxable person for construction of plant or machinery. Hence, tax paid on cement shall be available for ITC}**	14,000
Inputs used in trial runs **{Credit available as the goods are being used in the course or furtherance of business}**	14,560
Food and beverages purchased for the employees during office hours **{ITC is available in respect of food and beverages only where an inward supply of such goods is used for making a similar outward taxable supply. Hence, no ITC is available on food & beverages for use of employees during office hours}**	Nil
Total Input Tax Credit Available	38,360

Question 37

Compute the input tax credit available with Ujjwal Motors Ltd, manufacturer of cars, in respect of the following services availed by it in the month of October 2022:

S.No.	Inward Supplies	GST (₹)
(i)	Accounting and auditing services	7,200
(ii)	Health insurance services for employees (services are not provided under government obligation)	16,200
(iii)	Routine maintenance of the cars manufactured by Ujjwal Motors Ltd	18,000
(iv)	Repair services for office building (cost of repairs is charged to P&L A/c)	14,400
(v)	Hotel accommodation and conveyance facility to employees on vacation	3,360
(vi)	Testing services availed for car engines	9,000

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Accounting and auditing services **{Credit available as the services are being used in the course or furtherance of business}**	7,200
Health insurance services for employees {Services not provided under government obligation} **{No input tax credit shall be available in respect of health insurance services availed for employees since the Government has not notified the said services as obligatory services to be provided to employees}**	Nil
Routine maintenance of the cars manufactured by Ujjwal Motors Ltd {Credit available as the services are being used in the course or furtherance of business}	18,000
Repair services for office building {Cost of repairs is charged to P&L A/C} {Services used for revenue repairs of immovable property are considered as an eligible input service and credit shall be allowed on the same}	14,400
Hotel accommodation and conveyance facility to employees on vacation {Credit is not available for services extended to employees on vacation}	Nil
Testing services availed for car engines {Credit available as the services are being used in the course or furtherance of business}	9,000
Total Input Tax Credit Available	48,600

Question 38

XYZ Ltd, engaged in supplying taxable goods, has availed the following services in September 2022. Compute the input tax credit admissible on such input services.

S.No.	Inward Supplies	GST (₹)
I.	Sales promotion services	16,200
2.	Health care services availed from Physique Club for upkeep of health of employees	10,800
3.	XYZ Ltd hired cab on rent for employees {Government has issued a notification for such service to be mandatorily provided to employees}	4,500
4.	Market research services	10,080
5.	Quality control services	18,000
6.	Work contract services for construction of office building	45,000

Answer:

Computation of Input Tax Credit Available:

Inward Supplies	GST (₹)
Sales promotion services **{Credit available as the services are being used in the course or furtherance of business}**	16,200
Health care services availed from Physique Club for upkeep of health of employees **{Input tax credit is available in respect of food and beverages, outdoor beauty treatment, health services, cosmetic and plastics surgery only where an inward supply of such services is used by a registered person for making an outward taxable supply of similar services. Thus, no input tax credit shall be admissible on health care services provided to employees}**	Nil
XYZ Ltd hired cab on rent for employees {Government has issued a notification for such service to be mandatorily provided to employees} **{Since the government has notified cab services as obligatory services to be provided to employees, hence credit of tax paid on such services shall be allowed}**	4,500
Market research services **{Credit available as the services are being used in the course or furtherance of business}**	10,080
Quality control services **{Credit available as the services are being used in the course or furtherance of business}**	18,000
Work contract services for construction of office building {Not considered as eligible input service}	Nil
Total Input Tax Credit Available	48,780

Question 39

PQR Pvt Ltd, engaged in supplying taxable goods to its customers within the state, is not liable for registration u/s 22 of CGST Act. From 15-02-2024 onwards, it started inter-state supply of taxable goods. Hence, it applied for registration on 25-02-2024 and the same has been granted to it. Its CGST, SGST and IGST liability for the month of February 2024 is ₹19, 500, ₹ 19,500 and ₹ 40,500 respectively and

PQR Pvt Ltd has to make e-payment of tax on the due date, ie on 20-03-2024. PQR Pvt Ltd has provided the following details of stock of input held on 14-02-2024 and tax paid thereon.

Particulars	CGST (₹)	SGST (₹)
Input received on 10-01-2024 lying in stock (Invoice dated 11-01-2024)	3,600	3,600
Input received on 25-10-2023 lying in semi-finished stock (Invoice dated 26-10-2023)	7,500	7,500
Inputs received on 15-01-2024 contained in finished goods (Invoice dated 15-01-2024)	9,600	9,600

Briefly explain the tax payable by PQR Pvt Ltd in cash, if any. PQR Pvt Ltd has not opted for the provisions of composition scheme as prescribed u/s 10 of CGST Act.

Answer:

- As per Section 18 of CGST Act, a person applying for registration within 30 days from the date on which he becomes liable to registration shall be entitled to take credit of input tax in respect of inputs held in stock, or contained in semi-finished or finished goods in stock on the date immediately preceding the date from which he becomes liable to registration (ie, 14^{th} February 2024).
- However, a registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both after the expiry of I year from the date of issue of invoice relating to such supply.
- In view of the above provision, input tax credit available to PQR Pvt Ltd will be computed as follows:

Particulars	CGST (₹)	SGST (₹)
Input received on 10-01-2024 lying in stock as on 14-02-2024 (Invoice dated 11-01-2024)	3,600	3,600
Input received on 25-10-2023 lying in semi-finished stock as on 14-02-2024 (Invoice dated 26-10-2023)	7,500	7,500
Inputs received on 15-01-2024 contained in finished goods as on 14-02-2024 (Invoice dated 15-01-2024)	9,600	9,600
Total Eligibie Input Tax Credit	20,700	20,700

· Computation of Tax Payable In Cash By PQR Pvt Ltd For February 2024:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output Tax Liability for February 2024	19,500	19,500	40,500
Less: Eligible input tax credit available on inputs in respect of:	(19,500)	(19,500)	(1,200)
Output Tax Payable in Cash	Nil	Ni'	38,100

Question 40

B Ltd is not required to register under CGST Act but it wishes to obtain voluntary registration. So, it applied for voluntary registration on 18^{th} September 2023 and registration has been granted to it on 25^{th} September 2023. The CGST and SGST liability for the month of September 2023 is ₹ 21,000 each. B Ltd provides the following information of inputs held in stock on 24^{th} September 2023. It is not engaged in making inter-state outward taxable supplies.

Particulars	Amount (₹)
Input procured on 02-09-2023 lying in stock:	
- CGST @ 6%	4,500
- SGST @ 6%	4,500
Input received on 21-02-2023 contained in semi-finished goods held in stock:	
- CGST @ 6%	7,500
- SGST @ 6%	7,500
Inputs procured on 19-09-2022 contained in finished goods held in stock:	
- IGST @ 18% (Invoice issued on same day)	36,000
Inputs procured on 13-09-2023 lying in stock:	
- IGST @ 18%	9,000
Capital goods procured on 12-09-2023 lying in stock:	
- CGST @ 6%	12,000
-SGST @ 6%	12,000

You are required to determine the amount of tax to be paid in cash by B Ltd for September 2023.

Answer:

As per Section 18 of CGST Act, in case of a person obtaining voluntary registration, he shall be entitled to take credit of input tax in respect of inputs held in stock, or contained in semi-finished or finished goods in stock as on the date immediately preceding the date of grant of registration (ie, 24th September 2023).

· A registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both after the expiry of I year from the date of issue of tax invoice relating to such supply.

· In view of the above provision, eligible input tax credit available to B Ltd will be computed as follows:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Input procured on 02-09-2023 lying in stock	4,500	4,500	-
Input received on 21-02-2023 contained in semi-finished goods	7,500	7,500	-
Inputs procured on 19-09-2022 contained in finished goods	-	-	-
Inputs procured on 13-09-2.023 lying in stock	-	-	9,000
Capital goods procured on 12-09-2023 lying in stock **(There is no provision u/s 18 which allows availment of ITC on capital goods lying in stock by a person who obtains voluntary registration)**	-	-	-
Total Eligible Input Tax Credit	12,000	12,000	9,000

· Computation of Tax Payable In Cash By B'Ltd For September 2023:

Particulars	CGST (₹)	SGST (₹)
Output Tax Liability for September 2023	21,000	21,000
Less: Set-off of Eligible Input Tax Credit Available on Inputs:		
• CGST	(12,000)	(12,000)
• SGST	-	-
• IGST	(9,000)	-
CGST/SGST Payable in Cash	Nil	9,000

Question 41

ABC Traders, paying tax under composition scheme, crosses the applicable threshold and becomes liable to pay tax under regular scheme on 01-04-2023. Can it avail input tax credit and if so, calculate the amount of ITC available. The details of inputs lying in stock and capital good's in possession as on 31-03-2023 are given below:

Particulars	CGST (₹)	SGST (₹)
• Inputs lying in stock (Invoice dated 12-03-2023)	3,600	3,600
• Input lying in semi-finished goods in stock (Invoice dated 12-12-2022)	2,400	2,400
• Capital goods procured on 25-09-2022 (Invoice dated 25-09-2022)	7,200	7,200

Answer:

As per Section 18 of CGST Act, where any registered person ceases to pay tax u/s 10 of CGST Act, 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 held on the day immediately preceding the date from which he becomes liable to pay tax.

· Further, credit can be claimed on such 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 invoice. "Quarter" shall mean a period comprising of three consecutive calendar months ending on the last day of March, June, September and December of a year.

· Input Tax Credit Available To ABC Traders in Respect of Inputs:

Particulars	CGST (₹)	SGST (₹)
Inputs lying in stock	3,600	3,600
Inputs lying in semi-finished goods in stock	2,400	2,400
Total input Tax Credit Available	6,000	6,000

· Input Tax Credit Available To ABC Traders In Respect of Capital Goods:

• Date of invoice of capital goods	**25-09-2022**
• Date from which ABC Traders became liable to pay tax	**01-04-2023**
• No of quarters from the date of invoice to the day immediately preceding the day on which ABC Traders became liable to pay tax	**3**

• CGST and SGST paid on capital goods procured on 25-09-2022	₹ 14,400
Total Credit (CGST and SGST) Available on Capital Goods ($₹14,400 - 15\%$)	₹12,240
CGST - ₹6,120; SGST - ₹6,120	

Question 42

M/s XYZ, a registered dealer, is engaged in supplying exempted goods to its customers. on 17-06-2023, the exemption notification was rescinded and goods were made liable to tax. M/s XYZ has to make e-payment of tax on the due date ie, on 20-07-2023. Determine the eligible credit for the month of June 2023 if the following information is provided:

Particulars	Value (Exclusive of CGST/SGST/IGST)	CGST @ 6%	SGST @ 6%	IGST @ 12%
Value of inputs lying in stock as on 16-06-2023. All inputs were procured after 01-03-2023	1,00,000	-	-	12,000
Value of inputs contained in semi-finished goods lying in stock as on 16-06-2023 but only inputs worth ₹ 85,000 in semi-finished goods were procured after 16-06-2022	1,35,000	8,100	8,100	-
inputs received on 31-01-2023 lying in finished goods in stock on 16-06-2023	1,55,000	9,300.	9,300	-
Capital goods procured on 10-12-2022 which are exclusively used in supplying exempted goods	8,00,000	-	-	96,000

Answer:

As per Section 18 of CGST Act, where any exempt supplies made by a registered person become taxable, 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 held on the day immediately preceding the date from which he becomes liable to pay tax.

· Further, credit can be claimed on such 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 invoice. "Quarter" shall mean a period comprising of three consecutive calendar months ending on the last day of March, June, September and December of a year.

· Input Tax Credit Available To M/s XYZ In Respect of Inputs & Capital Goods:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)	Total Eligible Credit (₹)
ITC on the value of inputs lying in stock **{Since all inputs were acquired within I year prior to the effective date on which the goods became taxable, entire ITC would be allowed}**	-	-	12,000	12,000
ITC on the value of inputs contained in semi-finished goods **{Out of the total stock of ₹1,35,000, inputs amounting to ₹ 50,000 are older than 1 year from the effective date on which the goods became taxable. Therefore, ITC to this extent stands disallowed.** **ITC on inputs contained in stock of ₹ 85,000 would be eligible. Eligible credit each in respect of CGST and SGST $= ₹85,000 \cdot 6\% = ₹5,100$}**	5,100	5,100	-	10,200
ITC on value of inputs lying in stock of finished goods **{Since all inputs were acquired within I year prior to the effective date on which the goods became taxable, entire ITC would be allowed}**	9,300	9,300	-	18,600
Credit (IGST) available on capital goods (WN I)	-	-	81,600	81,600
Total Input Tax Credit Available	14,400	14,400	93,600	1,22,400

WN 1 - Credit Available In Respect of Capital Goods:

• Date of invoice of capital goods	10-12-2022
• Date from which the exempt goods became taxable	17-06-2023
• No of quarters or part thereof from the date of invoice to the day immediately preceding the day on which goods became taxable	3
• IGST paid on the capital goods used exclusively in relation to goods exempted	96,000

IGST Available on Capital Goods (₹96,000 − 15%)	81,600

Question 43

The goods manufactured by Royal Ltd have been exempted from GST with effect from 01-05-2023. Earlier these goods were liable to CGST and SGST @ 6% respectively. The inputs used in manufacturing these goods were also liable to CGST and SGST @ 6% respectively. Following information is available on 30-04-2023:

· Inputs costing ₹1,12,000 (inclusive of CGST & SGST) are lying in stock.

· Inputs costing ₹ 80,640 (inclusive of CGST & SGST) are held in process.

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

• Input tax credit on capital goods lying in stock is ₹72,000. These goods were purchased on 1-8-2022.

· Balance in electronic credit ledger is ₹1,52,000.

Discuss input tax credit implications in the hands of Royal Ltd.

What would your answer be if the balance in electronic credit ledger as on 30-04-2023 is ₹1,00,000?

Answer:

Amount payable by Royal Ltd has been calculated below:

Particulars	Amt (₹)
- Tax on inputs lying in stock (₹1,12,000 ×12/1112)	12,000
• Tax on inputs held in process (₹80,640 × 12/112)	8,640
• Tax on inputs contained in finished goods lying in stock (₹5,60,000*50%*12/112)	30,000
• Proportionate tax on capital goods taking total life as 5 years (₹72,000*51/60) (Capital goods used for 9 months, thus remaining useful life shall be taken as 51 months)	61,200
Amount To Be Paid By Royal Ltd (CGST + SGST)	1,11,840

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹40,160 (₹1,52,000-₹1,11,840) in electronic credit ledger shall lapse.

If Balance in Electronic Credit Ledger Is ₹1,00,000: If the balance in electronic credit ledger as on 30-04-2023 is ₹1,00,000, then Royal Ltd will have to pay an amount of ₹11,840 (₹1,11,840-₹1,00,000) in cash.

Question 44

PQR Ltd, a registered person supplying taxable goods in Jaipur, has opted to pay tax as per composition scheme prescribed u/s 10 of CGST Act with effect from 28-02-2024. It provides the following information relating to balance of input tax credit lying as on 27-02-2024:

· Inputs lying in stock as such valued at ₹1,68,000 (inclusive of CGST & SGST @ 12%)

· Inputs contained in finished goods where tax invoice is not available relating to such inputs but it is known that market price of such inputs (inclusive of CGST & SGST @ 12%) on 28-02-2024 is ₹89,600.

· Input tax on capital goods purchased on 25-10-2023 is ₹72,000.

· Balance in electronic credit ledger is ₹1,10,000

Discuss input tax credit implications in the hands of PQR Ltd.

Answer:

Amount payable by PQR Ltd has been calculated below:

Particulars	Amt (₹)
• Tax on inputs lying in stock (₹1,68,000 ×12/112)	18,000
• Tax on inputs contained in finished goods lying in stock (₹89,600*12/112) (Where tax invoices related to inputs lying in stock are not available, reversals have to made on the basis of prevailing market price of goods on the date of opting for composition scheme)	9,600
• Proportionate tax on capital goods taking total life as 5 years (₹72,000*55/60) (Capital goods used for 4 months & 2 days, thus remaining useful life shall be taken as 55 months)	66,000
Amount To Be Paid By PQR Ltd (CGST + SGST)	93,600

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹ 16,400 (₹ l, 10,000 - ₹ 93,600) in electronic credit ledger shall lapse.

Question 45

XYZ Ltd, a supplier of goods, has purchased capital goods under the cover of an invoice dated 01-10-2022 for ₹4,13,000 (inclusive of CGST @ 9% and SGST @ 9%). After using the capital goods for business use, the same were supplied for ₹2,85,000 on 26-04-2023. Explain input tax credit treatment in this case.

Answer:

As per Section 18 of CGST Act, in case of supply of capital goods on which input tax credit has been taken, the registered person is required to pay higher of the following two amounts:

· 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 of such goods; or

· Tax on transaction value of supply of such capital goods.

Computation of Amount of Tax Payable By XYZ Ltd:

• **CGST and SGST paid on purchase of capital goods (₹4,13,000*18/118)**	**63,000**
• **Date of invoice of purchase of capital goods**	**01-10-2022**
• **Date of supply of capital goods after being used**	**26-04-2023**
• **No of quarters or part thereof from the date of issue of invoice for such goods**	**3**
• **Proportionate Credit To Be Reversed (₹63,000-15%)**	53,550
• **Tax on Transaction Value of Supply of Such Capital Goods (₹2,85,000* 18%)**	51,300
Amount To Be Payable (Higher of Above Two Figures)	53,550

The aforesaid amount can be paid by utilizing the balance in electronic credit ledger. The remaining credit of ₹ 16,400 (₹1,10,000-₹93,600) in electronic credit ledger shall lapse.

Question 46

What would be your answer in Question 7 if the capital goods in question are refractory bricks which are removed as scrap at a transaction value of ₹ 25,000 on 09-03-2023?

Answer:

• As per Section 18 of CGST Act, where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, there shall be no requirement for reversal of input tax credit. The taxable person may pay tax on the transaction value of such goods determined u/s is of CGST Act.

· In the given case, refractory bricks are cleared as scrap. The manufacturer shall pay on amount equal to the tax leviable on transaction value {ie, CGST of ₹ 2,250 (+) SGST of ₹ 2,250}.

Question 47

R Ltd, a registered person engaged in supplying taxable goods, is being sold to XLtd, with specific provision for transfer of liability. The unutilized credit in respect of CGST and SGST is ₹ 48,000 and ₹ 48,000 respectively. Now × Ltd wants to utilize such credit remaining unutilized. Discuss its eligibility.

Answer:

• As per Section 18 of CGST Act, 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 provision for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

• Therefore, × Ltd is entitled to utilize the unutilized credit on input and capital goods lying in accounts of RLtd, provided R Ltd furnishes details of such transaction on sale of business electronically on GST Common Portal with request to transfer unutilized tax credit to electronic credit ledger of × Ltd.

· A certificate of Chartered Accountant/Cost Accountant is to be furnished and the transfer details have to be accepted by the transferee.

Question 48

R Ltd, a registered manufacturer, demerged its entity into RX Cement Ltd and RY Steel Ltd. The total value of assets of R Ltd is ₹ 25,00,000 and unutilized credit on account of CGST SGST and IGST amounted to ₹ 60,000 ₹ 45,000 and ₹ 84,600 respectively. The value of assets of RX Cement Ltd and RY Steel Ltd is ₹12,00,000 and ₹13,00,000 respectively obtained as per the scheme. Discuss the eligibility of credit transferred to new units on account of demerger.

Answer:

• As per Section 18 of CGST Act, 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 provision for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

• 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:

Particulars	R Ltd (₹)	RX Cement Ltd (₹)	RY Steel Ltd (₹)
Value of assets	25,00,000	12,00,000	13,00,000
Unutilized credit to be apportioned in ratio of value of assets			
• **CGST**	60,000	28,800	31,200
• **SGST**	45,000	21,600	23,400
• **IGST**	84,600	40,608	43,992

Total Apportioned Credit	1,89,600	91,008	98,592

Question 49

SRI Petrol Pump is a licensed petrol pump of M/s 10C Corporation and engaged in the sale of petrol, diesel and 'Mobil' engine oil. During the month of October 2023, total sales and purchases of M/s SRI Petrol Pump are as follows:

Item	Sale Value (₹)	Purchase Value (₹)
Petrol	7,00,000	5,00,000
Diesel	15,00,000	16,00,000
Mobil	3,00,000	2,00,000

All the figures above are exclusive of GST and rate of GST is 9% CGST and 9% SGST on applicable items.

other information:

1) Every month M/s 10C Corporation charges license fees from SRI Petrol Pump for grant of license and the same is charged based on total quantity of sale of all the products. During the month of October 2023, the amount of license fees charged by 10 C corporation was ₹ 1,00,000 plus CGST & SGST @ 9% each.

2) Administrative expenses incurred by SRI Petrol Pump was ₹ 50,000 on which CGST & SGST @ 6% each were paid.

You are required to calculate the amount of taxable supply under GST, available input tax credit and net liability of SRI Petrol Pump for the month of October 2023. Kindly provide appropriate reason wherever necessary.

Answer:

Computation of Value of Taxable Supply And Net GST Liability of SRI Petrol Pump {0ctober 2023}:

Particulars		Amount (₹)
Supply of petrol & diesel {Levy of GST on petrol and diesel has been deferred and thus, being not leviable to tax, the supply of the same is exempt supply}		Nil
Supply of Mobil		3,00,000
Value of Taxable Supply		3,00,000
Particulars	**CGST (₹)**	**SGST (₹)**
Total output tax liability (₹ $3,00,000 \times 9\%$)	27,000	27,000
Less: Input Tax Credit (Refer Working Note below)	(19,440)	(19,440)
Net GST Liability Payable In Cash	7,560	7,560

Working Note - Computation of ITC Available With SRI Petrol Pump:

Supply Under GST	Amount (₹)	CGST (₹)	SGST (₹)
Inward supply of petrol & diesel **{Being exempt supply, no GST is payable thereon and hence, no ITC}**	21,00,000	-	-
Inward supply of Mobil	2,00,000	18,000	18,000
License fees @ 9%	1,00,000	9,000	9,000
Administrative expenses @ 6% **{Being used in the course or furtherance of business, ITC is available}**	50,000	3,000	3,000
Less: Ineligible ITC attributable to exempt supply {License fee and administrative expenses are used for making both taxable supply of Mobil and exempt supply of petrol and diesel, hence ITC attributable to exempt supply will be reversed as under} **Ineligible ITC ={Common ITC × Exempt Supply}/Aggregate turnover** **Common ITC =₹9,000+₹3,000=₹12,000** **Exempt Supply =₹7L+₹15L=₹22L** **Aggregate Turnover =₹7L+₹1SL+₹3L=₹2SL** **Ineligible ITC =(12,000×22L)/25L=₹10,560**		(10,560)	(10,560)
Eligible ITC		19,440	19,440

Question 50

Briefly explain the provisions relating to reversal of ITC in case of non-payment of tax by the supplier and re-availment thereof.

Answer:

Every registered person (ie, recipient of goods/services) shall be entitled to avail the credit of eligible input tax, as self-assessed, in his GSTR-

3B and such amount shall be credited to his Electronic Credit Ledger.

Reversal of ITC Availed In Case of Default In Furnishing GSTR-3B By Supplier:

· A registered person can avail ITC in GSTR-3B for a tax period in respect of such invoice/debit note, the details of which have been furnished by its supplier in the statement of outward supplies (in Form GSTR-1/using IFF).

· However, if supplier does not furnish return in Form GSTR-3B for the tax period corresponding to the said statement of outward supplies till 30^{th} september following the end of FY in which the ITC in respect of such invoice/debit note has been availed, the said amount of ITC shall be reversed by the said recipient, while furnishing a return in Form GSTR-3B on or before 30^{th} November following the end of such FY during which such ITC has been availed.

· However, where the said amount of ITC is not so reversed by the recipient, such amount shall be payable by the said recipient along with interest thereon u/s 50.

Re-Availment of Reversed ITC: Where the said supplier subsequently furnishes the return in GSTR-3B for the said tax period and discharges his tax liability, the said recipient may re-avail the amount of credit reversed by him earlier.

Question 51

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12^{th} February 2024. Registration certificate has been granted by the Department on 24^{th} February 2024. Vishnu limited is not engaged in making inter-state outward taxable supplies. The CGST and SGST liability for the month of February 2024' is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23^{rd} February 2024:

S.No.	Particulars	Amount (₹)
(i)	Capital goods procured on 5^{th} February 2024 (Rate of CGST and SGST @ 6% each) being intra-state supply	2,00,000
(ii)	Inputs contained in finished goods stock held were procured on 13^{th} February 2023 (Rate of 1GST @ 18%) being inter-state supply	3,00,000
(iii)	Value of inputs received on 10^{th} October 2023 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-state supply	2,50,000
(iv)	Inputs procured on 1^{st} February 20241 lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5% each) being intra-state supply	1,50,000
(v)	Inputs procured on 8^{th} February 2024 lying in stock of finished goods (Rate of 1GST @ 18%) being inter-state supply	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024.

Answer:

Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, ie on 23.02.2024, only within I year from the date of issue of tax invoice by the supplier.

Computation of Eligible ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods (Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration)	Nil	Nil	Nil
Inputs procured on 13^{th} February 2023 (ITC not available because the invoice date is prior to 23^{rd} February 2023)	Nil	Nil	Nil
Inputs procured on 10^{th} October 2023	15,000	15,000	Nil
Inputs procured on 1^{st} February 2024	11,250	11,250	Nil
Inputs procured on 8^{th} February 2024	Nil	Nil	10,800
- Value of Taxable Supplies	26.250	26,250	10,800

Computation of Minimum Net GST To Be Paid In Cash By Vishnu Limited For The Month of February 2024:

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	31,000	31,000
Less: ITC {1GST credit is utilized first for payment of CGST & SGST liability in equal proportion.	(5,400) (IGST)	(5,400) (IGST)
CGST & SGST credit is utilized for payment of CGST liability & SGST liability respectively. 3	(25,600) (CGST)	(25,600) (SGST)
Net GST Payable In Cash	Nil	Nil

Question 52

H Traders, a dealer in furniture, located in Maharashtra, receives an order from R Traders, also located in Maharashtra. The order is for the supply of 50 tables, with an instruction to ship the tables to P Hardwares, located in Kolkata. P Hardwares is a customer of R Traders. There are two parts to this transaction:

- **First part of the transaction – between H Traders and R Traders:**

H Traders is the supplier of tables, and R Traders is the buyer. Accordingly, H Traders bills the transaction to R Traders, and as per the instruction, ships the goods to P Hardwares in Kolkata. ITC is available to the R Traders though goods were not received by it.

- **The second part of the transaction – between R Traders and P Hardwares:**

R Traders is the supplier, and P Hardwares is the buyer. R Traders bills the transaction to P Hardwares.

Question 53

Mr. Vikram acquired a laptop of ₹ 1,00,000 + GST @ 18% [i.e., 9% CGST and 9% SGST] for his professional use from X Ltd.

ITC of ₹ 9,000 each in CGST and SGST is not available to Vikram if X Ltd fails to pay GST to the Government. X Ltd. may discharge his liability by following way:

a. by utilizing balance of ITC available with X Ltd.

b. by paying amount to the credit of the Government

c. by any combination of aforesaid way

Question 54

Mr Akhil registered person provides the following information for the month of March 2025:

Particulars	Amount
Input tax credit in respect of inward supply	₹ 2,00,000
Taxable supply (Excluding zero rated supply)	₹ 10,00,000
Export i.e., zero-rated supply	₹ 5,00,000
Exempt supplies	₹ 3,00,000
Inward supplies on which he is liable to pay tax on reverse charge basis	₹ 2,00,000

In this case computation of ITC available to Mr. Akhil are as under:

Particulars		Amount
Taxable supply (Excluding zero rated supply)		₹ 10,00,000
Export i.e., zero-rated supply		₹ 5,00,000
Exempt supplies		₹ 3,00,000
Inward supplies on which he is liable to pay tax on reverse charge basis		₹ 2,00,000
Total Supply	A	₹ 20,00,000
Total Supply Out of this taxable supply including zero rated supplies [₹10,00,000 + ₹5,00,000]	B	₹ 15,00,000
Input tax credit in respect of inward supply	C	₹ 2,00,000
ITC available [C × B/A] for the month of March 2025		**₹ 1,50,000**

Question 55

P Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'Z' in October, 2024. As per contract it was agreed that 10,000 kgs of Input 'Z' will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of Input 'Z'. Following further information has been provided regarding supply of Input received in subsequent lots. Briefly explain whether P Ltd. eligible to take credit on proportionate basis.

Input 'X' (in lots)	Quantity in Kgs	Date of Receipt of Supply
First Lot	2,500	19-10-2024
Second lot	3,000	21-10-2024
Third Lot	1,500	12-11-2024
Fourth Lot	3,000	01-12-2024

Answer:

No, P Ltd. is not eligible to take credit on proportionate basis. As per first proviso to sec. 16(2), where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment. Therefore, in the given case Input 'Z' has been received in lots hence, the credit of tax of ₹ 78,000 i.e. (₹ 7,28,000 x 12 ÷ 112) paid on such input shall be taken by P

Ltd. only after receipt of fourth lot i.e., 01-12-2024.

Question 56

Compute the Input tax credit available with MS Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2024:

Sl. No.	Particulars	Amount
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	6,200
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	13,360
6.	Testing services availed for car engines	19,000

Answer:

Computation of Input tax credit available with MS Motors Ltd

Sl. No.	Particulars	Amount
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	Nil
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	Nil
6.	Testing services availed for car engines	19,000
	Total credit available	**92,600**

Note: Item 2 and 5 are covered under sec. 17(5) i.e., block credit hence credit is not available.

Question 57

Compute the amount of Input tax credit admissible to Sonam Ltd. in respect of various inputs purchased during the month of September, 2024.

Particulars	₹
Goods purchased without invoice	75,000
Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.)	2,20,000
Purchases of goods not to be used for business purposes	38,000
Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024)	44,000
Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024	38,000

Answer:

Computation of Input tax credit available with Sonam Ltd. for the month of Sept 2024:

Particulars	Note	₹
Goods purchased without invoice	As document are not available	Nil
Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.)	As tax is not paid by Akhil Ltd	Nil
Purchases of goods not to be used for business purposes	Non business purpose	Nil
Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024)	Good yet not received	Nil
Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024		38,000

Total credit available for the month of Sept 2024		**38,000**

Question 58

W Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2025:

Particulars	GST Paid (₹)
Purchase of Machinery where debit note is issued	2,15,000
Input purchased was directly delivered to Mr. X, a job worker and a registered supplier	1,00,000
Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	5,000
Works Contract services availed for construction of Staff quarters within the company premises	2,25,000

Determine the amount of ITC available to the company for the month of January 2025. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of ITC available to the company for the month of Jan 2025:

Particulars	₹
Purchase of Machinery where debit note is issued	2,15,000
Input purchased was directly delivered to Mr. X, a job worker and a registered supplier	1,00,000
Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	-
Works Contract services availed for construction of Staff quarters within the company premises [Block credit u/s 17(5)]	-
Available ITC for the month of Jan 2025	**3,15,000**

Question 59

X Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2024:

Particulars	GST Paid (₹)
Purchase of cabs used for the transportation of its employees	1,00,000
Inputs consisting of four lots, out of which second lot was received during the month	2,25,000
Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	2,50,000
Outdoor catering service availed on Women's day	72,000

Determine the amount of input tax credit available with M/s X Private Limited for the month of September, 2024. All the conditions necessary for availing the input tax credit have been fulfilled.

Answer:

Computation of ITC available to the company for the month of Sept 2024:

Particulars	₹
Purchase of cabs used for the transportation of its employees [Block credit u/s 17(5)]	-
Inputs consisting of four lots, out of which second lot was received during the month [available on receipt of last lot]	-
Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Documents are not available for ₹ 50,000]	2,00,000
Outdoor catering service availed on Women's day	-
ITC available	**2,00,000**

Question 60

BA Pvt. Ltd. Purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2024 on which it paid GST @ 18% and availed the ITC. On 05-03-2025, it sold the machinery for ₹ 8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for BA Pvt. Ltd. To follow under CGST Act, 2017?

Answer:

Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

a. ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or

b. tax on transaction value.

Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:

Particulars	₹
ITC taken on acquisition of such machine [₹ 10,00,000 × 18%]	1,80,000
Time gap in quarters between date of purchase and outward supply of such machine	3 quarters
Total reduction in tax paid [5% for each quarter × 3 quarter]	15%
Amount of reduction in tax paid [₹ 1,80,000 × 15%]	27,000
Amount of GST to be Paid [being higher of the following]	
a. ₹ 1,80,000 – ₹ 27,000	1,53,000
b. GST on transaction value [₹ 8,00,000 × 18%]	1,44,000
Hence, liability of GST is	**1,53,000**

Question 61

M/s. VMA, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2024 :

Particulars	₹
Inter-state supply of goods	2,00,000
Intra-state supply of 1000 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
Supply of online educational journals to M/s XYZ, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply	1,00,000
M/s. VMA has also received the following inward supplies:	
Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)	1,40,000
Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	1,00,000
Details of opening balances of ITC as on 1-4-2024 are as follows:	
- CGST	10,000
- SGST	10,000
- IGST	80,000

Following additional information is provided :

- **a.** Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- **b.** All figures mentioned above are exclusive of taxes.
- **c.** All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2024.

Answer:

Computation of available ITC :

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Opening balance	80,000	10,000	10,000
ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 x 18%]	18,000	-	-
ITC on Repairing of bus [₹ 1,00,000 × 9%]	-	9,000	9,000
Available ITC	**98,000**	**19,000**	**19,000**

Computation of tax payable on outward supplies :

Sl. No.	Particulars	Taxable Value	CGST @ 9%	SGST @ 9%	IGST @ 18%
(i)	Inter-State supply of goods	2,00,000	-	-	36,000
(ii)	Intra-state mixed supply	4,00,000	56,000	56,000	-

(iii)	Intra-State supply of services	1,00,000	9,000	9,000	-
	Total		**65,000**	**65,000**	**36,000**

Computation of GST payable in cash :

Particulars	**CGST @ 9%**	**SGST @ 9%**	**IGST @ 18%**
Total GST payable	65,000	65,000	36,000
***Less :* ITC-IGST**	(31,000)	(31,000)	(36,000)
***Less :* ITC-CGST / SGST**	(19,000)	(19,000)	-
GST payable in cash	**15,000**	**15,000**	**-**

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.