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A Complete Understanding Of Input Tax Credit Under GST



CA Vivek chaudhary

on 25 September 2019

What is Input Tax Credit(ITC):

ITC means deducting the tax paid on Inputs and Inputs Services from the tax payable on final output.

What are conditions for claiming ITC(Section-16):



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There are flat twelve conditions for claiming input tax credit under GST law. All the twelve must necessarily be satisfied for claiming input tax credit which are cited below:-

1. You should have the Invoice issued by the supplier. It may be a self Invoice, Debit Note, ISD Invoice, Bill of Entry.
2. Goods and Services has been actually received by you or by the party in case of bill to-ship to model (In case goods received in installment cases on last Installment).
3. Supply of Goods and Services must be used or intended to be used for business purposes.
4. Your output supply must be either a taxable supply or a zero rated supply.
5. You must have made the payment of Invoice within 180 days from the date of Invoice.
6. Your Supplier has filed a valid GSTR-3 (Paid the self assessment tax).

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7. You have also filed a valid GSTR-3.
8. In case of Capital Goods you can either claim depreciation on tax portion under Income Tax Act, 1961 or you can claim input tax credit under GST law.
9. Capital Goods must be used during their complete life. If sold the tax shall be payable on such supply as per Section-18(6).
10. In case you fails to book input tax credit in respect of any Invoice during the FY then last date of booking input tax credit is due date of furnishing the return under section-39 for the month of September(20th October) of the succeeding FY or due date of furnishing Annual Return under Section-44.
11. No input tax credit shall be allowed for tax paid on Re-assessment/fraud etc.
12. Received supply should not be specified under Section-17(5)/ Negative Listed Supply.

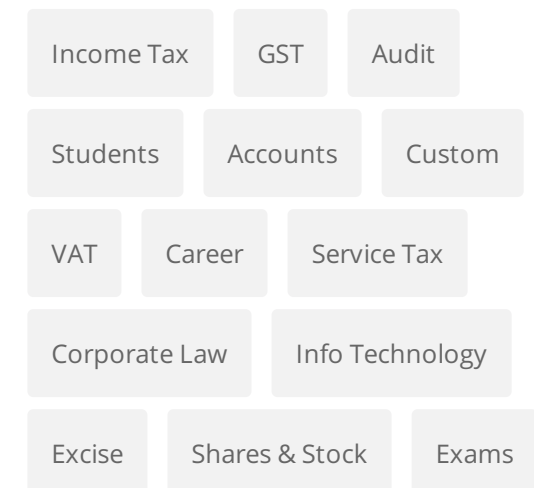
What are the Negative Listed Supplies Under Section-17(5)/(6):



Before going to explain you the Negative Supplies I would like to tell you that in the following three situations section-17(5)/(6) will not block your credit if:-

- If you are supplying the same goods and services what you have received.
- If there is legal requirement on you for such goods and services.
- If you are receiving secondary goods and services in relation to primary goods and services for which input tax credit has been allowed to you

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then credit of tax paid on secondary goods and services shall also be allowed.

Section-17(5)/(6): I have classified the complete section into three parts which are cited below:

1. Passenger motor vehicle seating capacity of 13 persons or less including driver:

Normally input tax credit of taxes paid on such vehicles are not allowed. However, in the following three situations input tax credit will be allowed:-

- Using it for further supply of vehicles.
- Using it for passenger transportation Services.
- For imparting training related to driving.

2. Aircraft and Vessels:

Normally input tax credit of taxes paid on Aircraft and Vehicles are not allowed. However in the following three situations input tax credit will be allowed:-

- Using it for further supply of vehicles.
- Using it for passenger transportation Services.
- For imparting training related to driving
- For Transportation of Goods.

3. Personalized Services (Individual related Services):

If you are using following type of personalized services then Input Tax Credit shall not be allowed:-

LAW

Professional Resource

Union Budget

Others

Taxpayers

- Food & Beverages.
- Outdoor catering.
- Beauty treatment services.
- Health services.
- Cosmetic and Plastic surgery.
- Life Insurance.
- Health Insurance.



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can we avail ITC on repairs and maintenance bills.

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20th October of next fy...or in the return of the month in which
discrepancy informed by department w.e.e....

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I am supplying cab services on 5% GST, Can i avail input tax credit ?

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No you can'tif you wanna claim then you have to pay tax@12%

on your output supplies.....

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Dear sir, can we avail the ITC benefits after 30th sept 19 for the period of April 18 to March 19 kindly give notification about ITC expiry date for last financial year .

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You can book the itc of any invoice relevant to FY 18-19 up to 20th Oct last date of filing return for the month of September 19...or 31st December last date of filing annual return for fy 18-19 w.e.e.....so accordingly 20th October 2019 is last date for booking itc for any invoice relevant to fy 18-19...

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Once vendor should filed their GSTR-1 returns, we can eligible for ITC based on our 2A ? it is mandatory ?

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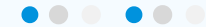
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