



CMA Kedarnath

Hyderabad



The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

Tax Research Department

Behind every successful business decision, there is always a **CMA**

A Session on ITC Forms : ACCGST-10



Introduction to Input Tax Credit

- ❖ Input Tax Credit is the Tax that a business pays on its
 - ✦ Purchases
 - ✦ Services and
 - ✦ Capital Goods
- ❖ ITC makes flow of credit across an entire supply chain a seamless process
- ❖ The fundamental aspect under GST regime is tax is charged on value addition at each stage of supply
- ❖ The supplier is eligible to claim ITC on its purchases and utilize the same by way of setting off while discharging the Output tax in the course of furtherance of business.
- ❖ With the help of ITC the cost of the goods / or services are available at cheaper and effective price
- ❖ GST Law does **not** require '**one to one**' co-relation between inputs / input services and final products / services
- ❖ Any eligible ITC can be used for payment of tax on any taxable output supply

Introduction to Input Tax Credit

❑ Input Tax Credit:

- ✓ Input tax credit is nothing but “credit of the input taxes”

❑ Input Tax:

- ✓ Tax on Inputs

❑ What are the Inputs for a business

- The inputs for a business can be divided into 3 parts
 - ✓ Input Goods other than capital goods i.e., Raw Materials etc.,
 - ✓ Input Services
 - ✓ Capital Goods

S.16(1): Eligible to claim ITC

- ✦ Registration under GST
- ✦ Goods/Services to be used in the course or furtherance of business

Note:

- ✓ As a thumb rule, a registered person would be eligible to claim credit of Input Tax
- ✓ Un-registered person would not be able to claim Input Tax Credit for the period prior to GST Registration
- *However as per section 18(1)(a) and 18(1)(b) entitle a person to claim credit of tax paid on inputs*
- *which are procured during the period, when such person was unregistered person and*
- *such inputs are held in stock or inputs contained in semi-finished or FG held in stock*

S.16(2): Basic Conditions for availing ITC

The registered person will be entitled to ITC on a supply, if ALL the following 4 conditions are fulfilled

- (a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed
 - (aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37 (GSTR-1)
- (b) he has received the goods or services or both
 - (ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted
- (c) Tax leviable on supply actually paid to **Government** either in Cash or Credit
- (d) he has furnished the return under section 39 (by Filing GSTR-1 by Supplier / GSTR-3B by Recipient)

Conditions for Availing ITC - Provisional ITC:

✓ From 09th Oct 2019 to 31st Dec 2019:

Invoices not uploaded by supplier then recipient shall not claim in excess of **20%** of Eligible credit reflected in GSTR-2A [vide Notification no. 49/2019 - CT dt. 09.10.2019]

✓ From 01st Jan 2020 to 31st Dec 2020:

Invoices not uploaded by supplier then recipient shall not claim in excess of **10%** of Eligible credit reflected in GSTR-2A [vide Notification no. 75/2019 - CT dt.26.12.2019]

✓ From 01st Jan 2021 onwards:

Invoices not uploaded by supplier then recipient shall not claim in excess of **5%** of Eligible credit reflected in GSTR-2A

✓ From 01st Jan 2022 onwards:

ITC claims will be allowed **only** if it appears in GSTR-2B – it means ITC claim restricted to the extent auto populated in 2B/3B

S.16(4): Extended Time Limit till 30th Nov of NFY >>>>> LA

S. N	Particulars	Section	Old Time Limit	New Time Limit
1	ITC availment	Section 16(4)	Due date of furnishing GSTR-3B of September month of next financial year	30 November of next financial year
2	Reporting of credit notes	Section 34(2)	Due date of furnishing GSTR-3B of September month of next financial year	30 November of next financial year
3	Amendment in GSTR 1	First proviso of Section 37(3)	Due date of furnishing GSTR-3B of September month of next financial year	30 November of next financial year
4	Amendment in GSTR 3B	Proviso of Section 39(9)	Due date of furnishing GSTR-3B of September month of next financial year	30 November of next financial year

18-Nov-23

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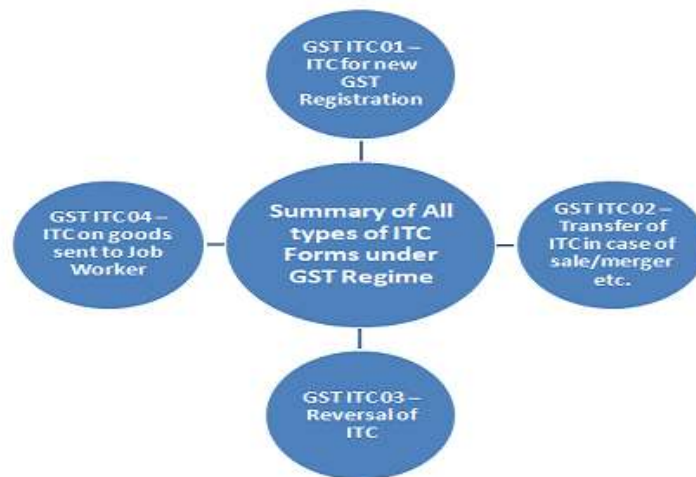
Sequential Filing of GSTR-1 and GSTR-3B :

This restriction is already in place on GST portal, now legalized under the GST Act

- ❖ GSTR 1 cannot be furnished if GSTR 1 for earlier period is not furnished {Section 37(4)}
- ❖ GSTR 1 cannot be furnished if GSTR – 3B for earlier period is not furnished
- ❖ GSTR-1 mandatory before filing of return in Form GSTR-3B. {Section 39(10)}.
- ❖ Way Bill can't be generated if GSTR-3B return pending for last 2 months
- ❖ If Way Bill Portal Blocked then file GSTR-3B returns up to date and “**Un-Block E-Way Bill**” by Self
- ❖ Way Bill can be cancelled within 24 hours of the Generation

ITC Forms:

1. ITC 01 – Claim of ITC for new GST Registration
2. ITC 02 – Transfer of ITC in case of sale, transfer, merger, amalgamation and lease etc.
- 3.
4. ITC 03 – Reversal of ITC
5. ITC 04 – ITC on goods sent to Job Worker



GST ITC-01:

Rule-40: Manner of claiming credit in special circumstances:

- ❖ GST Form ITC-01 is a declaration form that is used to claim the input tax credit.
- ❖ An input tax credit means that a taxpayer can claim the amount that has been already paid as GST while making GST payment to the Government which was collected from the customers.

The declaration form in ITC – 01 is required to be filed in the following cases:

- ❖ When an application for GST registration is made within 30 days of becoming liable to pay GST [S.18(1)(a)]
- ❖ When any person opts for voluntary registration [Section 18(1)(b)]
- ❖ When any person opts out of composition scheme but continues to be registered as a regular taxpayer [S.18(1)(c)]
- ❖ When an exempt supply of goods/ services becomes taxable supply [S.18(1)(d)]

Note: Input tax credit is allowed in respect of inputs held in stock, inputs contained in semi-finished/ finished goods, capital goods on the cut-off date.

Form GST ITC-01

Points to remember while filing ITC-01:

1. Know what input tax credits can be claimed. For example, the ITC in respect of services cannot be claimed in Form ITC-01.
2. ITC in respect of capital goods can only be claimed in case composition dealer opts out of composition scheme and where exempted supply becomes taxable supply.
3. Invoice wise Details of ITC on purchases as on the cut-off date should be available.
4. Form ITC 01 should be filed within 30 days of the date of registration/migration to a regular scheme.
5. Invoices up to one year old can be claimed in case of inputs and up to five years in case of capital goods.
6. If the ITC claim is more than INR 2 lakhs, Chartered Accountant certificate or Cost Accountant certificate must be uploaded.
7. Time Limit: ITC-01 should be filed with in **30 Days** of the event takes place

GST ITC-02:

Rule-41: Transfer of credit on sale, merger, amalgamation, lease or transfer of a Business

A registered taxpayer can apply for transfer the matched Input Tax Credit available in the Electronic Credit Ledger to another business entity in case of transfer of business by way of sale of business / merger / demerger by filing of ITC declaration in FORM GST ITC-02.

However, there are certain Pre-requisites for filing this form. These are:

- ❑ In case any registered entity undergo sale, merger, de-merger, amalgamation, lease or transfer, the acquired entity must file ITC declaration for transfer of ITC in the FORM GST ITC-02.
- ❑ The acquiring entity (transferee) and acquired entity (transferor), both should be registered under the GST
- ❑ The acquired / transferor entity must have matched Input Tax Credit available in the Electronic Credit Ledger, as on effective date of merger/ acquisition/ amalgamation / lease/ transfer.
- ❑ The acquired entity (transferor) must have validly filed all the returns for the past periods.
- ❑ All transactions categorized as pending for action of merging entity should be either accepted / rejected / modified, and any liabilities arising out of the returns filed by the transferor must be paid.

Form GST ITC-02:

- ❑ It should be accompanied by the certificate issued by Chartered Accountant or Cost Accountant.

The process of transferring matched unutilized ITC by filing the FORM GST ITC-02 is **broadly divided into two steps:**

- ✓ The acquired entity (transferor) files declaration in FORM GST ITC-02 in the GST portal, specifying the available matched ITC in each major head.
- ✓ The acquiring entity (transferee) accepts / rejects the same in GST portal.

Note:

Form GST ITC-02 more useful in case of a “Conversion of a Firm into a Pvt Ltd Company and vice-versa”

First apply for GST Registration for the new entity

Then transfer the credit from old entity to the new entity by entering the new entity GSTIN in the Old Entity logins

Finally new entity should accept / reject the same

Immediately the ITC would be transferred into the new entity's Electronic Credit Ledger (ECL)

It should be noted such transfer will be possible if both the entities registered in the same State / UT

Form GST ITC-02A:

Rule-41A: Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory

- ❖ Form GST ITC-02A is used, by the registered person having multiple business places within a State/ Union territory, for transferring Input Tax Credit from the transferor entity to the newly registered entity.
- ❖ As per provisions of section 25 (2) of the Central Goods and Service Tax Act, 2017, a person having multiple places of business in a State/ Union territory may apply for and obtain separate registration for each place of business.
- ❖ Further provisions of rule 41A of the Central Goods and Service Tax Rules, 2017 deal with the transfer of input tax credit at the time when the registered person has obtained separate registration for multiple places of business.
- ❖ Form GST ITC-02A is used for transferring such input tax credit, with in the same State / UT

Form GST ITC-02A:

- The registered person has a separate registration for multiple places of business within a State/ UT
- Such a registered person intends to transfer unutilized matched ITC lying in the ECL of an existing (i.e., transferor) entity to the newly registered (i.e., transferee) entity.
- For transferring such unutilized matched ITC, the transferor entity is required to file Form GST ITC-02A within 30 days of obtaining the new registration (i.e., registration of the transferee entity).
- Transferor will transfer the credit to the Transferee through Form GST ITC-02A & the same shall be intimated to the to the transferee via an e-mail and SMS.
- The amount of ITC cannot be altered/ modified by the transferee entity.
- If the transferee entity clicks on the ACCEPT button, the ITC will be credited to the Electronic Credit Ledger of the transferee entity.
- If the transferee entity clicks on the REJECT button, the ITC will be re-credited to the Electronic Credit Ledger of the transferor entity.
- The action i.e., ACCEPT or REJECT, by the transferee would be intimated to the transferor e-mail & SMS.

GST ITC-03:

Rule-43: Manner of reversal of credit under special circumstances

1. ITC-03 is a form that is filed in special circumstances when input tax credit that has been availed has to be reversed.
2. The circumstances for reversing the ITC is due to
 - ✓ Where Registered dealer opting from Regular scheme to Composition Scheme
 - ✓ Where a taxable supply becomes exempted supply
3. ITC-03 must be filed by taxpayers who are obligated to pay an amount which is equivalent to the ITC by means of an electronic credit or cash ledger.
4. The payments, on the accounts of ITC, could be on the basis of:
 - ✓ Input held in stock.
 - ✓ Input contained in semi-finished goods or finished goods held in stock.
 - ✓ Capital goods or Plant and Machinery, as reduced by such percentage points as may be prescribed

GST ITC-03:

Taxpayers may file form ITC-03 on the satisfaction of the following conditions:

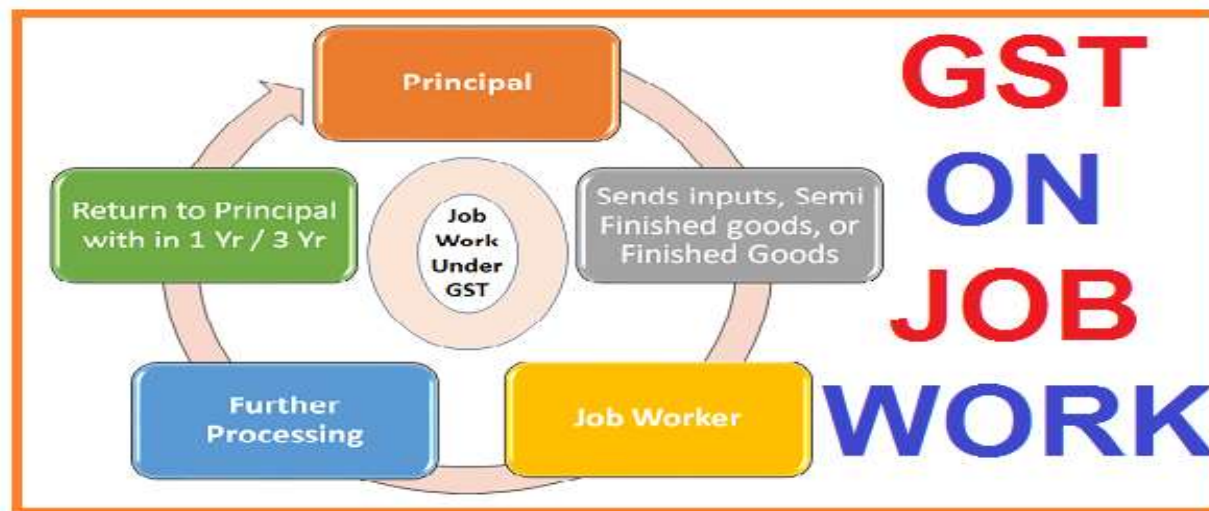
- ✓ The Input Tax Credit (ITC) is availed by the taxpayers before reversing it through this form.
- ✓ The taxpayer has notified the concerned department on his/her enrollment into the composition scheme in CMP-02 at the start of the year.
- ✓ The taxpayer is in possession of a Digital Signature Certificate (DSC) or an Electronic Verification Code (EVC).
- ✓ A certificate has been produced from the Chartered Accountant certifying the value of goods (if the details of the invoice are not available).
- ✓ Time Limit: ITC-03 should be filed with in **60 Days** of the event takes place
- ✓ Form GST ITC-03 can be filed by qualified taxpayers on not more than one occasion during a financial year.
- ✓ On the other hand, if the need for filing arises due to the reversal or payment of tax in cases of exemption of supplies, it can be performed multiple times as and when the notifications pertaining to such exemptions are issued by the government.

GST ITC-04: Concept of Job Work >>> Section 19

- ✓ Rule 41: Conditions and restrictions in respect of inputs and capital goods sent to the job worker
- ✓ Job work means processing of raw materials or semi-finished goods supplied by the principal manufacturer to the job worker.
- ✓ Job-work sector constitutes a significant industry in Indian economy. The definition of job-work already exists in Central Excise and
- ✓ The job-worker plays a major part in the Indian economy due to involvement in the processing of input or unfinished goods.
- ✓ GST makes the principal (the owner of the goods) take care of compliance on behalf of the job-worker, considering the fact that Job-work is often an MSME sector and the same is not able to comply with the structure of the tax.
- ✓ Considering the fact that typically the job-workers are small persons who are unable to comply with the provisions of the law.
- ✓ Job work includes outsourced activities that may or may not culminate into manufacture.

GST ITC-04: Concept of Job Work

- ✓ The term Job-work itself explains the meaning. It is processing of goods supplied by the principal.
- ✓ The whole idea is to make principal responsible for meeting compliances on behalf of the job-worker on the goods processed by job-worker.
- ✓ The GST Act makes special provisions with regard to removal of goods for job-work and receiving back the goods after processing from the job-worker without payment of GST.
- ✓ The benefit of these provisions shall be available both to the principal and the job-worker.



GST ITC-04:

- ❖ **Form GST ITC-04** is a declaration form to be furnished by registered persons (Principal), showing the details of inputs or capital goods dispatched to or received from a job worker in an applicable tax period
- ❖ Form ITC 04 contains details of inputs and capital goods sent to and received from a job worker.
- ❖ This form needs to be filed by every principal manufacturer who is sending goods for job work on quarterly basis up to Sep-2021.
- ❖ With effect from 1st Oct 2021 onwards GST ITC-04 made it as Half-Yearly Return, it means Oct-2021 to Mar-2022 (6 months) Single return is sufficient and the same will continue for further periods based on the Central Tax notification number 35/2021 & Dated 24.09.2021
- ❖ Further the facility of filing of Form GST ITC-04 can be filed Annually, subject to the AATO limits
- ❖ If the aggregate turnover in the preceding financial year was up to Rs. 5 crores (AATO =< 5Cr), Therefore, tax payer may file the statement in FORM GST ITC-04 on Annual basis.
- ❖ If he wishes to file on half yearly basis, the same can be filed at the option of the tax payer.
- ❖ If the AATO > 5Cr in the PFY then ITC-04 should be filed half-yearly accordingly

GST ITC-04:

Details in this form are required to be updated on the basis of challan issued by the principal manufacturer for –

- ✓ Goods sent to a job worker
- ✓ Received from a job worker
- ✓ Sent from one job worker to another

Due date of Form GST ITC-04:

The due date for filing Form GST ITC 04 is the 25th day of the month following the Half-Year for which the return is to be filed.

Let's have Q&A

- ❖ Mr. X is a registered dealer writes a letter to the department officer stating that he missed claim the ITC for the month of March-2022, to the tune of Rs 10,00,000, based on this situation, answer the below questions:
- I. Can the officer has the power to grant ITC and allow the same to Mr. X ?
 - II. How to claim and what is the mechanism to claim the ITC ?
 - III. What is the last date / due date to claim the missed ITC for the FY 2021-22 ?
 - IV. Mr. X is filing GSTR-9 for the FY 2021-22 during the month of Aug-2022 say 15th Aug 2022, can he eligible to claim the missed ITC in the GSTR-9 ?
 - V. If you consider the Question No. IV, then what is the last date /due date for claiming of ITC ?
 - VI. What is the mechanism to reverse the excess ITC claimed in the GSTR-3B return ?
 - VII. Can we, reverse the excess ITC pertaining to FY 2021-22 in the GSTR-9 or any other mechanism available to do the same ?

Let's have Q&A

1. ITC on general insurance taken on a car used by employees of a manufacturing company for official purpose
2. ABC Ltd orders snacks for the employees who works in evening shift, can ITC eligible to claim on such food items ?
3. M/s. XYZ Ltd purchases Vessels for imparting the navigation on vessels to the prospective staff, can they eligible to claim ITC
4. Mr. X undergoes plastic surgery for his face to look more beautiful, can he eligible to claim ITC on payment made to specialist on surgery ?
5. Mr. K is CA incurred repairs and maintenance on motor car for Rs 50,000 and paid GST 18% i.e., Rs 9,000 can he eligible to claim ITC on such charges ?
6. M/s. Handpicked stores is a Composition dealer engaged in the business of supply of gift articles and fashion design items, during the month of May-2022 they purchased 10 Lakhs stock for GST paid @ 12% what is eligible ITC?
7. Mr. Y purchased one laptop and uses for his personal purpose, can he eligible to claim ITC ?
8. ABC Ltd launched new product called as product X, for a quantity of 1,000 articles, in order to grab the market they started giving free samples to the public to the tune of 100 articles. In order to manufacturer they incurred Inputs and Input services and paid taxes on that is Rs 1,00,000

Let's have Q&A

1. ITC on maintenance & repair services availed by a company for a truck used for transporting of Goods?
2. AB & Co., a caterer of Amritsar, has been awarded a contract for catering in a marriage to be held at Ludhiana. The firm has given the sub-contract for supply of snacks, to be served in the marriage, to CD & Sons, a local caterer of Ludhiana. Can ITC eligible to AB & Co.,?
3. ITC on outdoor catering services availed by a company, for its Annual day event organized for its employees and family members?
4. ITC on outdoor catering service availed by a company to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory. ITC on such outdoor catering is ?
5. M/s Jay Ltd. being a manufacturer purchased machinery worth Rs 10,00,000 on which GST Rs 1,80,000 is paid. What are the options manufacturer ?
6. Repairs and maintenance expenses incurred for motor car by a elite motor driving school, can they claim ITC on such repairs?
7. Do we need to disclose Blocked credit / Ineligible ITC in GSTR-3B return & how ?
8. How to show reversal of ITC in GSTR-3B (or) how to disclose credit notes in GSTR-3B Return ?



*{Arise, awake and stop not until the goal is reached}
- Swami Vivekananda*

Thank You



By

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