

Input Tax Credit – MCQ and Case Study



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Test your knowledge

Multiple Choice Questions

Multiple Choice Questions – Question 1

Question	Options	
The term “used in the course or furtherance of business” means?	A	It should be directly co-related to output supply
	B	It is planned to use in the course of business
	C	It is used or intended to be used in the course of business
	D	It is used in the course of business for making outward supply

Correct Alternative - (C) It is used or intended to be used in the course of business

Multiple Choice Questions – Question 2

Question	Options	
Whether credit on inputs should be availed based on receipt of documents or receipt of goods	A	Receipt of Goods
	B	Receipt of Documents
	C	Both
	D	Either Receipt of Goods or Receipt of Documents

Correct Alternative - (C) Both

Multiple Choice Questions – Question 3

Question	Options	
Input tax credit on capital goods and Inputs can be availed in one installment or in multiple installments?	A	In thirty-six installments
	B	In twelve installments
	C	In six installments
	D	In one installment

Correct Alternative - (D) In one installment

Multiple Choice Questions – Question 4

Question	Options	
The tax paying documents in section 16(2) is	A	Bill of entry, Self Invoice raised on receipt of RCM supplies, etc.
	B	Acknowledged copy of tax paid to department
	C	Supply invoice by the recipient
	D	Any of the above

Correct Alternative - (A) Bill of entry, Self Invoice raised on receipt of RCM supplies, etc.

Multiple Choice Questions – Question 5

Question	Options	
The time limit to pay the value of supply with taxes to avail the input tax credit?	A	Three Months
	B	Six Months
	C	One Hundred and Eighty Days
	D	Till the date of filing of Annual Return

Correct Alternative - (C) One Hundred and Eighty Days

Multiple Choice Questions – Question 6

Question	Options	
<p>What is the time limit for taking input tax credit by a registered taxable person?</p>	A	No time limit
	B	1 year from the date of invoice
	C	Due date of furnishing of the return under section 39 for the month of November following the end of financial year to which such invoice or invoice relating to such debit note pertains
	D	30 th November of the next FY to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Correct Alternative - (D) 30th November of the next FY to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Multiple Choice Questions – Question 7

Question	Options	
Can the recipient avail the Input tax credit for the part payment of the amount to the supplier within one hundred and eighty days?	A	Yes, on full tax amount and partly value amount
	B	No, he can't until full amount is paid to supplier
	C	Yes, but proportionately to the extent of value and tax paid
	D	Any of the above

Correct Alternative - (C) Yes, but proportionately to the extent of value and tax paid

Multiple Choice Questions – Question 8

Question	Options	
Whether credit can be availed without actual receipt of goods where goods are transferred through transfer of document of title before or during the movement of goods?	A	Yes
	B	No
	C	Can be availed only after transfer of document of title after movement of goods
	D	Yes, in specific instances

Correct Alternative - (D) Yes, in specific instances

Multiple Choice Questions – Question 9

Question	Options	
Whether depreciation on tax component of capital goods and Plant and Machinery and whether input tax credit is Permissible?	A	Yes
	B	No
	C	Input tax credit is eligible if depreciation on tax component is not availed
	D	None of the above

Correct Alternative - (C) Input tax credit is eligible if depreciation on tax component is not availed

Multiple Choice Questions – Question 10

Question	Options	
What is the maximum time limit to claim the Input tax credit?	A	Till the date of filing annual return
	B	30 th November of the following financial year
	C	Later of (a) or (b)
	D	Earliest of (a) or (b)

Correct Alternative - (D) Earliest of (a) or (b)

Multiple Choice Questions – Question 11

Question	Options	
Exempt supplies under Section 17 (apportionment of credit) includes	A	Only exempted supplies
	B	Exempted supplies, reverse charge supplies, Transaction in securities, sale of land, sale of building
	C	Reverse charge supplies and sale of land
	D	None of the above

Correct Alternative - (B) Exempted supplies, reverse charge supplies, Transaction in securities, sale of land, sale of building

Multiple Choice Questions – Question 12

Question	Options	
Banking company or Financial Institution have an option of claiming	A	Eligible Credit or 50% credit
	B	Only 50% Credit
	C	Only Eligible credit
	D	Eligible credit and 50% credit

Correct Alternative - (A) Eligible Credit or 50% credit

Multiple Choice Questions – Question 13

Question	Options	
<p>An assessee obtains new registration, voluntary registration, change of scheme from composition to regular scheme and from exempted goods/services to taxable goods/services. It can avail credit on inputs lying in stock. What is the time limit for taking said credit?</p>	A	1 year from the date of invoice
	B	3 year from the date of invoice
	C	5 year from the date of invoice
	D	None of the above

Correct Alternative - (A) 1 year from the date of invoice

Multiple Choice Questions – Question 14

Question	Options	
Credit on Input services or capital goods held in stock can be availed in case of new Registration/Voluntary Registration	A	Yes
	B	No
	C	Yes, on Input services only
	D	Yes, on Capital goods only

Correct Alternative - (B) No

Multiple Choice Questions – Question 15

Question	Options	
In case of Compulsory registration, input tax credit can be availed on	A	stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act, provided application for registration is filed within 30 days from the due date
	B	stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.
	C	stocks held on the day immediately preceding the date of application of registration under the provisions of this Act
	D	None of the above

Correct Alternative - (A) stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act, provided application for registration is filed within 30 days from the due date

Multiple Choice Questions – Question 16

Question	Options	
In case of Voluntary registration input tax credit can be availed	A	on stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act
	B	on stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act
	C	on stocks held on the day immediately preceding the date of application of registration under the provisions of this Act.
	D	None of the above

Correct Alternative - (B) on stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act

Multiple Choice Questions – Question 17

Question	Options	
Eligibility of credit on capital goods in case of change of scheme from Composition scheme to Regular scheme	A	Eligible during application for Regular scheme
	B	Not eligible
	C	Yes, immediately before the date from which he becomes liable to pay tax under the Regular scheme
	D	None of the above

Correct Alternative - (C) Yes, immediately before the date from which he becomes liable to pay tax under the Regular scheme

Multiple Choice Questions – Question 18

Question	Options	
Can the unutilized input tax credit be transferred in case of change in constitution of business?	A	Not possible
	B	No, it will be exhausted
	C	Yes, it will be transferred only if there is provision for transfer of liabilities
	D	It will be transferred only if it is shown in books of Accounts of transferor

Correct Alternative - (C) Yes, it will be transferred only if there is provision for transfer of liabilities

Multiple Choice Questions – Question 19

Question	Options	
Is Input tax to be reversed in case of supply of capital goods?	A	Yes, to the extent of transaction value of such goods
	B	No
	C	Yes, fully
	D	Yes, to extent of credit taken as reduced by prescribed percentage or tax on transaction value whichever is higher

Correct Alternative - (D) Yes, to extent of credit taken as reduced by prescribed percentage or tax on transaction value whichever is higher

Multiple Choice Questions – Question 20

Question	Options	
Is Input tax to be paid in case of switchover from taxable to exempt supplies	A	Yes, equivalent to the credit in respect of inputs held in stock (including semi finished and finished goods) and on capital goods held in stock
	B	No
	C	Yes, Full Credit
	D	No, should be debited to electronic credit ledger

Correct Alternative - (A) Yes, equivalent to the credit in respect of inputs held in stock (including semi finished and finished goods) and on capital goods held in stock

Multiple Choice Questions – Question 21

Question	Options	
The time limit beyond which if Inputs are not returned, the inputs sent for job work shall be treated as supply	A	One Year
	B	Six Months
	C	Three Years
	D	One Year from end of the Financial Year

Correct Alternative - (A) One Year

Multiple Choice Questions – Question 22

Question	Options	
Is the principal entitled for credit of goods though he has not received the goods and has been sent to job worker directly by vendor?	A	Yes
	B	No
	C	Yes, Vendor should be located in same place
	D	None of the above

Correct Alternative - (A) Yes

Multiple Choice Questions – Question 23

Question	Options	
In case of ISD whether distributor and recipient should have same PAN	A	Yes
	B	No
	C	Yes, if in same state and different in other state
	D	Either A or B

Correct Alternative - (A) Yes

Multiple Choice Questions – Question 24

Question	Options	
Can the credit distributed by an ISD exceed the amount available for distribution?	A	Yes
	B	No
	C	Yes, in some cases
	D	May be

Correct Alternative - (B) No

Multiple Choice Questions – Question 25

Question	Options	
If credit applicable to more than one recipient, then it shall be distributed (answer in context of ISD)	A	Equally
	B	On Pro rata basis to the aggregate turnover of such recipients
	C	Proportionately
	D	As per Adhoc Ratio

Correct Alternative - (B) On Pro rata basis to the aggregate turnover of such recipients

Multiple Choice Questions – Question 26

Question	Options	
Input tax credit can be utilized against	A	Any Tax liability
	B	Self-Assessed Output Tax liability
	C	Interest and Penalty
	D	Fine

Correct Alternative - (B) Self-Assessed Output Tax liability

Multiple Choice Questions – Question 27

Question	Options	
Is it mandatory that the tax on the supply has to be paid by the supplier so that the recipient can claim credit?	A	Yes
	B	No
	C	Optional
	D	No payment has to be made by supplier

Correct Alternative - (A) Yes

Multiple Choice Questions – Question 28

Question	Options	
Input Tax credit as credited in Electronic Credit ledger can be utilized for	A	Payment of Interest
	B	Payment of Taxes
	C	Payment of Interest and Penalty
	D	Payment of Fine

Correct Alternative - (B) Payment of Taxes

Multiple Choice Questions – Question 29

Question	Options	
When the goods are sent from one job worker to another, the challan may be issued by:	A	Only by the Principal
	B	Only by Job worker sending goods to another job worker
	C	By any one of the above two
	D	No challan is required for transfer from one Job Worker to another Job Worker

Correct Alternative - (C) By any one of the above two

Multiple Choice Questions – Question 30

Question	Options	
The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in FORM_____?	A	Form GST ITC-03
	B	Form GST ITC-04
	C	Form GST ITC-02
	D	Form GST ITC-01

Correct Alternative - (B) Form GST ITC-04

Multiple Choice Questions – Question 31

Question	Options	
The time limit beyond which if capital goods are not returned, the capital goods sent for job work shall be treated as supply	A	One Year
	B	Six Months
	C	Three Years
	D	One Year from end of the Financial Year

Correct Alternative - (C) Three Years

Multiple Choice Questions – Question 32

Question	Options	
ITC can be taken on goods if goods not received by registered person by	A	By his agent on his direction
	B	By the job worker on his instruction
	C	By any other person on his direction
	D	Any of the above

Correct Alternative - (D) Any of the above

Multiple Choice Questions – Question 33

Question	Options	
ITC can be availed on	A	Possession of prescribed invoice/ debit note
	B	Receipt of goods/services
	C	Tax on such supply has been paid to government and return being furnished by the suppliers
	D	Fulfilling all the above conditions

Correct Alternative - (D) Fulfilling all the above conditions

Multiple Choice Questions – Question 34

Question	Options	
ITC can be claimed by a registered person for	A	Taxable supplies for business purpose
	B	Taxable supplies for non-business purpose
	C	Exempted supplies
	D	Non-taxable supplies

Correct Alternative - (A) Taxable supplies for business purpose

Multiple Choice Questions – Question 35

Question	Options	
ITC on motor vehicle can be claimed by	A	Any registered person
	B	Unregistered person engaged in same line of business
	C	Any registered person engaged in exempted supply
	D	None of the above

Correct Alternative - (D) None of the above

Multiple Choice Questions – Question 36

Question	Options	
ITC can be claimed on goods/services for personal use if	A	Payment to supplier has been made, Return has been filed by supplier and tax is paid on such supplies
	B	If the recipient is engaged in exempt supplies
	C	No ITC can be claimed
	D	None of the above

Correct Alternative - (C) No ITC can be claimed

Multiple Choice Questions – Question 37

Question	Options	
ITC on works contract service can be availed only if	A	Engaged in same line of business
	B	Service related to immovable property
	C	Service related to movable property
	D	All of the above

Correct Alternative - (A) Engaged in same line of business

Multiple Choice Questions – Question 38

Question	Options	
An unregistered person can avail ITC on stock if he applies for registration within	A	60 days of becoming liable to register under GST
	B	Immediately after becoming liable to register under GST
	C	30 days of becoming liable to register under GST
	D	Cannot avail ITC on stock

Correct Alternative - (C) 30 days of becoming liable to register under GST

Multiple Choice Questions – Question 39

Question	Options	
On sale, demerger, transfer, amalgamation, transferee is allowed to utilize ITC which is	A	Unavailed in transferor books
	B	Unutilized in electronic Credit Ledger (ECL) of transferor
	C	Total ITC available to transferor
	D	None of the above

Correct Alternative - (B) Unutilized in electronic Credit Ledger (ECL) of transferor

Multiple Choice Questions – Question 40

Question	Options	
In case of supply of plant & machinery on which ITC is taken, tax to be paid on is	A	Amount equal to ITC availed less 5% for every quarter or part thereof
	B	Tax on transaction value
	C	Lower of above two
	D	Higher of above two

Correct Alternative - (D) Higher of above two

Practical Questions

Case Study 1

Case Study

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Please answer the below questions based on the aforesaid information -

Case Study (1) - 1 of 5

Question	Options	
Who is responsible for furnishing Job Work Return?	A	P Ltd
	B	JW Ltd
	C	Either P Ltd or JW Ltd
	D	No Return is to be filed

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Case Study (1) - 2 of 5

Question	Options	
What is the name of the GST return to be furnished?	A	Form GST ITC-03
	B	Form GST ITC-04
	C	Form GST ITC-02
	D	Form GST ITC-01

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Case Study (1) - 3 of 5

Question	Options	
For sending the processed inputs of Rs 2,00,000 back to P Ltd, JW Limited is required to issue which of the following documents?	A	Invoice and E-Way Bill
	B	Delivery Challan and E-Way Bill
	C	Only E-Way Bill
	D	Invoice and Delivery Challan and E-Way Bill

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Case Study (1) - 4 of 5

Question	Options	
What is the time limit for P Ltd to receive the processed inputs back from JW Ltd?	A	One Year
	B	Six Months
	C	Three Years
	D	One Year from end of the Financial Year

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Case Study (1) - 5 of 5

Question	Options	
How much ITC is to be reversed by P Ltd for inputs lying with JW Ltd as on date?	A	Rs 54,000
	B	Rs 90,000
	C	No reversal if required
	D	Rs 44,000

P Limited, a principal, registered in Delhi supplied inputs amounting to Rs 5,00,000 to JW Ltd, job-worker located in Uttarakhand on 1st Jan 2022 for processing. Out of the inputs, JW Limited processed and returned goods amounting to Rs 2,00,000 on 15th December, 2022. As on date remaining goods lie with JW Limited. P Ltd claimed Input tax credit of Rs 90,000 while procuring goods.

Answer Key – Case Study 1

Q. No	Correct Option	
1 of 5	A	P Limited
2 of 5	B	Form GST ITC-04
3 of 5	B	Delivery Challan and E-Way Bill
4 of 5	A	One Year
5 of 5	A	Rs 54,000

Case Study 2

Case Study

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000

CGST and SGST of Rs 80,000 each

Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Please answer the below questions based on the aforesaid information -

Case Study(2) - 1 of 5

Question	Options	
How much ITC can be utilised for payment of output Liability by Rulz Ltd?	A	Rs 1,60,000
	B	Rs 1,80,000
	C	Rs 2,60,000
	D	No ITC can be availed

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000; CGST and SGST of Rs 80,000 each
Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Case Study(2) - 2 of 5

Question	Options	
Out of the available IGST ITC, how much can be offset against payment of IGST Liability?	A	Rs 50,000
	B	Rs 1,00,000
	C	Use CGST ITC first
	D	Rs 2,60,000

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000; CGST and SGST of Rs 80,000 each
Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Case Study(2) - 3 of 5

Question	Options	
How much cash is payable by Rulz Ltd considering all ITC is used for for set off?	A	Rs 10,000
	B	Rs 30,000
	C	Rs 2,90,000
	D	NIL

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000; CGST and SGST of Rs 80,000 each
Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Case Study(2) - 4 of 5

Question	Options	
Select the correct off-set mechanism/order of IGST ITC as per GST Rules	A	IGST to be exhausted first against IGST and remaining IGST ITC can be used to offset CGST or SGST in any order of preference
	B	IGST to be exhausted first against IGST and remaining IGST ITC can be used to offset against CGST only
	C	IGST to be exhausted first against IGST and remaining IGST ITC can be used to offset against SGST only
	D	You may choose any category of ITC to offset any category of Output tax

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000; CGST and SGST of Rs 80,000 each
Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Case Study(2) - 5 of 5

Question	Options	
What would you do, if CGST ITC balance of Rs 10,000 remains after off-set and SGST liability of Rs 10,000 is still to be set off	A	Use CGST balance against SGST liability
	B	Do not file GST Return
	C	Pay cash of Rs 10,000 for SGST liability
	D	Use balance of Cess for paying SGST liability

Electronic Credit Ledger balance as on 20th December, 2022 of Rulz Ltd is below -
IGST - Rs 1,00,000; CGST and SGST of Rs 80,000 each
Tax payable is Rs 50,000 for IGST, and
Rs 1,20,000 each under CGST and SGST.

Answer Key – Case Study 2

Q. No	Correct Option	
1 of 5	C	Rs 2,60,000
2 of 5	A	Rs 50,000
3 of 5	B	Rs 30,000
4 of 5	A	IGST to be exhausted first against IGST and remaining IGST ITC can be used to offset CGST or SGST in any order of preference
5 of 5	C	Pay cash of Rs 10,000 for SGST liability

Case Study 3

Case Study

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Please answer the below questions based on the aforesaid information -

Case Study(3) - 1 of 5

Question	Options	
How much ITC, A Limited can avail in GST Returns?	A	Rs 72,000
	B	Rs 3,000
	C	No ITC can be availed
	D	Rs 36,000

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Case Study(3) - 2 of 5

Question	Options	
How much GST is payable when the machinery is sold on 20th Feb, 2022	A	NIL
	B	Rs 36,000
	C	Rs 72,000
	D	Rs 50,000

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Case Study(3) - 3 of 5

Question	Options	
How many quarters, the machinery is put to use?	A	9 Quarters
	B	8 Quarters
	C	12 Quarters
	D	13 Quarters

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Case Study(3) - 4 of 5

Question	Options	
What is the GST ITC to be reversed when the asset is sold for Rs 2,00,000 on 23rd Feb 2022. GST collected from customer is Rs 36,000 on sale of asset?	A	Rs 7,200
	B	Rs 72,000
	C	Rs 46,800
	D	No ITC has to be reversed

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Case Study(3) - 5 of 5

Question	Options	
If the customer is located in Odisha. What is the place of supply?	A	West Bengal
	B	Odisha
	C	Either West Bengal or Odisha
	D	Place of supply is immaterial

A Limited, West Bengal has purchased a Plant and Machinery for Rs 4,00,000 on 23rd Feb 2019. GST paid on such asset was Rs 72,000. on 20th February, 2022 these assets are sold for Rs 2,00,000. GST rate on machinery is 18%

Answer Key – Case Study 3

Q. No	Correct Option	
1 of 5	A	Rs 72,000
2 of 5	B	Rs 36,000
3 of 5	D	13 Quarters
4 of 5	D	No ITC has to be reversed
5 of 5	B	Odisha

ITC Rules – Manner of Reversal- Problem

Terms used in Rule	Particulars	Amount
T	Total Input Tax of Input and Input Services	500.00
T1	ITC for Non Business	100.00
T2	ITC for Exempt Supply	50.00
T3	ITC of Blocked Credits (Inputs Only)	25.00
C1	Valid ITC in ECL	
T4	ITC for Taxable Supply	200.00
C2	Common ITC	
E	Value of Exempt Supplies	2000.00
F	Aggregate Turnover	5000.00
D1	Value of ITC for Exempt Supply (From Common ITC)	
D2	Value of ITC for Non Business Purpose (From Common ITC)	
C3	Eligible ITC from Common ITC	
T4+C3	Total Eligible ITC for Use	

ITC Rules – Manner of Reversal- Solution

Terms used in Rule	Particulars	Amount
T	Total Input Tax of Input and Input Services	500.00
T1	ITC for Non Business	100.00
T2	ITC for Exempt Supply	50.00
T3	ITC of Blocked Credits (Inputs Only)	25.00
$C1 = T - (T1 + T2 + T3)$	Valid ITC in ECL	325.00
T4	ITC for Taxable Supply	200.00
$C2 = C1 - T4$	Common ITC	125.00
E	Value of Exempt Supplies	2000.00
F	Aggregate Turnover	5000.00
$D1 = E / F * C2$	Value of ITC for Exempt Supply (From Common ITC)	50.00
$D2 = C2 * 5\%$	Value of ITC for Non Business Purpose (From Common ITC)	6.25
$C3 = C2 - (D1 + D2)$	Eligible ITC from Common ITC	68.75
$T4 + C3$	Total Eligible ITC for Use	268.75

Thank you

Thanks for your Patience and Time

