

Input Tax Credit

as per GST Law

CMA Shiba Prasad Padhi

Practicing Cost Accountant

Bhubaneswar, Odisha

e. shibappadhi@gmail.com, m. 87634 13213

Basic understanding

- GST – VAT
- Destination based consumption tax
- Goods and services
- Inputs, Input Tax and ITC
- Value Chain
- ITC or Depreciation

Conditions

- GST paid by a recipient registered taxpayer on inward supply of goods or services or both made to him by another registered taxpayer.
- Such goods or services are used by the recipient in the course or furtherance of his business.
- The recipient is in possession of GST compliant tax Invoice or a Debit Note as issued by the Supplier against such supply of goods or services.
- The recipient has received the goods or services so supplied to him.
- The goods or services are not restricted for availment of Input tax Credit.
- The supplier has paid GST and filed GST Return for such outward supply made by him.
- The supplier has not opted for Composition levy scheme.
- The recipient has cleared the payment of supplier within one hundred eighty days from the date of Invoice.

Outward Supply made during the month of July, 2017		<i>Amount in Rupees</i>
Total Taxable Value of outward supply of services	1,00,000	
CGST Rate	9%	
SGST Rate	9%	
Amount of CGST payable on outward supply of services for the month of July, 2017	9,000	
Amount of SGST payable on outward supply of services for the month of July, 2017	9,000	

Details of Inward Supply made during the month of July, 2017 and eligible for ITC			
	Goods	Services	Total
Taxable Value of inward supply	50,000	20,000	70,000
CGST Rate	6%	9%	
SGST Rate	6%	9%	
Amount of CGST paid on inward supply and available as ITC	3,000	1,800	4,800
Amount of SGST paid on inward supply and available as ITC	3,000	1,800	4,800

Set-off of Input Tax Credit for the month of July, 2017			
	CGST	SGST	Total
Output tax liability	9,000	9,000	18,000
Less: Set-off of Input Tax Credit	4,800	4,800	9,600
Differential amount to be paid in Cash by the Taxpayer	4,200	4,200	8,400

ITC

<i>Utilization of ITC possible against</i>			
Type of GST	IGST	CGST	SGST/UTGST
IGST-ITC	Yes	Yes	Yes
CGST-ITC	Yes	Yes	Not available
SGST/UTGST-ITC	Yes	Not available	Yes

<i>Order of utilisation of ITC</i>			
Type of GST	IGST	CGST	SGST/UTGST
IGST-ITC	First	Second	Second
CGST-ITC	Second	First	Not available
SGST/UTGST-ITC	Third	Not available	First

Provisions

- Eligibility and conditions for taking ITC – Sec.16(1) and Sec.16(2)
- Apportionment of Credit and blocked credits - Sec.17(1) to Sec. 17(6)
- Availability of credit in special circumstances - Sec.18(1) to Sec.18(5)
- Taking ITC *i.r.o.* inputs and Capital Goods sent for job work - Sec.19(1) to Sec. 19(7)
- Manner of distribution of credit by ISD - Sec.20(1) & Sec.20(2)
- Manner of recovery of credit distributed in excess - Sec.21