

GST INPUT TAX CREDIT

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REFERENCE:

1. REVISED MODEL GST LAW (Nov 2016)

- *Chapter V: Input Tax Credit (Section 16 – 22)*
- *Chapter XXVII- Transitional Provisions(Section 165 to 197)*

2. DRAFT GST PAYMENT RULES

A. ITC- VARIOUS PROVISIONS

IMPORTANT DEFINITIONS...

Capital Goods
S. 2(19)

“capital goods” means goods, the value of which is **capitalised** in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business;

Inputs
S. 2(54)

“input” means any goods other than capital goods, used **or intended to be used** by a supplier ~~for making an outward supply~~ **in the course or furtherance of business**

Input Services
S. 2(55)

“input service” means any service used or **intended to be used** by a supplier ~~for making an outward supply~~ **in the course or furtherance of business;**

Input Tax
S. 2(55)

"input tax" = IGST + CGST + SGST + Tax paid under RCM

AVAILABILITY OF ITC

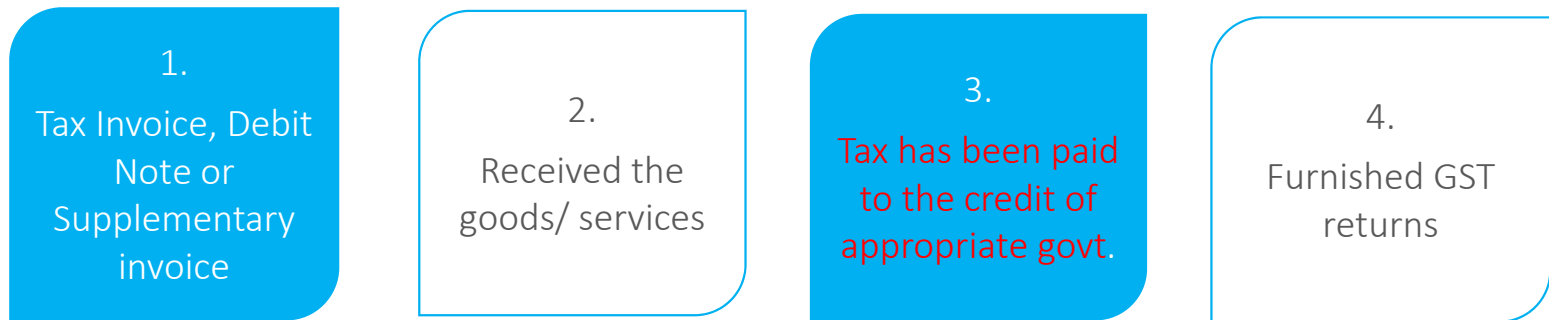
INPUTS

INPUT SERVICES

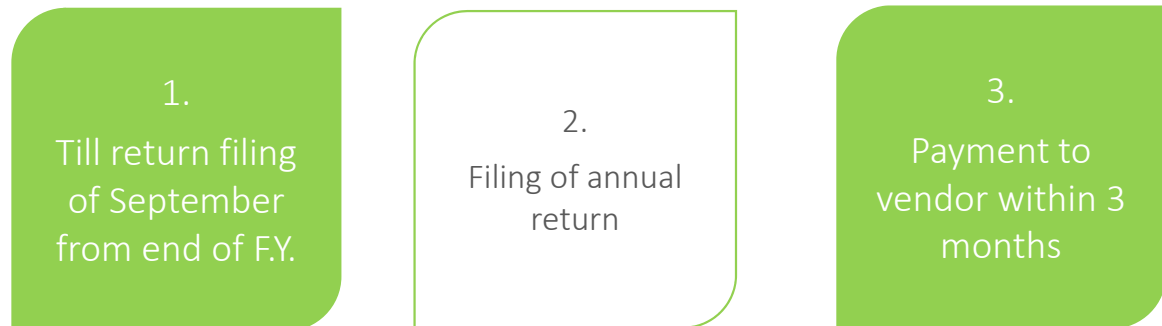
CAPITAL GOODS

- *Except in case of pipelines & telecommunication towers where ITC available in staggered manner*

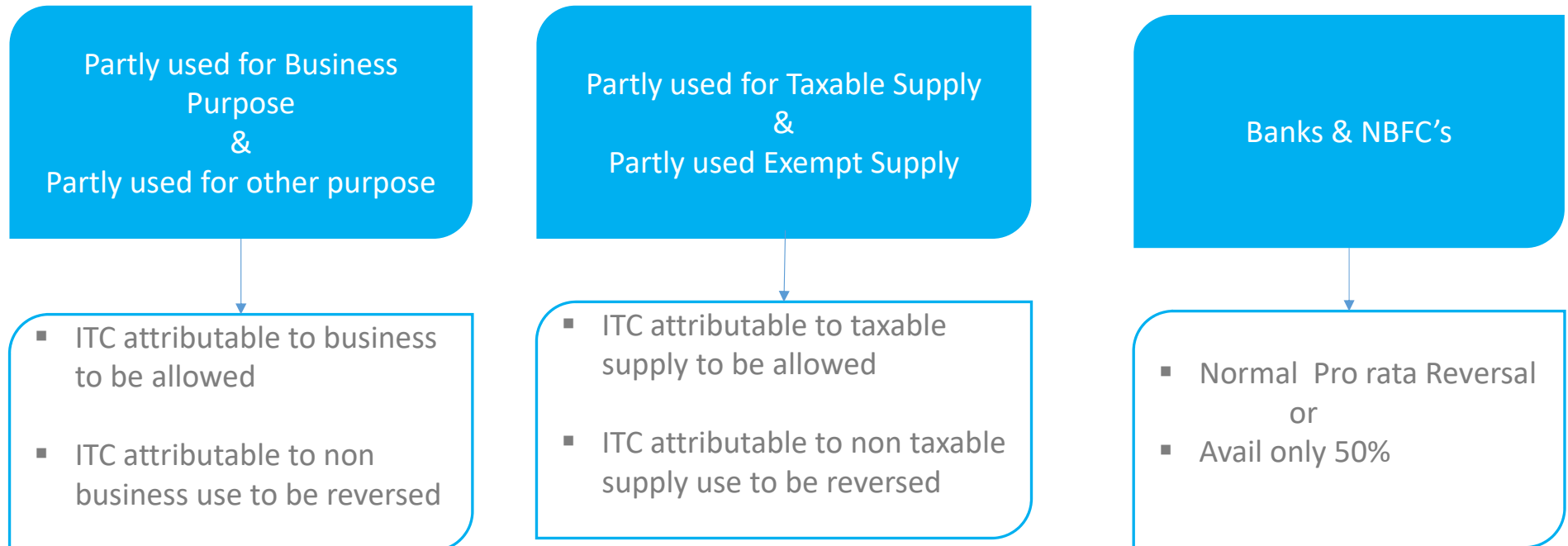
CONDITIONS FOR AVAILING CREDIT [S.16(2)]



TIME LIMIT

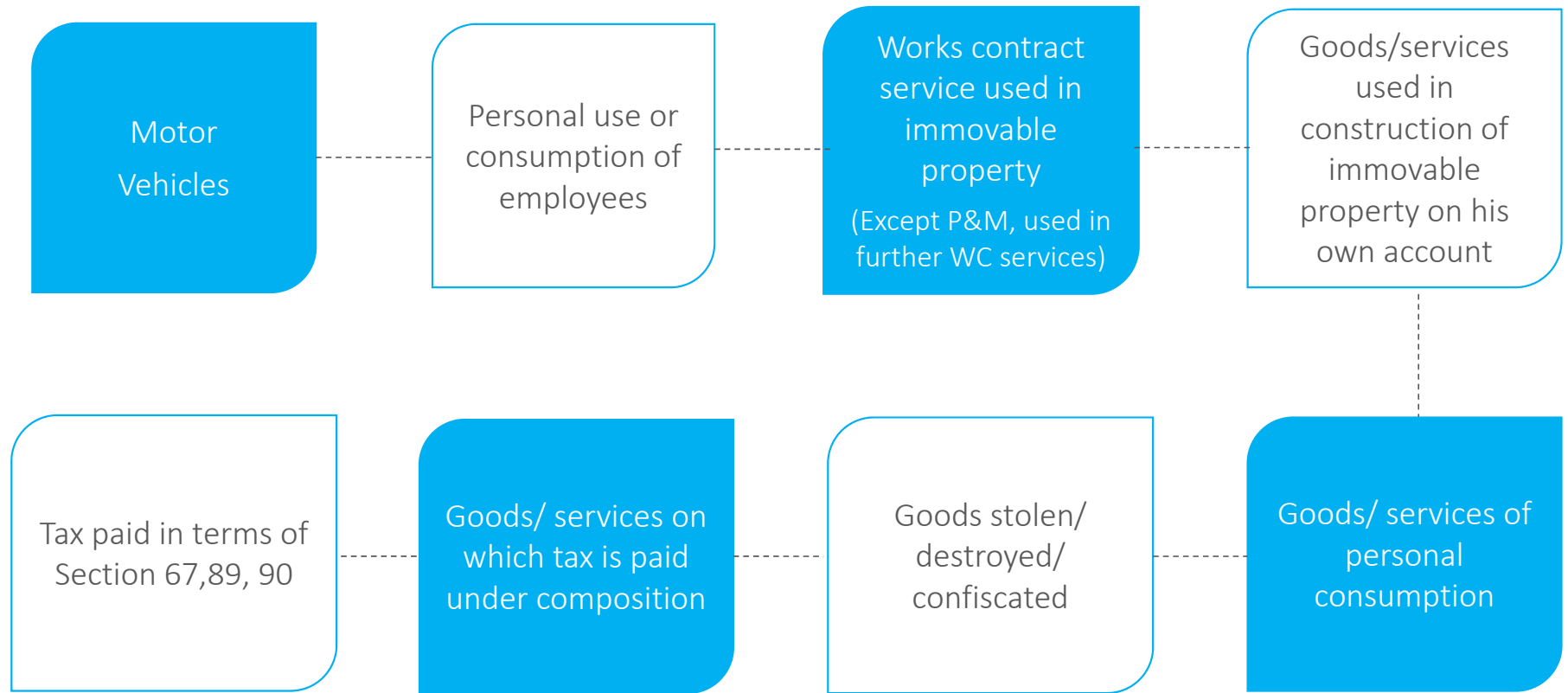


REVERSAL OF ITC [S. 17]

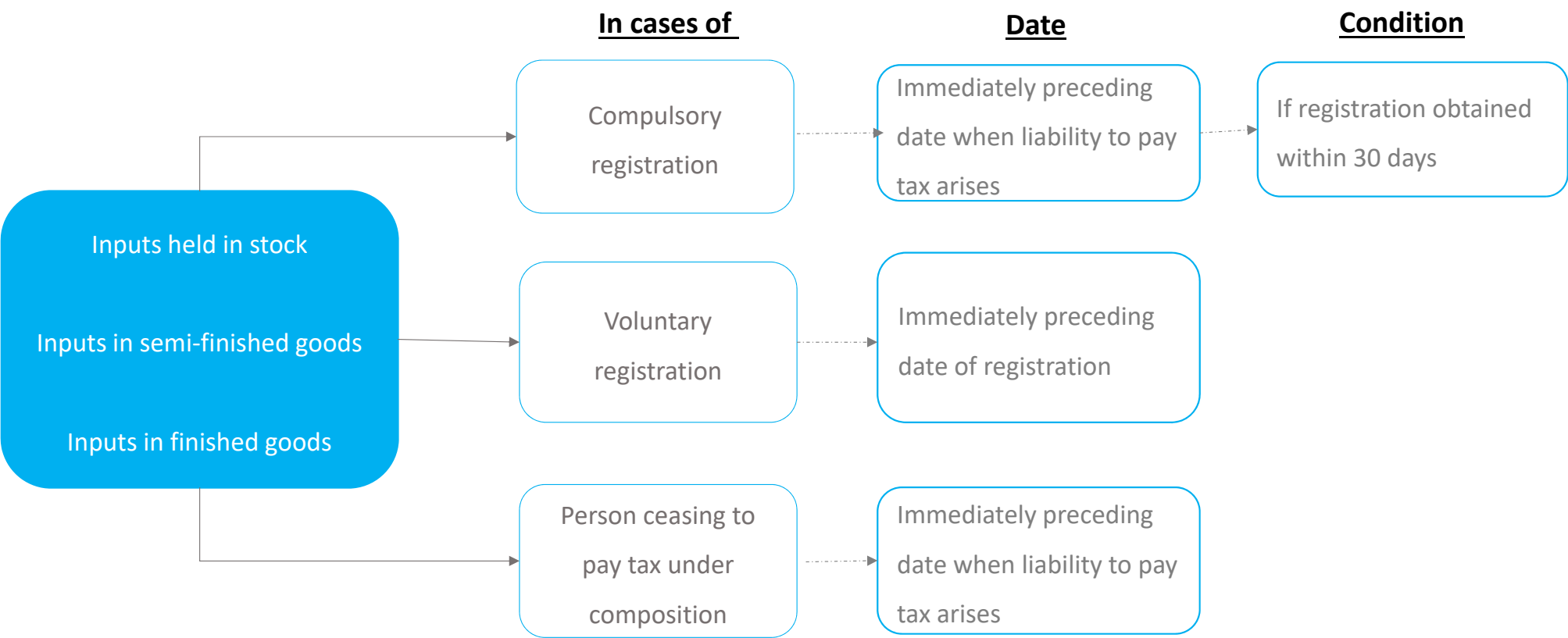


- *Exempt Supply will include RCM payments. Therefore pro rata reversal in case of RCM liability*
- *Method of reversal to be notified*

RESTRICTIONS ON ITC [S. 17(4)]

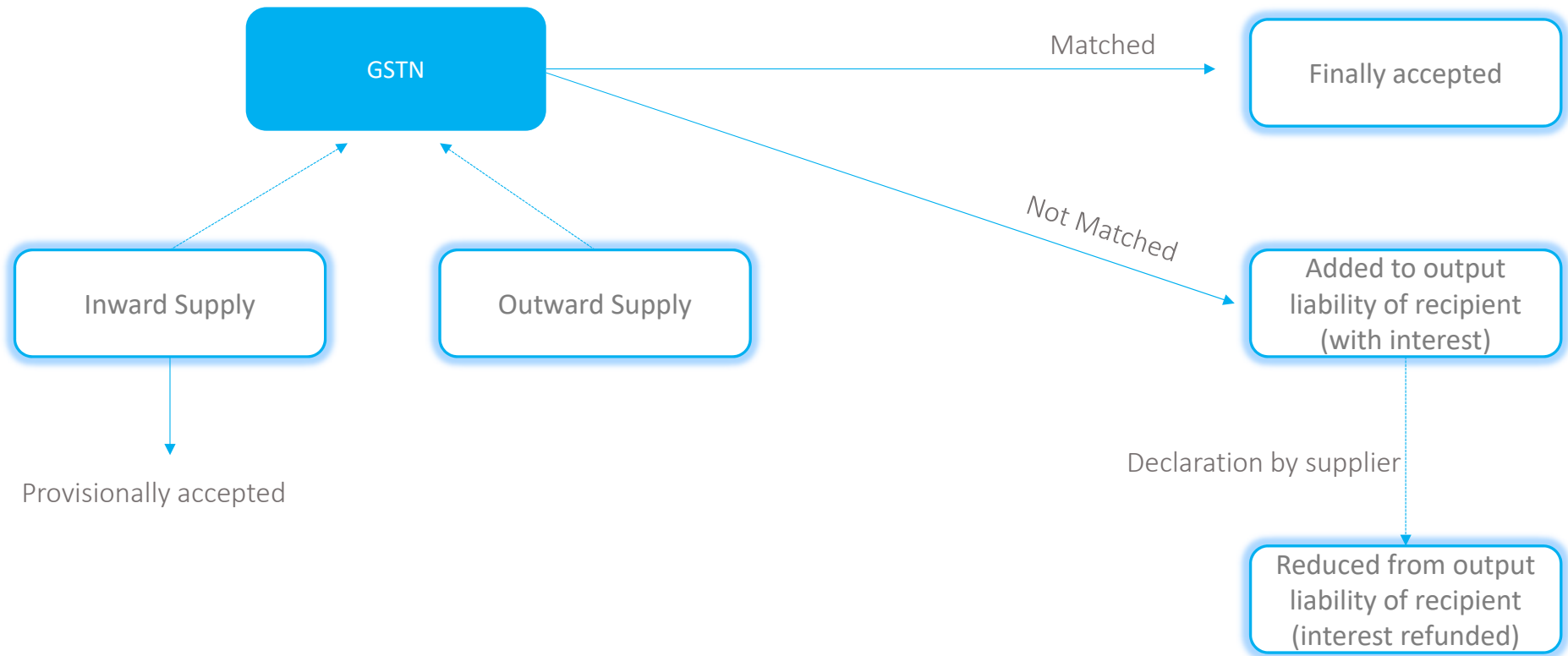


ITC ON STOCK (Not for existing persons)[s 18]

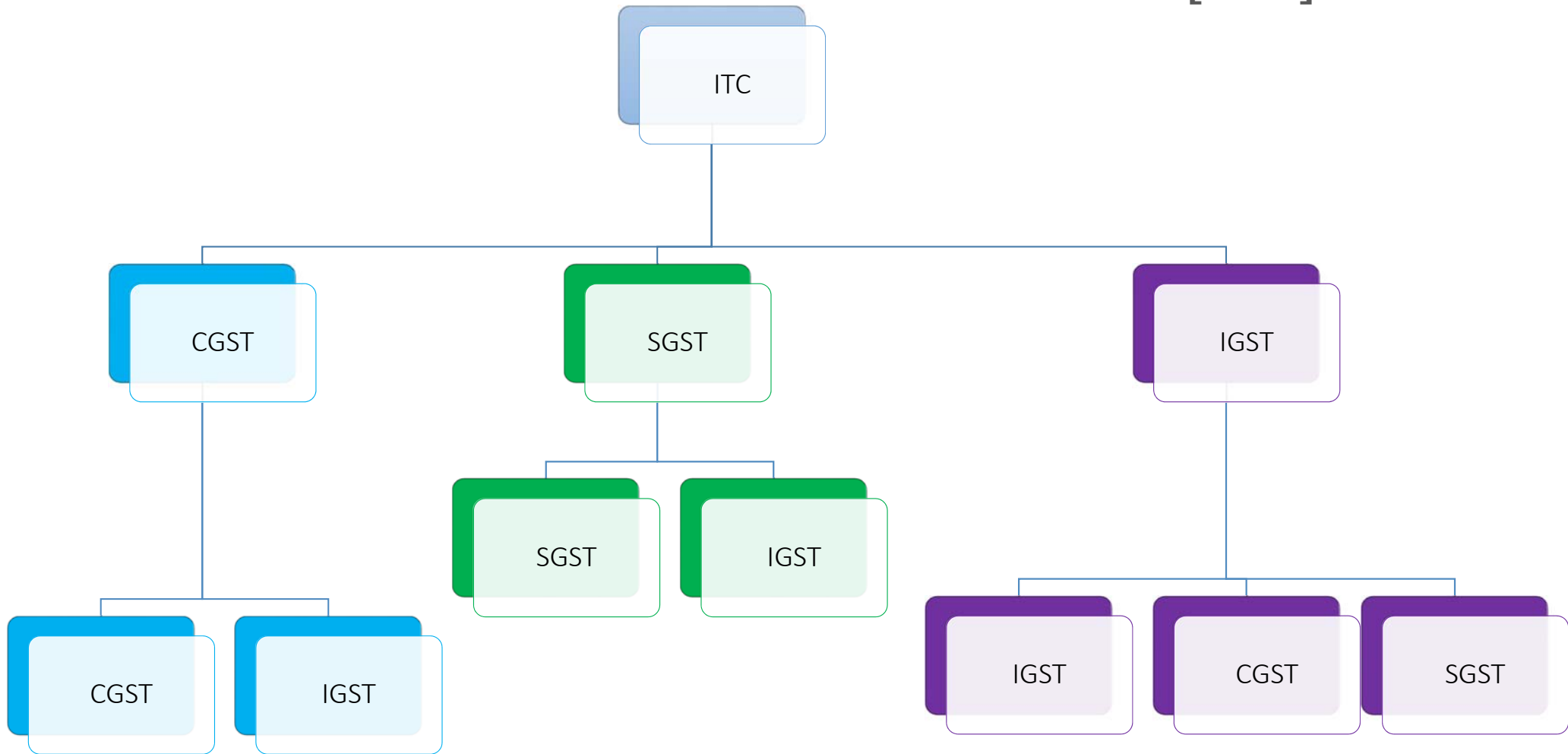


* Value -in accordance with generally accepted accounting principles which would be prescribed
 * Time Limit- 1 Year from date of issue of invoice

MATCHING, REVERSAL & RECLAIM [S. 37]

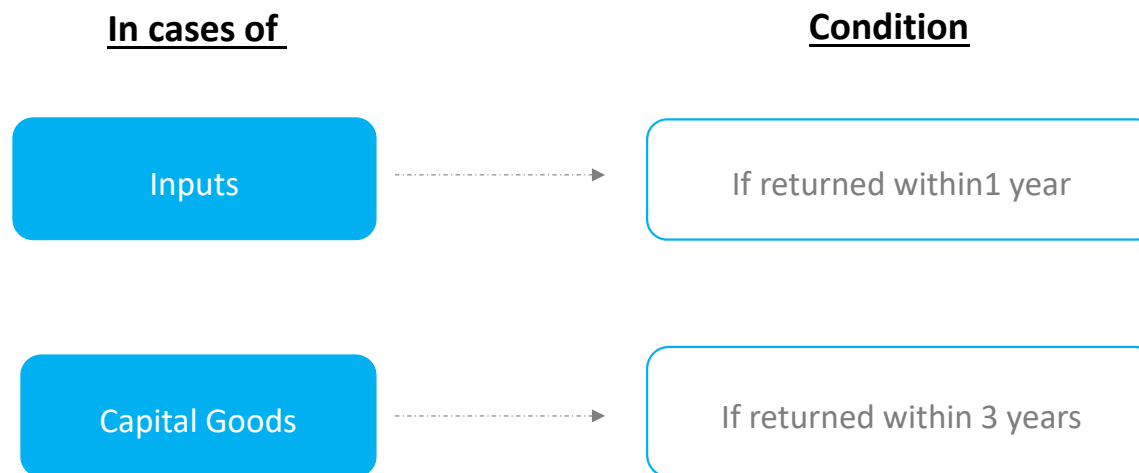


AVAILMENT OF INPUT TAX CREDIT [S. 44]



B. ITC ON JOB WORK

ITC ON JOB WORK [S 20]



If goods are not received within time specified, tax payable on original supply along with interest. Will job worker get ITC?

C. INPUT SERVICE DISTRIBUTOR

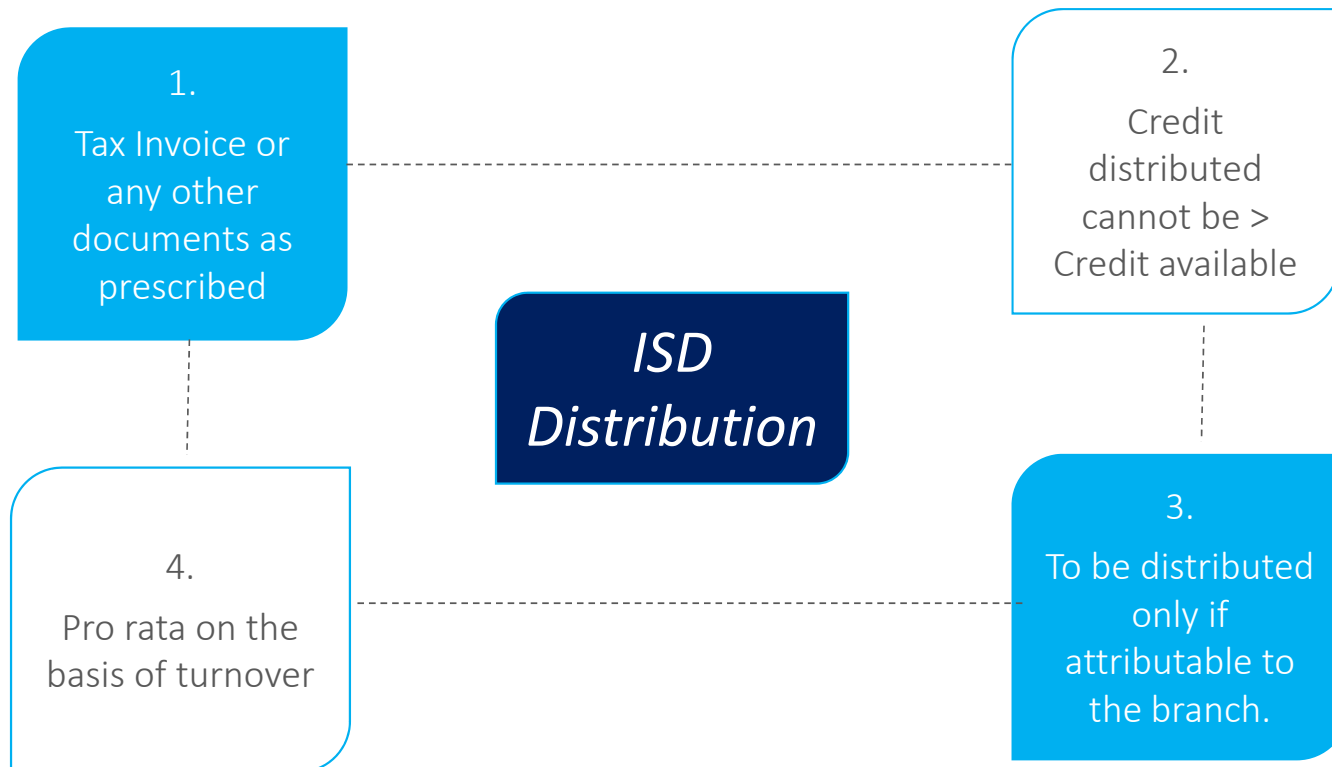
INPUT SERVICE DISTRIBUTOR

Input service distributor
S. 2(54)

"Input Service Distributor" means an office of the supplier of goods and / or services which receives tax invoices issued under section 28 towards receipt of input services and issues tax invoice or such other document as prescribed for the purposes of distributing the credit of CGST (SGST in State Acts) and / or IGST paid on the said services to a supplier of taxable goods and / or services having same PAN as that of the office referred to above;

DISTRIBUTION OF CREDIT			
Location of ISD and branch	Credit of CGST	Credit of SGST	Credit of IGST
Separate States	As IGST	As IGST	As IGST
In same state	As CGST	As SGST	As CGST As SGST

CONDITIONS FOR ISD [S.21(3)]



D. REFUNDS

REFUND PROVISIONS [S. 38]

Refund available on

- Exports + Deemed Exports
- Accumulated credit on account of input rate being higher than output tax rate

Time Limit

- 2 Years from relevant date
- Refund order to be passed within 60 days from date of receipt of application

Provisional Refund

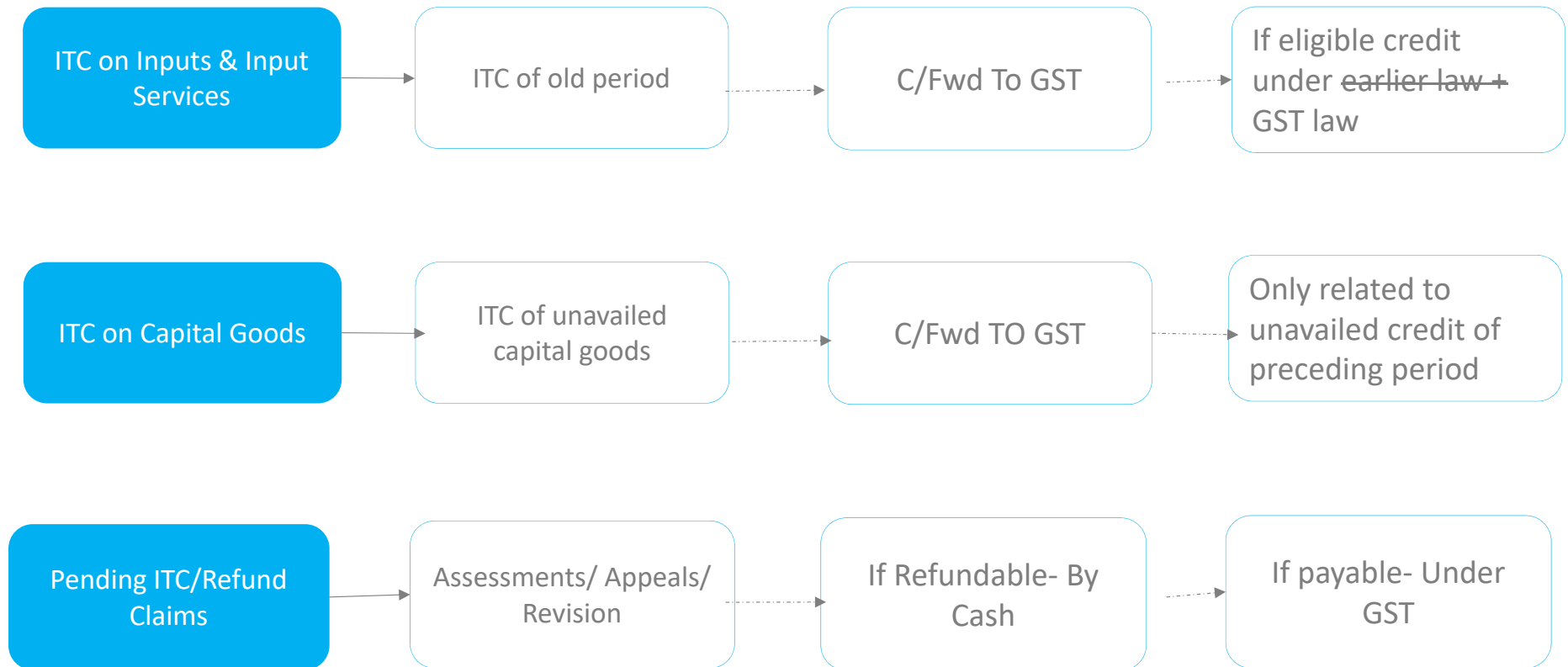
90% refund to be granted immediately on provisional basis subject to:

- No prosecution in last 5 years
- GST compliance rating to be not less than 5
- No pending appeal, revision or review

Balance 10%- on verification of documents

E. TRANSITIONAL PROVISIONS

TRANSITIONAL PROVISIONS...



...TRANSITIONAL PROVISIONS- ITC ON OP. STOCK

Eligible Persons

A registered taxable person who

1. Was not liable to be registered under earlier law
2. Manufacturer of exempted goods
3. Provider of exempted services
4. Provider of Works Contract services
5. First stage dealer
6. Second stage dealer
7. Registered importer

Conditions

- Inputs/ goods used or intended to be used for making taxable supplies under GST
- Benefit of credit passed on by way of reduced prices to customers
- Eligible ITC under GST
- Possession of invoice
- Invoice not earlier than 12 months
- Not claimed abatement under GST

F. 'E- LEDGERS'

ELECTRONIC CREDIT LEDGER (Form GST PMT-2)

Debit		Credit	
• UTILIZATION OF ITC	XXX	• ITC CLAIM (matched, mismatched & provisional)	XXX
• REFUND CLAIM APPLIED	XXX	• REFUND CLAIM REJECTED	XXX

ELECTRONIC CASH LEDGER (Form GST PMT-3)

Debit	Credit
	<ul style="list-style-type: none"><li data-bbox="1052 591 1843 626">• GST PAYMENTS XXX<li data-bbox="1052 781 1843 816">• TCS DEDUCTED XXX

"ELECTRONIC TAX LIABILITY LEDGER (Form GST PMT-1)

Debit		Credit	
• RETURN DUES	XXX	• PAYMENT BY ELEC CREDIT LEDGER	XXX
• DUES BY OFFICER	XXX	• PAYMENT BY ELEC CASH LEDGER	XXX
• ITC MISMATCHED	XXX		

G. OTHER IMPORTANT PROVISIONS

OTHER IMP PROVISIONS

GST Compliance rating [S. 138]

- Rating to each dealer on scale on 1 to 10
- Possible trigger points for blacklisting- Continuous return non filers, short reporting of turnover
- Profile of blacklisted dealers to be published in public domain
- Advantages of blacklisting

Burden of Proof S. 145

- Burden of proof is on person who is claiming the ITC

Anti profiteering measure S. 163

- There should be reduction in prices on account of reduction of tax rate/ seamless credit
- Imposition of penalty as may be prescribed in case on non compliance
- How to control, method, complications, more power to bureaucracy

THANK YOU