**INPUT TAX CREDIT**

1) **Who is eligible to take Input tax credit (ITC) under SGST & CGST Act?**

A registered taxable person under GST Act who is paying tax due in the course or furtherance of business can claim and avail ITC credited in electronic ledger [Sec. 16(1)].

2) **What are the documents required for claiming Input Tax Credit by a registered person?**

A registered person (including an Input Service Distributor) can claim Input tax credit on the strength of the following conditions:

a) He must possess a Tax invoice issued by the supplier of goods or services or both or Debit note issued by a supplier

b) He must have received supply of goods or services or both

c) He must have paid the tax for it in cash or as input tax as under section 41 of GST Act

d) He must have filed proper returns under section 39 of GST Act.

3) **Can ITC be claimed on all the inputs and capital goods in one installment?**

Yes. ITC can be claimed on all the inputs and capital goods in one installment subject to the conditions under Sec 16(2) of the GST.

4) **A registered taxable person gets goods or service for his own consumption. Can he claim ITC?**

No [Sec. 17 (5)(c)]

5) **I am a registered person. Is it necessary to make the full payment to the supplier before claiming ITC?**

It is not necessary to pay the supplier immediately to claim the ITC but payment must be made within 180 days of such supply made [Sec. 16(2)].

6) **Can Input tax Credit be utilized for payment of arrears in tax?**

No. [Sec. 41(2)].
7) A registered person is a recipient of goods or services or both. He supplies part of it as taxable supply and part of it as non taxable supply. To what extent can ITC be claimed on such condition?

When taxable inputs are used for manufacturing and such finished or semi finished goods are supplied partly as taxable supply and partly as non taxable supply, then ITC eligible on such supply is calculated proportionately to the extent of its taxable component [Sec. 17(1)].

8) Some times goods are destroyed or lost due to various reasons. Can a person take ITC to the extent of such goods?

No. A person cannot take ITC with respect to goods lost, stolen, destroyed or written off. In addition, ITC with respect of goods given as gifts or free sample are also not allowed [Sec. 17(5)(h)].

9) Can a registered person get ITC with respect of goods or services used for construction of a building for business purposes?

ITC on goods or services by any registered person for construction of immovable property (other than plant and machinery) on his own account is not allowed. Plant and machinery covers only apparatus, equipment and machinery fixed earth by foundation or structural support and excludes land building among other things [Sec. 17(5)(d)].

10) When raw materials are purchased from an unregistered supplier, is it necessary to pay tax under TNGST Act under reverse charge mechanism? Can input tax credit be taken on such purchases?

Yes. Tax must be paid under reverse charge mechanism. Input tax credit can be claimed if the person is eligible for it [Sec. 17(3)].

11) What is the procedure to claim input tax credit on the debit / credit notes received from unregistered supplier as per TNGST Act?

A registered tax person can take input tax credit on the debit / credit notes received from unregistered supplier like invoices received from such person by making entries in GSTR-2 and paying the tax under reverse charge mechanism [Sec.16(4)].
12) Can we get ITC for capital expenditures like solar panels for company use?

ITC on capital goods is available if they are used in the course or furtherance of business. (Sec.16(1))

13) Can a registered taxable person under composition scheme under TNGST & CGST Act claim ITC?

No.[Sec. 18(4)].

14) A person paying tax under composition scheme crosses the composition threshold and becomes a regular taxable person. Can he claim ITC and if so from what date?

On violation of the conditions for Composition scheme, the tax payer shall intimate the withdrawal of composition within 7 days of the occurrence of the event and filed the stock details in Form ITC-01 within 30 days from the date of withdrawn. He can claim ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods (reduced by prescribed percentage points) on the day immediately preceding the date from which he ceases to be eligible for composition scheme [Sec. 18(1)(c)].

15) Is SGST of Rajasthan charged by supplier on purchase from Rajasthan can be utilized for payment of SGST in Tamil Nadu?

SGST of one state cannot be utilized for discharging the output tax liability of another state.

16) Can a tax paid on SGST head be utilized for output tax liability under IGST of GST Act?

When there is no tax liability under SGST then SGST input tax credit can be utilized for the output tax liability under IGST. SGST Credit can be used for payment of IGST liability under the same GSTIN only.

17) In case of service supplied, should the credit be given to the State where it is billed or the State it is rendered?

Tax will be collected in the State from where the supply is made. The supplier will collect IGST and the recipient will take IGST Credit [Sec. 12 of IGST Act].
18) A person who is eligible to get registration when not getting registered within the period of 30 days then can he claim input tax credit on the stock in his hand?

No. [Sec. 25(1)].