

FAQ: Input Tax Credit

1	How can a trader avail ITC while selling goods/services to unregistered/exempted GST traders?	The fact that a registered person is supplying goods to an unregistered or exempted person has no consequence on availment of ITC by the supplier.
2	Please clarify the procedure of availing ITC on Additional Compensation Cess on some products like Tobacco, Coke, Cigarettes.	ITC of cess can be used only for payment of cess
3	Please clarify ITC Credit status for the following condition: If Recipient (Good & Service) is registered under GST & Re-seller/Supplier is under exemption OR composition schemes	In case of unregistered dealer, recipient will pay tax on reverse charge basis. He can get the ITC provided he fulfills other conditions as mentioned in section 16 of the CGST Act, 2017. In case of purchase from composition taxable person, the composition person cannot charge any tax and hence the question of availing ITC does not arise.
4	Please clarify ITC Credit status for the following condition: On GST Deducted Commission for Distributor registered under GST Taxpayer	The GST deducted out of your commission as TDS will be claimed by you in your cash ledger.
5	Please clarify ITC Credit status for the following condition: if Commission received Without Deducting GST in cases where distributor under Exemption OR composition Scheme	The section concerning GST deduction (Section 51 of CGST Act, 2017) has not been operationalized till now. But if the distributor is under threshold exemption or under composition scheme, the requirement for GST deduction depends upon the taxable supply and value of contract rather than the nature of the supplier.
6	How should importers take credit of clean energy cess paid on goods lying as stock 30.06.2017?	No credit for clean energy cess can be taken.
7	Since our products are under 0% and we are using various services like telephone, professional charges for which we will be paying GST to our registered service providers and this amount will not be utilized towards any payment of outward goods. Are we eligible for refund on the services obtained and GSTN paid for the same? If yes what is the procedure? If no what is the accounting effect?	You are not eligible for refund of unutilized Input Tax Credit as there is no tax on output supply. Tax paid on such services may be accounted along with the services availed i.e. booked as expenses.
8	Whether ITC Transition provisions on goods purchased within the State on which tax on MRP has been paid, covered under 140(3) or 140(1)? If covered under 140(1) then how a credit claim be made, as presently in Vat return only the amount is reflected and it is non-adjustable?	ITC could be availed on the goods, on which tax on MRP has been paid at earlier stage, therefore it could get covered by section 140(3), if the state GST provides for that. In any case, section 140(1) would not be applicable, because section 140(1) is applicable only if the supplier is carrying forward ITC

		in his return for June, 2017. The dealer, who was not eligible for ITC under existing law, because the goods had suffered tax at first point of sale only obviously cannot claim ITC in the said return also.
9	Please clarify on availment of input tax credit of GST paid on trucks, commonly used for G.T.A business, Safex, Multi-modal and packing business?	No ITC is permitted to GTA engaged in providing GTA services which are under RCM and are treated as exempted supplies in the hand of GTA. However, if GTA is also liable to pay tax under forward charge as supplier, he is not permitted to avail ITC if he is claiming the concessional rate of 5%. If ITC is claimed, the GST rate for GTA in forward charge will be 18%.
10	What will be the Input Credit of newly launched project of building construction after 01.07.2017?	ITC is permitted to pay output tax of construction/work contract services. Please see section 17(5) (c) and (d) of CGST Act, 2017.
11	What are the provisions under CGST Act as to the eligibility of CENVAT credit of service tax on invoices which are received after the appointed date for the services received under the service tax regime?	ITC is available in terms of section 140(5) of CGST Act, 2017.
12	How a service Provider can get input GST credit benefit in pure labour Contract under Input Credit?	He needs to use input for furtherance of business and should fulfill the conditions mentioned in section 16 of CGST Act, 2017. The input should not fall within the negative list provided in section 17(5) of the CGST Act, 2017.
13	GSTR-1 (Point 9) – As banks are eligible to claim only 50% of Input credit consider excluding banks from reporting of exempt/ non-GST supplies in GSTR-1?	Return Rules have already been notified. It is not possible to make exception for one sector.
14	Clarification is sought for the following: Penal Interest on loans and advances	Penal interest is a consideration for tolerating an act and it is a supply of service and will be taxable.
15	In case of takeover of a Partnership firm by a Private Limited Company, then who will get the ITC credit? And who should file the GST TRAN-1?	If the business is transferred as a going concern, and liabilities are also transferred then ITC can be transferred to the company. The company can file TRAN-1.
16	Whether credit is restricted under the GST Act, especially for rent-a-cab Service?	Input tax credit for rent-a-cab service is not available under GST.