



GST ALERT VIII

Input Tax Credit Under GST

General:

Under GST, every supply of goods or service will be subject to GST. As informed you in our Alert V, in case of intrastate supply, CGST and SGST would apply, In case of interstate supply, IGST would apply.

- I. GST paid as above on inward supply (whether intrastate or interstate) is eligible for input tax credit (ITC) subject to broadly following conditions:
 1. Inward supply is for furtherance of business
 2. Possession of Tax Invoice or other specified documents, as per rules
 3. Supplier has paid GST (collected in Tax Invoice) in cash or through credit ledger
 4. Supplier has e-filed "Statement of outward supply" disclosing his outward supplies properly
 5. The recipient has received goods/ services
 6. Such (inward) supply not used for exempted (outward) supply

- II. GST payable under reverse charge mechanism (RCM) on import or on supply from unregistered person is also eligible for ITC

- III. ITC will not be available on in respect of:
 1. Motor vehicles & other conveyance except when they are used for:
 - Transportation of goods, or
 - Further supply of such vehicles/ Conveyances, or
 - Transportation of passengers, or
 - Training for driving/ flying/ navigating such vehicles/ conveyances.

2. Inward supply of goods/ services or both of:
 - Food and beverages and outdoor catering,
 - Beauty treatment, health services
 - Cosmetic and plastic surgery
 - Rent a Cab, Life Insurance or Health Insurance
 - Membership of a club, health and fitness centre.
 - Travel benefits to employees on vacation.
3. Works contract Service for Construction of Immovable Properties
4. Goods and Services received for Construction of Immovable Properties.
5. Goods and Services for personal consumption
6. Goods lost, stolen, destroyed, written off or disposed of by way of Gift or free samples.

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