

**CHAPTER V**  
**INPUT TAX CREDIT**

**5.1 Documentary requirements and conditions for claiming input tax credit - [Rule 36]**

<b>Rule 36(1)</b>	01.07.2017 to till date	The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely,-
		(a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;
		(b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to the payment of tax;
		(c) a debit note issued by a supplier in accordance with the provisions of section 34;
		(d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;
		(e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.
<b>Rule 36(2)</b>	01.07.2017 to 30.09.2022	Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document , and the relevant information, as contained in the said document, is furnished in <b>FORM GSTR-2</b> by such person:
	01.10.2022 to till date	Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document <sup>1</sup> [*****]: <table border="1" style="margin-left: 40px;"> <tr> <td>1. Omitted w.e.f. 01.10.2022 the words, letters and figure ”, and the relevant information, as contained in the said document, is furnished in FORM GSTR-2 by such person” vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></td> </tr> </table>
1. Omitted w.e.f. 01.10.2022 the words, letters and figure ”, and the relevant information, as contained in the said document, is furnished in FORM GSTR-2 by such person” vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a>		

<p><b>Proviso</b></p>	<p>04.09.2018 to till date</p>	<p><sup>1</sup>[<b>Provided</b> that if the said document does not contain all the specified particulars but contains the details of the amount of tax charged, description of goods or services, total value of supply of goods or services or both, GSTIN of the supplier and recipient and place of supply in case of inter-State supply, input tax credit may be availed by such registered person.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Proviso Inserted w.e.f. 04.09.2018 vide <a href="#">Notification No. 39/2018- Central Tax dated 04.09.2018.</a></p> </div>
<p><b>Rule 36(3)</b></p>	<p>01.07.2017 to till date</p>	<p>No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, willful misstatement or suppression of facts.</p>
<p><sup>1</sup>[<b>Rule 36(4)</b></p>	<p>09.10.2019 to 31.12.2019</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed 20 per cent. of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Inserted w.e.f. 09.10.2019 vide <a href="#">Notification No. 49/2019- Central Tax dated 09.10.2019.</a></p> </div>
	<p>01.01.2020 to 02.04.2020</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed <sup>1</sup>[10 per cent.] of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Substituted the figures and words “20 per cent.”, with effect from the 1st January, 2020, vide <a href="#">Notification No. 75/2019 – Central Tax dated 26th December, 2019.</a></p> </div>
	<p>03.04.2020 to 31.12.2020</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed <sup>1</sup>[10 per cent.] of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37.</p> <p><sup>1</sup>[Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in <b>FORM GSTR-3B</b> for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.]</p>

		<p>1. Inserted w.e.f. 03.04.2020 vide <a href="#">Notification No. 30/2020 - Central Tax dated 3rd April, 2020.</a></p>
	<p>01.01.2021 to 30.04.2021</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been <sup>1</sup>[furnished] by the suppliers under sub-section (1) of section 37 <sup>2</sup>[in <b>FORM GSTR-1</b> or using the invoice furnishing facility,] shall not exceed <sup>3</sup>[5 per cent.] of the eligible credit available in respect of invoices or debit notes the details of which have been <sup>4</sup>[furnished] by the suppliers under sub-section (1) of section 37 <sup>5</sup>[in <b>FORM GSTR-1</b> or using the invoice furnishing facility,].</p> <p>Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in <b>FORM GSTR-3B</b> for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <ol style="list-style-type: none"> <li>1. Substituted with effect from the 1st day of January, 2021 for the word “uploaded” vide <a href="#">Notification No. 94/2020 - Central Tax dated 22nd December, 2020.</a></li> <li>2. Inserted with effect from the 1st day of January, 2021 vide <a href="#">Notification No. 94/2020 - Central Tax dated 22nd December, 2020.</a></li> <li>3. Substituted with effect from the 1st day of January, 2021 for the figures and words “10 per cent.” vide <a href="#">Notification No. 94/2020 - Central Tax dated 22nd December, 2020.</a></li> <li>4. Substituted with effect from the 1st day of January, 2021 for the word “uploaded” vide <a href="#">Notification No. 94/2020 - Central Tax dated 22nd December, 2020.</a></li> <li>5. Inserted with effect from the 1st day of January, 2021 vide <a href="#">Notification No. 94/2020 - Central Tax dated 22nd December, 2020.</a></li> </ol> </div>
	<p>01.05.2021 to 31.05.2021</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers under sub-section (1) of section 37 in <b>FORM GSTR-1</b> or using the invoice furnishing facility, shall not exceed 5 per cent. of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers under sub-section (1) of section 37 in <b>FORM GSTR-1</b> or using the invoice furnishing facility,.</p> <p>Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in <b>FORM GSTR-3B</b> for the tax</p>

		<p>period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.</p> <p><sup>1</sup>[Provided further that such condition shall apply cumulatively for the period April and May, 2021 and the return in <b>FORM GSTR-3B</b> for the tax period May, 2021 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.]</p>		
<p>1. Inserted w.e.f. 01.05.2021 vide <a href="#">Notification No. 13/2021 – Central Tax dated 1st May, 2021.</a></p>				
	<p>01.06.2021 to 31.12.2021</p>	<p>Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers under sub-section (1) of section 37 in <b>FORM GSTR-1</b> or using the invoice furnishing facility, shall not exceed 5 per cent. of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers under sub-section (1) of section 37 in <b>FORM GSTR-1</b> or using the invoice furnishing facility,.</p> <p>Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in <b>FORM GSTR-3B</b> for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.</p> <p><sup>1</sup>[Provided further that such condition shall apply cumulatively for the period April, May and June, 2021 and the return in <b>FORM GSTR-3B</b> for the tax period June, 2021 or quarter ending June, 2021, as the case may be, shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.”]</p>		
<p>1. Substituted w.e.f. 01.06.2021 vide <a href="#">Notification No. 27/2021 – Central Tax dated 1st June, 2021.</a></p>				
	<p>01.01.2022 to 30.09.2022</p>	<p><sup>1</sup>[No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under subsection (1) of section 37 unless,-</p> <table border="1" data-bbox="624 1771 1385 1937"> <tr> <td data-bbox="624 1771 687 1937">(a)</td> <td data-bbox="687 1771 1385 1937">the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and</td> </tr> </table>	(a)	the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and
(a)	the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and			

		(b) the details of such invoices or debit notes have been communicated to the registered person in <b>FORM GSTR-2B</b> under sub-rule (7) of rule 60.]
		1 Substituted w.e.f. 1st day of January, 2022 vide <a href="#">Notification No. 40/2021 – Central Tax dated 29th December, 2021,</a>
	01.10.2022 to till date	No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under subsection (1) of section 37 unless,-
		(a) the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in <b>FORM GSTR-1</b> or using the invoice furnishing facility; and
		(b) the details of <sup>1</sup> [input tax credit in respect of] such invoices or debit notes have been communicated to the registered person in <b>FORM GSTR-2B</b> under sub-rule (7) of rule 60.]
		1. Inserted w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a>

### 5.1.1 Relevant Section of CGST Act 2017- Rule 36

Section	Particulars
Section 16	Eligibility and conditions for taking input tax credit

### 5.1.2 Relevant Forms – Rule 36

Forms	Particulars
FORM GSTR-2	Details of inward supplies of goods or services

## 5.2 Reversal of input tax credit in the case of non-payment of consideration - [Rule 37]

<b>Rule 37(1)</b>	01.07.2017 to 12.06.2018	<p>A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within the time limit specified in the second proviso to sub-section(2) of section 16, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in FORM GSTR-2 for the month immediately following the period of one hundred and eighty days from the date of the issue of the invoice:</p> <p><b>Provided</b> that the value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16:</p>
	13.06.2018 to 30.09.2022	<p>A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof, the value of such supply along with the tax payable thereon, within the time limit specified in the second proviso to sub-section(2) of section 16, shall furnish the details of such supply, the amount of value not paid and the amount of input tax credit availed of proportionate to such amount not paid to the supplier in FORM GSTR-2 for the month immediately following the period of one hundred and eighty days from the date of the issue of the invoice:</p> <p><b>Provided</b> that the value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16:</p> <p><sup>1</sup><b>Provided further</b> that the value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16.]</p> <p style="text-align: center;">1. Inserted w.e.f. 13.06.2018 vide <a href="#">Notification No. 26/2018 – Central Tax dated 13.06.2018.</a></p>
	01.10.2022 to till date	<p><sup>1</sup>[A registered person, who has availed of input tax credit on any inward supply of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, but fails to pay to the supplier thereof, the amount towards the value of such supply <sup>2</sup>[, whether wholly or partly,] along with the tax payable thereon, within the time limit specified in the second proviso to sub-section(2) of section 16, shall pay <sup>3</sup>[or reverse] an amount equal to the input tax credit availed in respect of such supply <sup>4</sup>[, proportionate to the amount not paid to the supplier,] along</p>

		<p>with interest payable thereon under section 50, while furnishing the return in FORM GSTR-3B for the tax period immediately following the period of one hundred and eighty days from the date of the issue of the invoice:</p> <p><b>Provided</b> that the value of supplies made without consideration as specified in Schedule I of the said Act shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16:</p> <p><b>Provided further</b> that the value of supplies on account of any amount added in accordance with the provisions of clause (b) of sub-section (2) of section 15 shall be deemed to have been paid for the purposes of the second proviso to sub-section (2) of section 16.]</p> <div style="border: 1px solid black; padding: 5px;"> <ol style="list-style-type: none"> <li>1. Substituted for sub-rules (1) w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></li> <li>2. Inserted w.e.f. 01.10.2022 vide Central Goods and Services Tax (Fifth Amendment) Rules, 2022 - <a href="#">Notification No. 26/2022—Central Tax dated 26<sup>th</sup> December 2022.</a></li> <li>3. Inserted w.e.f. 01.10.2022 vide Central Goods and Services Tax (Fifth Amendment) Rules, 2022 - <a href="#">Notification No. 26/2022—Central Tax dated 26<sup>th</sup> December 2022.</a></li> <li>4. Inserted w.e.f. 01.10.2022 vide Central Goods and Services Tax (Fifth Amendment) Rules, 2022 - <a href="#">Notification No. 26/2022—Central Tax dated 26<sup>th</sup> December 2022.</a></li> </ol> </div>
<p><b>Rule 37(2)</b></p>	<p>01.07.2017 to 30.09.2022</p>	<p>The amount of input tax credit referred to in sub-rule (1) shall be added to the output tax liability of the registered person for the month in which the details are furnished.</p>
	<p>01.10.2022 to till date</p>	<p><sup>1</sup>[Where the said registered person subsequently makes the payment of the amount towards the value of such supply along with tax payable thereon to the supplier thereof, he shall be entitled to re-avail the input tax credit referred to in sub-rule (1).]</p> <div style="border: 1px solid black; padding: 5px;"> <ol style="list-style-type: none"> <li>1. Substituted for sub-rules (2), w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></li> </ol> </div>

<b>Rule 37(3)</b>	01.07.2017 to 30.09.2022	The registered person shall be liable to pay interest at the rate notified under sub-section (1) of section 50 for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability, as mentioned in sub-rule (2), is paid.
	01.10.2022 to till date	<sup>1</sup> [*****] 1. Omitted sub rule (3) w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a>
<b>Rule 37(4)</b>	01.07.2017 to till date	The time limit specified in sub-section (4) of section 16 shall not apply to a claim for re-availing of any credit, in accordance with the provisions of the Act or the provisions of this Chapter, that had been reversed earlier.

### 5.2.1 Relevant Section of CGST Act 2017- Rule 37

Section	Particulars
Section 16	Eligibility and conditions for taking input tax credit

#### 5.2.2.1 Circulars - System based reconciliation of information furnished in FORM GSTR-1 and FORM GSTR-2 with FORM GSTR-3B - [Circular No. 7/7/2017-GST dated 01st September, 2017](#)

#### 5.2.2.2 Circulars - Clarification on various doubts related to treatment of secondary or post-sales discounts under GST - [Circular No. 105/24/2019-GST dated 28th June, 2019](#)

### 5.1.3 Relevant Forms – Rule 37

Forms	Particulars
FORM GSTR-2	Details of inward supplies of goods or services

### 5.3 Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof - [Rule 37A]



<p><sup>1</sup>[Rule 37A</p>	<p>26.12.2022 to till date</p>	<p>Where input tax credit has been availed by a registered person in the return in FORM GSTR-3B for a tax period in respect of such invoice or debit note, the details of which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility, but the return in FORM GSTR-3B for the tax period corresponding to the said statement of outward supplies has not been furnished by such supplier till the 30th day of September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed, the said amount of input tax credit shall be reversed by the said registered person, while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year:</p> <p><b>Provided</b> that where the said amount of input tax credit is not reversed by the registered person in a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year during which such input tax credit has been availed, such amount shall be payable by the said person along with interest thereon under section 50.</p> <p><b>Provided further</b> that where the said supplier subsequently furnishes the return in FORM GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in FORM GSTR-3B for a tax period thereafter.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Inserted w.e.f. 26.12.2022 vide Central Goods and Services Tax (Fifth Amendment) Rules, 2022 - <a href="#">Notification No. 26/2022—Central Tax dated 26<sup>th</sup> December 2022.</a></p> </div>
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**5.4 Claim of credit by a banking company or a financial institution - [Rule 38]**

<p><b>Rule 38</b></p>	<p>01.07.2017 to 30.09.2022</p>	<p>A banking company or a financial institution, including a non-banking financial company, engaged in the supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the following procedure, namely,-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(a)</td> <td>the said company or institution shall not avail the credit of,-</td> </tr> <tr> <td style="width: 5%; text-align: center;">(i)</td> <td>the tax paid on inputs and input services that are used for non-business purposes; and</td> </tr> </table>	(a)	the said company or institution shall not avail the credit of,-	(i)	the tax paid on inputs and input services that are used for non-business purposes; and
(a)	the said company or institution shall not avail the credit of,-					
(i)	the tax paid on inputs and input services that are used for non-business purposes; and					

		(ii) the credit attributable to the supplies specified in sub-section (5) of section 17, in <b>FORM GSTR-2</b> ;					
		(b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section 17 and not covered under clause (a);					
		(c) fifty per cent. of the remaining amount of input tax shall be the input tax credit admissible to the company or the institution and shall be furnished in <b>FORM GSTR-2</b> ;					
		(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution.					
<b>Rule 38</b>	01.10.2022 to till date	A banking company or a financial institution, including a non-banking financial company, engaged in the supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the following procedure, namely,-					
		(a) the said company or institution shall not avail the credit of,-	<table border="1"> <tr> <td data-bbox="687 1205 767 1294">(i)</td> <td data-bbox="767 1205 1390 1294">the tax paid on inputs and input services that are used for non-business purposes; and</td> </tr> <tr> <td data-bbox="687 1294 767 1429">(ii)</td> <td data-bbox="767 1294 1390 1429">the credit attributable to the supplies specified in sub-section (5) of section 17, <sup>1</sup>[*****];</td> </tr> </table>	(i)	the tax paid on inputs and input services that are used for non-business purposes; and	(ii)	the credit attributable to the supplies specified in sub-section (5) of section 17, <sup>1</sup> [*****];
(i)	the tax paid on inputs and input services that are used for non-business purposes; and						
(ii)	the credit attributable to the supplies specified in sub-section (5) of section 17, <sup>1</sup> [*****];						
		(b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section 17 and not covered under clause (a);					
		(c) fifty per cent. of the remaining amount of input tax shall be the input tax credit admissible to the company or the institution <sup>2</sup> [and the balance amount of input tax credit shall be reversed in FORM GSTR-3B];					
		(d) <sup>3</sup> [*****].					
		<p style="text-align: center;"><b>Notes</b></p> <p>1 Omitted the word, letters and figure, "in <b>FORM GSTR-2</b>" w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax</a></p>					

		<p><a href="#">(Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></p> <p>2. Substituted for the words, letters and figure, “and shall be furnished in FORM GSTR 2”, w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></p> <p>3. Omitted clause (d) w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a> Clause (d) read as “(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution.”</p>
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#### 5.4.1 Relevant Section of CGST Act 2017- Rule 38

Section	Particulars
Section 17	Apportionment of credit and blocked credits
Section 41	Availment of input tax credit
Section 42	Matching, reversal and reclaim of input tax credit
Section 43	Matching, reversal and reclaim of reduction in output tax liability

#### 5.4.2 Relevant Forms – Rule 38

Forms	Particulars
FORM GSTR-2	Details of inward supplies of goods or services

#### 5.5 Procedure for distribution of input tax credit by Input Service Distributor - [Rule 39]

<b>Rule 39(1)</b>	01.07.2017 to till date	An Input Service Distributor shall distribute input tax credit in the manner and subject to the following conditions, namely,-
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		(a)	the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in <b>FORM GSTR-6</b> in accordance with the provisions of Chapter VIII of these rules;
		(b)	the Input Service Distributor shall, in accordance with the provisions of clause (d), separately distribute the amount of ineligible input tax credit (ineligible under the provisions of sub-section (5) of section 17 or otherwise) and the amount of eligible input tax credit;
		(c)	the input tax credit on account of central tax, State tax, Union territory tax and integrated tax shall be distributed separately in accordance with the provisions of clause (d);
		(d)	<p>the input tax credit that is required to be distributed in accordance with the provisions of clause (d) and (e) of sub-section (2) of section 20 to one of the recipients 'R<sub>1</sub>', whether registered or not, from amongst the total of all the recipients to whom input tax credit is attributable, including the recipient(s) who are engaged in making exempt supply, or are otherwise not registered for any reason, shall be the amount, "C<sub>1</sub>", to be calculated by applying the following formula -</p> $C_1 = (t_1 \div T) \times C$ <p>where,</p> <p>"C" is the amount of credit to be distributed,</p> <p>"t<sub>1</sub>" is the turnover, as referred to in section 20, of person R<sub>1</sub> during the relevant period, and</p> <p>"T" is the aggregate of the turnover, during the relevant period, of all recipients to whom the input service is attributable in accordance with the provisions of section 20;</p>
		(e)	the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;
		(f)	the input tax credit on account of central tax and State tax or Union territory tax shall-
		(i)	in respect of a recipient located in the same State or Union territory in which the Input Service Distributor is located, be distributed

				as input tax credit of central tax and State tax or Union territory tax respectively;
			(ii)	in respect of a recipient located in the same State or Union territory in which the Input Service Distributor is located, be distributed as input tax credit of central tax and State tax or Union territory tax respectively;
		(g)	the Input Service Distributor shall issue an Input Service Distributor invoice, as prescribed in sub-rule (1) of rule 54, clearly indicating in such invoice that it is issued only for distribution of input tax credit;	
		(h)	Input Service Distributor shall issue an Input Service Distributor credit note, as prescribed in sub-rule (1) of rule 54, for reduction of credit in case the input tax credit already distributed gets reduced for any reason;	
		(i)	any additional amount of input tax credit on account of issuance of a debit note to an Input Service Distributor by the supplier shall be distributed in the manner and subject to the conditions specified in clauses (a) to (f) and the amount attributable to any recipient shall be calculated in the manner Provided in clause (d) and such credit shall be distributed in the month in which the debit note is included in the return in <b>FORM GSTR-6</b> ;	
		(j)	input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed in terms of clause (d), and the amount so apportioned shall be-	
			(i)	reduced from the amount to be distributed in the month in which the credit note is included in the return in <b>FORM GSTR-6</b> ; or
			(ii)	added to the output tax liability of the recipient where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted.
<b>Rule 39(2)</b>	01.07.2017 to till date	If the amount of input tax credit distributed by an Input Service Distributor is reduced later on for any other reason for any of the recipients, including that it was distributed to a wrong recipient by the Input Service Distributor, the		

		process specified in clause (j) of sub-rule (1) shall apply, mutatis mutandis, for reduction of credit.
<b>Rule 39(3)</b>	01.07.2017 to till date	Subject to sub-rule (2), the Input Service Distributor shall, on the basis of the Input Service Distributor credit note specified in clause (h) of sub-rule (1), issue an Input Service Distributor invoice to the recipient entitled to such credit and include the Input Service Distributor credit note and the Input Service Distributor invoice in the return in <b>FORM GSTR-6</b> for the month in which such credit note and invoice was issued.

### 5.5.1 Relevant Section of CGST Act 2017- Rule 39

Section	Particulars
Section 20	Manner of distribution of credit by Input Service Distributor

### 5.5.2.1 Circulars - System based reconciliation of information furnished in FORM GSTR-1 and FORM GSTR-2 with FORM GSTR-3B - [Circular No. 7/7/2017-GST dated 01st September, 2017](#)

### 5.5.3. Relevant Forms – Rule 39

Forms	Particulars
FORM GSTR-6	Return for input service distributor

### 5.6 Manner of claiming credit in special circumstances - [Rule 40]

<b>Rule 40(1)</b>	01.07.2017 to till date	<p>The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-</p> <table border="1"> <tr> <td>(a)</td> <td>the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice</td> </tr> </table>	(a)	the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice
(a)	the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice			

			<p>or such other documents on which the capital goods were received by the taxable person.</p>						
		(b)	<p>the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in <b>FORM GST ITC-01</b> to the effect that he is eligible to avail the input tax credit as aforesaid:</p> <p><b>Provided</b> that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p style="text-align: center;"><b>Notes</b></p> <p>1. Substituted clause (b), w.e.f. 01.07.2017 vide <a href="#">Notification No. 22/2017-Central Tax (Dated 17th August 2017)</a>, read as –“ (b) the registered person shall within a period of thirty days from the date of his becoming eligible to avail the input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the common portal in <b>FORM GST ITC-01</b> to the effect that he is eligible to avail the input tax credit as aforesaid;”</p> </div>						
		(c)	<p>the declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods–</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">(i)</td> <td>on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;</td> </tr> <tr> <td style="text-align: center;">(ii)</td> <td>on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;</td> </tr> <tr> <td style="text-align: center;">(iii)</td> <td>on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of section 18;</td> </tr> </table>	(i)	on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;	(ii)	on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;	(iii)	on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of section 18;
(i)	on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of sub-section (1) of section 18;								
(ii)	on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;								
(iii)	on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of section 18;								

		(iv)	on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of section 18;
		(d)	the details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees;
		(e)	the input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in <b>FORM GSTR-1</b> or as the case may be, in <b>FORM GSTR- 4</b> , on the common portal.
<b>Rule 40(2)</b>	01.07.2017 to till date	The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of sub-section (6) of section 18, shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.	

**5.6.1 Relevant Section of CGST Act 2017- Rule 40**

Section	Particulars
Section 18	Availability of credit in special circumstances

**5.6.2. Relevant Forms – Rule 40**

Forms	Particulars
FORM GST ITC-01	Declaration for claim of input tax credit under sub-section (1) of section 18

**5.7 Transfer of credit on sale, merger, amalgamation, lease or transfer of a business - [Rule 41]**



<b>Rule 41(1)</b>	01.07.2017 to till date	A registered person shall, in the event of sale, merger, de-merger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in <b>FORM GST ITC-02</b> , electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee:
<b>Proviso</b>	01.07.2017 to till date	<b>Provided</b> that in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.
<sup>1</sup> <b>[Explanation</b>	29.03.2019 to till date	For the purpose of this sub-rule, it is hereby clarified that the “value of assets” means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.]
		1. Inserted with effect from 29th March, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019</a> .
<b>Rule 41(2)</b>	01.07.2017 to till date	The transferor shall also submit a copy of a certificate issued by a practicing chartered accountant or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities.
<b>Rule 41(3)</b>	01.07.2017 to till date	The transferee shall, on the common portal, accept the details so furnished by the transferor and, upon such acceptance, the un-utilized credit specified in <b>FORM GST ITC-02</b> shall be credited to his electronic credit ledger.
<b>Rule 41(4)</b>	01.07.2017 to till date	The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

#### 5.7.1 Relevant Section of CGST Act 2017- Rule 41

Section	Particulars
Section 18	Availability of credit in special circumstances

#### 5.7.2.1 Circulars - Clarification in respect of transfer of input tax credit in case of death of sole proprietor - [Circular No. 96/15/2019-GST dated 28th March, 2019](#)

**5.7.2.2 Circulars - Clarification in respect of apportionment of input tax credit (ITC) in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules - [Circular No.133 03/2020-GST dated 23rd March, 2020](#)**

### 5.7.3 Relevant Forms – Rule 41

Forms	Particulars
FORM GST ITC-02	Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18

### 5.8 Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory - <sup>1</sup>[Rule 41A]

#### Notes

1. Rule 41A Inserted w.e.f. 01.02.2019 vide [Notification No. 03/2019- Central Tax dated 29.01.2019](#)

<b>Rule 41A(1)</b>	01.02.2019 to till date	A registered person who has obtained separate registration for multiple places of business in accordance with the provisions of rule 11 and who intends to transfer, either wholly or partly, the unutilised input tax credit lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of thirty days from obtaining such separate registrations, the details in FORM GST ITC-02A electronically on the common portal, either directly or through a Facilitation Centre notified in this behalf by the Commissioner:
<b>Proviso</b>	01.02.2019 to till date	<b>Provided</b> that the input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.
<b>Explanation</b>	01.02.2019 to till date	For the purposes of this sub-rule, it is hereby clarified that the “value of assets” means the value of the entire assets of the business whether or not input tax credit has been availed thereon.
<b>Rule 41A(2)</b>	01.02.2019 to till date	The newly registered person (transferee) shall, on the common portal, accept the details so furnished by the registered person (transferor) and, upon such acceptance, the unutilised input tax credit specified in <b>FORM GST ITC-02A</b> shall be credited to his electronic credit ledger.

**5.8.1 Relevant Section of CGST Act 2017- Rule 41A**

Section	Particulars
Section 18	Availability of credit in special circumstances

**5.8.2 Relevant Forms – Rule 41A**

Forms	Particulars
FORM GST ITC-02 A	Declaration for transfer of ITC pursuant to registration under sub-section (2) of section 25

**5.9 Manner of determination of input tax credit in respect of inputs or input services and reversal thereof- [Rule 42]**

<b>Rule 42(1)</b>	01.07.2017 to 31.01.2019	<p>The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-</p> <table border="1"> <tbody> <tr> <td>(a)</td> <td>the total input tax involved on inputs and input services in a tax period, be denoted as 'T';</td> </tr> <tr> <td>(b)</td> <td>the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for the purposes other than business, be denoted as 'T<sub>1</sub>';</td> </tr> <tr> <td>(c)</td> <td>the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T<sub>2</sub>';</td> </tr> <tr> <td>(d)</td> <td>the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T<sup>3</sup>';</td> </tr> <tr> <td>(e)</td> <td>the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C<sub>1</sub>' and calculated as-</td> </tr> </tbody> </table>	(a)	the total input tax involved on inputs and input services in a tax period, be denoted as 'T';	(b)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for the purposes other than business, be denoted as 'T <sub>1</sub> ';	(c)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T <sub>2</sub> ';	(d)	the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T <sup>3</sup> ';	(e)	the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C <sub>1</sub> ' and calculated as-
(a)	the total input tax involved on inputs and input services in a tax period, be denoted as 'T';											
(b)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for the purposes other than business, be denoted as 'T <sub>1</sub> ';											
(c)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T <sub>2</sub> ';											
(d)	the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T <sup>3</sup> ';											
(e)	the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C <sub>1</sub> ' and calculated as-											

			<b><math>C_1 = T - (T_1 + T_2 + T_3)</math>;</b>
		(f)	the amount of input tax credit attributable to inputs and input services intended to be used exclusively for effecting supplies other than exempted but including zero rated supplies, be denoted as 'T <sub>4</sub> ';
		(g)	'T <sub>1</sub> ', 'T <sub>2</sub> ', 'T <sub>3</sub> ' and 'T <sub>4</sub> ' shall be determined and declared by the registered person at the invoice level in <b>FORM GSTR-2</b> ;
		(h)	input tax credit left after attribution of input tax credit under clause (g) shall be called common credit, be denoted as 'C <sub>2</sub> ' and calculated as-  <b><math>C_2 = C_1 - T_4</math>;</b>
		(i)	the amount of input tax credit attributable towards exempt supplies, be denoted as 'D <sub>1</sub> ' and calculated as-  <b><math>D_1 = (E/F) \times C_2</math></b>  where,  'E' is the aggregate value of exempt supplies during the tax period, and  'F' is the total turnover in the State of the registered person during the tax period:  <b>Provided</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;  <b>Explanation:</b> For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;
		(j)	the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D <sub>2</sub> ', and shall be equal to five per cent. of C <sub>2</sub> ; and
		(k)	the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting supplies other than

		<p>exempted supplies but including zero rated supplies and shall be denoted as 'C<sub>3</sub>', where,-</p> $C_3 = C_2 - (D_1 + D_2);$
		<p>(l) the amount 'C<sub>3</sub>' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax;</p>
		<p>(m) the amount equal to aggregate of 'D1' and 'D2' shall be added to the output tax liability of the registered person:</p>
01.02.2019 to 31.03.2019	<p>The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-</p>	<p>(a) the total input tax involved on inputs and input services in a tax period, be denoted as 'T';</p> <p>(b) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for the purposes other than business, be denoted as 'T<sub>1</sub>';</p> <p>(c) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T<sub>2</sub>';</p> <p>(d) the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T<sup>3</sup>';</p> <p>(e) the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C<sub>1</sub>' and calculated as-</p> $C_1 = T - (T_1 + T_2 + T_3);$ <p>(f) the amount of input tax credit attributable to inputs and input services intended to be used exclusively for effecting supplies other than exempted but including zero rated supplies, be denoted as 'T<sub>4</sub>';</p> <p>(g) 'T<sub>1</sub>', 'T<sub>2</sub>', 'T<sub>3</sub>' and 'T<sub>4</sub>' shall be determined and declared by the registered person at the invoice level in <b>FORM GSTR-2</b>;</p>

		<p>(h) input tax credit left after attribution of input tax credit under clause (g) shall be called common credit, be denoted as 'C2' and calculated as-</p> <p style="text-align: center;"><b><math>C_2 = C_1 - T_4</math>;</b></p> <p>(i) the amount of input tax credit attributable towards exempt supplies, be denoted as 'D1' and calculated as-</p> <p style="text-align: center;"><b><math>D_1 = (E \div F) \times C_2</math></b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies during the tax period, and</p> <p>'F' is the total turnover in the State of the registered person during the tax period:</p> <p><b>Provided</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation:</b> For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84<sup>1</sup>[and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p>1. Inserted w.e.f. 01.02.2019 vide <a href="#">Notification No. 03/2019- Central Tax dated 29.01.2019.</a></p> </div> <p>(j) the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D<sub>2</sub>', and shall be equal to five per cent. of C<sub>2</sub>; and</p> <p>(k) the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting supplies other than exempted supplies but including zero rated supplies and shall be denoted as 'C<sub>3</sub>', where,-</p> <p style="text-align: center;"><b><math>C_3 = C_2 - (D_1 + D_2)</math>;</b></p>
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		(l)	the amount 'C <sub>3</sub> ' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax;
		(m)	the amount equal to aggregate of 'D1' and 'D2' shall be added to the output tax liability of the registered person:
	01.04.2019 to 30.09.2022	The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-	
		(a)	the total input tax involved on inputs and input services in a tax period, be denoted as 'T';
		(b)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for the purposes other than business, be denoted as 'T <sub>1</sub> ';
		(c)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T <sub>2</sub> ';
		(d)	the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T <sup>3</sup> ';
		(e)	the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C <sub>1</sub> ' and calculated as-  <b><math>C_1 = T - (T_1 + T_2 + T_3)</math></b> ;
		(f)	the amount of input tax credit attributable to inputs and input services intended to be used exclusively for effecting supplies other than exempted but including zero rated supplies, be denoted as 'T <sub>4</sub> ';  <sup>1</sup> [ <b>Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the said Act, value of T <sub>4</sub> shall be zero during the construction phase because inputs and input services will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first

		<p>occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p style="text-align: center;"><b>Notes</b></p> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019.</a></p> </div>
	(g)	<p>'T<sub>1</sub>', 'T<sub>2</sub>', 'T<sub>3</sub>' and 'T<sub>4</sub>' shall be determined and declared by the registered person at the invoice level in <b>FORM GSTR-2</b> <sup>1</sup>[and at summary level in <b>FORM GSTR-3B</b>];</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019.</a></p> </div>
	(h)	<p>input tax credit left after attribution of input tax credit under clause <sup>1</sup>[(f)] shall be called common credit, be denoted as 'C<sub>2</sub>' and calculated as-</p> <p style="text-align: center;"><b>C<sub>2</sub> = C<sub>1</sub> - T<sub>4</sub>;</b></p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Substituted for the brackets and letter "(g)", w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019.</a></p> </div>
	(i)	<p>the amount of input tax credit attributable towards exempt supplies, be denoted as 'D<sub>1</sub>' and calculated as-</p> <p style="text-align: center;"><b>D<sub>1</sub> = (E ÷ F) × C<sub>2</sub></b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies during the tax period, and</p> <p>'F' is the total turnover in the State of the registered person during the tax period:</p> <p><sup>1</sup><b>[Provided that</b> in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the value of <u>E/F</u> for a tax period shall be calculated for each project separately, taking value of E and F as under:-</p> <p style="margin-left: 40px;">E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue</p>



		<p>of completion certificate or first occupation, whichever is earlier;</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p><b>Explanation 1:</b> In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier;</p> <p><b>Explanation 2:</b> Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in the notification No. 11/2017-Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 690(E) dated 28th June, 2017, as amended, shall be taken into account for calculation of value of 'E' in view of Explanation (iv) in paragraph 4 of the notification No. 11/2017-Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 690(E) dated 28th June, 2017, as amended.]</p> <p><sup>2</sup>[<b>Provided further</b>] that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation:</b> For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 [and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <ol style="list-style-type: none"> <li>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019.</a></li> <li>2. Substituted for the word "Provided", w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019.</a></li> </ol> </div>
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		(j)	the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D <sub>2</sub> ', and shall be equal to five per cent. of C <sub>2</sub> ; and
		(k)	the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting supplies other than exempted supplies but including zero rated supplies and shall be denoted as 'C <sub>3</sub> ', where,-  <b><math>C_3 = C_2 - (D_1 + D_2)</math></b> ;
		<sup>1</sup> [(l)	the amount 'C <sub>3</sub> ', 'D <sub>1</sub> ' and 'D <sub>2</sub> ' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in <b>FORM GSTR-3B</b> or through <b>FORM GST DRC-03</b> ;  <div style="border: 1px solid black; padding: 5px; margin-left: 20px;"> <p>1. Substituted for the clause (l) w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019</a>, read as- "(l) the amount 'C<sub>3</sub>' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax;"</p> </div>
		(m)	the amount equal to aggregate of 'D <sub>1</sub> ' and 'D <sub>2</sub> ' shall be <sup>1</sup> [reversed by the registered person in <b>FORM GSTR-3B</b> or through <b>FORM GST DRC-03</b> .]  <div style="border: 1px solid black; padding: 5px; margin-left: 20px;"> <p>1. Substituted for the words "added to the output tax liability of the registered person", w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019</a>,</p> </div>
	01.10.2022 to till date		The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely,-
		(a)	the total input tax involved on inputs and input services in a tax period, be denoted as 'T';
		(b)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used

			exclusively for the purposes other than business, be denoted as 'T <sub>1</sub> ';
		(c)	the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T <sub>2</sub> ';
		(d)	the amount of input tax, out of 'T', in respect of inputs and input services on which credit is not available under sub-section (5) of section 17, be denoted as 'T <sub>3</sub> ';
		(e)	the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C <sub>1</sub> ' and calculated as-  <b>C<sub>1</sub> = T - (T<sub>1</sub>+T<sub>2</sub>+T<sub>3</sub>);</b>
		(f)	the amount of input tax credit attributable to inputs and input services intended to be used exclusively for effecting supplies other than exempted but including zero rated supplies, be denoted as 'T <sub>4</sub> ';  <b>[Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the said Act, value of T <sub>4</sub> shall be zero during the construction phase because inputs and input services will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]
		(g)	'T <sub>1</sub> ', 'T <sub>2</sub> ', 'T <sub>3</sub> ' and 'T <sub>4</sub> ' shall be determined and declared by the registered person <sup>1</sup> {***** [*****]} at summary level in <b>FORM GSTR-3B</b> ];  <div style="border: 1px solid black; padding: 5px; margin-left: 20px;"> <p>1. Omitted the words, letters and figure, "at the invoice level in FORM GSTR-2 and" w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></p> </div>
		(h)	input tax credit left after attribution of input tax credit under clause [(f)] shall be called common credit, be denoted as 'C <sub>2</sub> ' and calculated as-  <b>C<sub>2</sub> = C<sub>1</sub> - T<sub>4</sub>;</b>

		<p>(i) the amount of input tax credit attributable towards exempt supplies, be denoted as 'D1' and calculated as-</p> <p><b>D1= (E÷F) × C2</b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies during the tax period, and</p> <p>'F' is the total turnover in the State of the registered person during the tax period:</p> <p><b>[Provided that</b> in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the value of <math>\frac{E}{F}</math> for a tax period shall be calculated for each project separately, taking value of E and F as under:-</p> <p>E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p><b>Explanation 1:</b> In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier;</p> <p><b>Explanation 2:</b> Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in the notification No. 11/2017-Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 690(E) dated 28th June, 2017, as amended, shall be taken into account for calculation of value of 'E' in view of Explanation (iv) in paragraph 4 of the notification No. 11/2017-Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR number 690(E) dated 28th June, 2017, as amended.]</p>
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		<p><b>[Provided further]</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation:</b> For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 [and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <p>(j) the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D<sub>2</sub>', and shall be equal to five per cent. of C<sub>2</sub>; and</p> <p>(k) the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting supplies other than exempted supplies but including zero rated supplies and shall be denoted as 'C<sub>3</sub>', where, -</p> $C_3 = C_2 - (D_1 + D_2);$ <p>[(l) the amount 'C<sub>3</sub>', 'D<sub>1</sub>' and 'D<sub>2</sub>' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in <b>FORM GSTR-3B</b> or through <b>FORM GST DRC-03</b>;</p> <p>(m) the amount equal to aggregate of 'D<sub>1</sub>' and 'D<sub>2</sub>' shall be [reversed by the registered person in <b>FORM GSTR-3B</b> or through <b>FORM GST DRC-03</b>.]</p>
<p><b>Rule 42(2)</b></p>	<p>01.07.2017 to 31.03.2019</p>	<p>The input tax credit determined under sub-rule (1) shall be calculated finally for the financial year before the due date for furnishing of the return for the month of September following the end of the financial year to which such credit relates, in the manner specified in the said sub-rule and-</p> <p>(a) where the aggregate of the amounts calculated finally in respect of 'D1' and 'D2' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2', such excess shall be added to the output tax liability of the registered person in the month not later than the month of September following the end of the financial year to which such credit relates and the said person shall</p>

		<p>be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment; or</p> <p>(b) where the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2' exceeds the aggregate of the amounts calculated finally in respect of 'D1' and 'D2', such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year to which such credit relates.</p>
	<p>01.04.2019 to till date</p>	<p><sup>1</sup>[Except in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the input tax credit] determined under sub-rule (1) shall be calculated finally for the financial year before the due date for furnishing of the return for the month of September following the end of the financial year to which such credit relates, in the manner specified in the said sub-rule and-</p> <p>(a) where the aggregate of the amounts calculated finally in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>', such excess shall be <sup>2</sup>[reversed by the registered person in <b>FORM GSTR-3B</b> or through <b>FORM GST DRC-03</b>] in the month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment; or</p> <p>(b) where the aggregate of the amounts determined under sub-rule (1) in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>' exceeds the aggregate of the amounts calculated finally in respect of 'D<sub>1</sub>' and 'D<sub>2</sub>', such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year to which such credit relates.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <ol style="list-style-type: none"> <li>1. Substituted for the words "The input tax credit", w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019</a>,</li> <li>2. Substituted for the words "added to the output tax liability of the registered person", w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019- Central Tax dated 29.03.2019</a>.</li> </ol> </div>

<p><b>Rule 42(3)</b></p>	<p>01.04.2019 to till date</p>	<p><sup>1</sup>[In case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the input tax determined under sub-rule (1) shall be calculated finally, for each ongoing project or project which commences on or after 1st April, 2019, which did not undergo or did not require transition of input tax credit consequent to change of rates of tax on 1st April, 2019 in accordance with notification No. 11/2017- Central Tax (Rate), dated the 28th June, 2017, published vide GSR No. 690(E) dated the 28th June, 2017, as amended for the entire period from the commencement of the project or 1st July, 2017, whichever is later, to the completion or first occupation of the project, whichever is earlier, before the due date for furnishing of the return for the month of September following the end of financial year in which the completion certificate is issued or first occupation takes place of the project, in the manner prescribed in the said sub-rule, with the modification that value of E/F shall be calculated taking value of E and F as under:</p> <p style="padding-left: 40px;">E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier:</p> <p style="padding-left: 40px;">F= aggregate carpet area of the apartments in the project;</p> <p>and,-</p> <p style="padding-left: 40px;">(a) where the aggregate of the amounts calculated finally in respect of 'D1' and 'D2' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2', such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation of the project takes place and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment; or</p> <p style="padding-left: 40px;">(b) where the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2' exceeds the aggregate of the amounts calculated finally in respect of 'D1' and 'D2', such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the</p>
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		<p>financial year in which the completion certificate is issued or first occupation takes place of the project.]</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019-Central Tax dated 29.03.2019.</a></p> </div>
<p><b>Rule 42(4)</b></p>	<p>01.04.2019 to till date</p>	<p><sup>1</sup>[In case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the input tax determined under sub-rule (1) shall be calculated finally, for commercial portion in each project, other than residential real estate project (RREP), which underwent transition of input tax credit consequent to change of rates of tax on the 1st April, 2019 in accordance with notification No. 11/2017-Central Tax (Rate), dated the 28th June, 2017, published vide GSR No. 690(E) dated the 28th June, 2017, as amended for the entire period from the commencement of the project or 1st July, 2017, whichever is later, to the completion or first occupation of the project, whichever is earlier, before the due date for furnishing of the return for the month of September following the end of financial year in which the completion certificate is issued or first occupation takes place of the project, in the following manner.</p> <p>(a) The aggregate amount of common credit on commercial portion in the project (<math>C3_{\text{aggregate\_comm}}</math>) shall be calculated as under,</p> <p><math>C3_{\text{aggregate\_comm}} = [\text{aggregate of amounts of } C3 \text{ determined under sub- rule (1) for the tax periods starting from 1st July, 2017 to 31st March, 2019, } \times (A_C / A_T)] + [\text{ aggregate of amounts of } C3 \text{ determined under sub- rule (1) for the tax periods starting from 1 st April, 2019 to the date of completion or first occupation of the project, whichever is earlier}]</math></p> <p>Where, -</p> <p style="padding-left: 40px;"><math>A_C</math> = total carpet area of the commercial apartments in the project</p> <p style="padding-left: 40px;"><math>A_T</math> = total carpet area of all apartments in the project</p> <p>(b) The amount of final eligible common credit on commercial portion in the project (<math>C3_{\text{final\_comm}}</math>) shall be calculated as under</p> <p style="text-align: center;"><math>C3_{\text{final\_comm}} = C3_{\text{aggregate\_comm}} \times (E / F)</math></p> <p>Where, -</p> <p>E = total carpet area of commercial apartments which have not been booked till the date of issuance of completion</p>



		<p>certificate or first occupation of the project, whichever is earlier.</p> <p><math>F = A_c</math> = total carpet area of the commercial apartments in the project</p> <p>(c) where, <math>C3_{\text{aggregate\_comm}}</math> exceeds <math>C3_{\text{final\_comm}}</math>, such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment;</p> <p>(d) where, <math>C3_{\text{final\_comm}}</math> exceeds <math>C3_{\text{aggregate\_comm}}</math>, such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019-Central Tax dated 29.03.2019.</a></p> </div>
<b>Rule 42(5)</b>	01.04.2019 to till date	<p><sup>1</sup>[Input tax determined under sub- rule (1) shall not be required to be calculated finally on completion or first occupation of an RREP which underwent transition of input tax credit consequent to change of rates of tax on 1st April, 2019 in accordance with notification No. 11/2017- Central Tax (Rate), dated the 28th June, 2017, published vide GSR No. 690(E) dated the 28th June, 2017, as amended.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019-Central Tax dated 29.03.2019.</a></p> </div>
<b>Rule 42(6)</b>	01.04.2019 to till date	<p><sup>1</sup>[Where any input or input service are used for more than one project, input tax credit with respect to such input or input service shall be assigned to each project on a reasonable basis and credit reversal pertaining to each project shall be carried out as per sub-rule (3).]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted w.e.f. 01.04.2019 vide <a href="#">Notification No. 16/2019-Central Tax dated 29.03.2019.</a></p> </div>

**5.9.1 Relevant Section of CGST Act 2017- Rule 42**

Section	Particulars
Section 16	Eligibility and conditions for taking input tax credit
Section 17	Apportionment of credit and blocked credits

**5.9.2.1 Circulars - System based reconciliation of information furnished in FORM GSTR-1 and FORM GSTR-2 with FORM GSTR-3B - [Circular No. 7/7/2017-GST dated 01st September, 2017](#)****5.10 Manner of determination of input tax credit in respect of capital goods and reversal thereof in certain cases - [Rule 43]**

<b>Rule 43(1)</b>	01.07.2017 to 31.01.2019	<p>Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-</p> <table border="1"> <tbody> <tr> <td>(a)</td> <td>the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> and shall not be credited to his electronic credit ledger;</td> </tr> <tr> <td>(b)</td> <td>the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> and shall be credited to the electronic credit ledger;</td> </tr> <tr> <td>(c)</td> <td>the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years from the date of the invoice for such goods:</td> </tr> </tbody> </table>	(a)	the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> and shall not be credited to his electronic credit ledger;	(b)	the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> and shall be credited to the electronic credit ledger;	(c)	the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years from the date of the invoice for such goods:
(a)	the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> and shall not be credited to his electronic credit ledger;							
(b)	the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> and shall be credited to the electronic credit ledger;							
(c)	the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years from the date of the invoice for such goods:							

		<p>Provided that where any capital goods earlier covered under clause (a) is subsequently covered under this clause, the value of 'A' shall be arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof and the amount 'A' shall be credited to the electronic credit ledger;</p> <p><i>Explanation.- An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18, if it is subsequently covered under this clause.</i></p>
		<p>(d) the aggregate of the amounts of 'A' credited to the electronic credit ledger under clause (c), to be denoted as 'Tc', shall be the common credit in respect of capital goods for a tax period: Provided that where any capital goods earlier covered under clause (b) is subsequently covered under clause (c), the value of 'A' arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof shall be added to the aggregate value 'Tc';</p>
		<p>(e) the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as 'Tm' and calculated as-</p> <p><b><math>Tm = Tc \div 60</math></b></p>
		<p>(f) the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose useful life remains during the tax period, be denoted as 'Tr' and shall be the aggregate of 'Tm' for all such capital goods;</p>
		<p>(g) the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as-</p> <p><b><math>Te = (E \div F) \times Tr</math></b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies, made, during the tax period, and</p> <p>'F' is the total turnover of the registered person during the tax period:</p> <p><b>Provided</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such</p>

		<p>turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation.</b>- For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p>
	<p>01.02.2019 to 31.03.2019</p>	<p>(h) the amount <math>T_e</math> along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.</p> <p>Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-</p> <p>(a) the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> and shall not be credited to his electronic credit ledger;</p> <p>(b) the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> and shall be credited to the electronic credit ledger;</p> <p>(c) the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years from the date of the invoice for such goods:</p> <p>Provided that where any capital goods earlier covered under clause (a) is subsequently covered under this clause, the value of 'A' shall be arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof and the amount 'A' shall be credited to the electronic credit ledger;</p>

			<p><i>Explanation.- An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18, if it is subsequently covered under this clause.</i></p>
		(d)	<p>the aggregate of the amounts of 'A' credited to the electronic credit ledger under clause (c), to be denoted as 'Tc', shall be the common credit in respect of capital goods for a tax period: Provided that where any capital goods earlier covered under clause (b) is subsequently covered under clause (c), the value of 'A' arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof shall be added to the aggregate value 'Tc';</p>
		(e)	<p>the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as 'Tm' and calculated as-</p> <p><b>Tm= Tc÷60</b></p>
		(f)	<p>the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose useful life remains during the tax period, be denoted as 'Tr' and shall be the aggregate of 'Tm' for all such capital goods;</p>
		(g)	<p>the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as-</p> <p><b>Te= (E÷ F) x Tr</b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies, made, during the tax period, and</p> <p>'F' is the total turnover of the registered person during the tax period:</p> <p><b>Provided</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation.-</b> For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84<sup>1</sup>[and entry 92A] of List I of the Seventh Schedule to</p>

		<p>the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Inserted with effect from 1<sup>st</sup> February, 2019 vide <a href="#">Notification No. 03/2019 – Central Tax dated 29th January, 2019.</a></p> </div> <p>(h) the amount T<sub>e</sub> along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.</p>
	<p>01.04.2019 to 31.03.2020</p>	<p>Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-</p> <p>(a) the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b><sup>1</sup>[and FORM GSTR-3B] and shall not be credited to his electronic credit ledger;</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019</a></p> </div> <p>(b) the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b><sup>1</sup>[and FORM GSTR-3B] and shall be credited to the electronic credit ledger;</p> <p><sup>2</sup>[<b>Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the said Act, the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies, shall be zero during the construction phase because capital goods will be commonly used for construction of apartments</p>

		<p>booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p> <div style="border: 1px solid black; padding: 5px;"> <ol style="list-style-type: none"> <li>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></li> <li>2. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></li> </ol> </div>
	(c)	<p>the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years from the date of the invoice for such goods:</p> <p>Provided that where any capital goods earlier covered under clause (a) is subsequently covered under this clause, the value of 'A' shall be arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof and the amount 'A' shall be credited to the electronic credit ledger;</p> <p><i>Explanation.- An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18, if it is subsequently covered under this clause.</i></p>
	(d)	<p>the aggregate of the amounts of 'A' credited to the electronic credit ledger under clause (c), to be denoted as 'Tc', shall be the common credit in respect of capital goods for a tax period: Provided that where any capital goods earlier covered under clause (b) is subsequently covered under clause (c), the value of 'A' arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof shall be added to the aggregate value 'Tc';</p>
	(e)	<p>the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as 'Tm' and calculated as-</p> <p><b>Tm= Tc÷60</b></p>
	(f)	<p>the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose useful life remains during the tax period, be</p>

		denoted as 'Tr' and shall be the aggregate of 'Tm' for all such capital goods;
	(g)	<p>the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as-</p> <p><b>Te= (E÷ F) x Tr</b></p> <p>where,</p> <p>'E' is the aggregate value of exempt supplies, made, during the tax period, and</p> <p>'F' is the total turnover <sup>1</sup>[in the State] of the registered person during the tax period:</p> <p><sup>2</sup>[Provided that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the value of "E/F" for a tax period shall be calculated for each project separately, taking value of E and F as under:</p> <p>E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p>Explanation1: In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier.</p> <p>Explanation 2: Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in notification No. 11/2017- Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended, shall be taken into account for calculation of value of "E" in view of Explanation (iv) in paragraph 4 of the notification No. 11/2017-Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated the 28th</p>



		<p>June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended.]</p> <p><sup>3</sup>[Provided further] that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation.</b> - For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 [and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <ol style="list-style-type: none"> <li>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></li> <li>2. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></li> <li>3. Substituted with effect from 1st April, 2019 for the word “Provided” vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019</a></li> </ol> </div> <p>(h) the amount Te along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.</p> <p><sup>1</sup>[(i) The amount Te shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B.]</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <ol style="list-style-type: none"> <li>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></li> </ol> </div>
	<p>01.04.2020 to 30.09.2022</p>	<p>Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly</p>

		<p>for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-</p> <table border="1"> <tr> <td data-bbox="608 394 687 674">(a)</td> <td data-bbox="687 394 1401 674"> <p>the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall not be credited to his electronic credit ledger;</p> </td> </tr> <tr> <td data-bbox="608 674 687 1442">(b)</td> <td data-bbox="687 674 1401 1442"> <p>the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall be credited to the electronic credit ledger;</p> <p><b>[Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the said Act, the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies, shall be zero during the construction phase because capital goods will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p> </td> </tr> <tr> <td data-bbox="608 1442 687 2007">(c)</td> <td data-bbox="687 1442 1401 2007"> <p><sup>1</sup>[the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as “A, being the amount of tax as reflected on the invoice, shall credit directly to the electronic credit ledger and the validity of the useful life of such goods shall extend upto five years from the date of the invoice for such goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (a) is subsequently covered under this clause, input tax in respect of such capital goods denoted as “A” shall be credited to the electronic credit ledger subject to the condition that the ineligible credit attributable to the period during which such capital goods were covered by clause (a),denoted as “Tie”, shall be calculated at the rate</p> </td> </tr> </table>	(a)	<p>the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall not be credited to his electronic credit ledger;</p>	(b)	<p>the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall be credited to the electronic credit ledger;</p> <p><b>[Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the said Act, the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies, shall be zero during the construction phase because capital goods will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p>	(c)	<p><sup>1</sup>[the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as “A, being the amount of tax as reflected on the invoice, shall credit directly to the electronic credit ledger and the validity of the useful life of such goods shall extend upto five years from the date of the invoice for such goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (a) is subsequently covered under this clause, input tax in respect of such capital goods denoted as “A” shall be credited to the electronic credit ledger subject to the condition that the ineligible credit attributable to the period during which such capital goods were covered by clause (a),denoted as “Tie”, shall be calculated at the rate</p>
(a)	<p>the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall not be credited to his electronic credit ledger;</p>							
(b)	<p>the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <b>FORM GSTR-2</b> [and FORM GSTR-3B] and shall be credited to the electronic credit ledger;</p> <p><b>[Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the said Act, the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies, shall be zero during the construction phase because capital goods will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p>							
(c)	<p><sup>1</sup>[the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as “A, being the amount of tax as reflected on the invoice, shall credit directly to the electronic credit ledger and the validity of the useful life of such goods shall extend upto five years from the date of the invoice for such goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (a) is subsequently covered under this clause, input tax in respect of such capital goods denoted as “A” shall be credited to the electronic credit ledger subject to the condition that the ineligible credit attributable to the period during which such capital goods were covered by clause (a),denoted as “Tie”, shall be calculated at the rate</p>							

		<p>of five percentage points for every quarter or part thereof and added to the output tax liability of the tax period in which such credit is claimed:</p> <p><b>Provided further</b> that the amount “Tie” shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B.</p> <p><b>Explanation.-</b> An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18, if it is subsequently covered under this clause.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Substituted for clause (c) with effect from the 1st April, 2020 vide <a href="#">Notification No. 16/2020 – Central Tax dated 23rd March, 2020.</a></p> </div>
	(d)	<p><sup>1</sup>[the aggregate of the amounts of „A” credited to the electronic credit ledger under clause (c) in respect of common capital goods whose useful life remains during the tax period, to be denoted as „Tc”, shall be the common credit in respect of such capital goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (b) are subsequently covered under clause (c), the input tax credit claimed in respect of such capital good(s) shall be added to arrive at the aggregate value ” Tc”; ]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Substituted for clause (d) with effect from the 1st April, 2020 vide <a href="#">Notification No. 16/2020 – Central Tax dated 23rd March, 2020.</a></p> </div>
	(e)	<p>the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as ‘Tm’ and calculated as-</p> <p><b>T<sub>m</sub> = T<sub>c</sub> ÷ 60</b></p> <p><sup>1</sup>[“<b>Explanation.-</b> For the removal of doubt, it is clarified that useful life of any capital goods shall be considered as five years from the date of invoice and the said formula shall be applicable during the useful life of the said capital goods.”]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted in clause (e) with effect from the 1st April, 2020, vide <a href="#">Notification No. 16/2020 – Central Tax dated 23rd March, 2020.</a></p> </div>

		<p>(f) 1[*****]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Omitted Clause (f) with effect from the 1st April, 2020, vide <a href="#">Notification No. 16/2020 – Central Tax dated 23rd March, 2020</a> read as – “(f) the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose useful life remains during the tax period, be denoted as ‘Tr’ and shall be the aggregate of ‘Tm’ for all such capital goods;”</p> </div> <p>(g) the amount of common credit attributable towards exempted supplies, be denoted as ‘Te’, and calculated as-</p> <p><b>Te= (E÷ F) x Tr</b></p> <p>where,</p> <p>‘E’ is the aggregate value of exempt supplies, made, during the tax period, and</p> <p>‘F’ is the total turnover [in the State] of the registered person during the tax period:</p> <p>[Provided that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the value of “E/F” for a tax period shall be calculated for each project separately, taking value of E and F as under:</p> <p>E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p>Explanation1: In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier.</p>
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		<p>Explanation 2: Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in notification No. 11/2017- Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended, shall be taken into account for calculation of value of "E" in view of Explanation (iv) in paragraph 4 of the notification No. 11/2017-Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated the 28th June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended.]</p> <p><b>[Provided further]</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation.</b> - For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 [and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p> <p>(h) the amount <math>T_e</math> along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.</p> <p>[(i) The amount <math>T_e</math> shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B.]</p>
	01.10.2022 to till date	Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely, -

		<p>(a) the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in <sup>1</sup>{***** [*****] <b>FORM GSTR-3B</b>] and shall not be credited to his electronic credit ledger;</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Omitted the words, letters and figure, "FORM GSTR-2 and" w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></p> </div> <p>(b) the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero-rated supplies shall be indicated in <sup>1</sup>{***** [*****] <b>FORM GSTR-3B</b>] and shall be credited to the electronic credit ledger;</p> <p><b>[Explanation:</b> For the purpose of this clause, it is hereby clarified that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the said Act, the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies, shall be zero during the construction phase because capital goods will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation of the project, whichever is earlier, and those which are not booked by the said date.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Omitted the words, letters and figure, "FORM GSTR-2 and" w.e.f. 01.10.2022 vide <a href="#">Central Goods and Services Tax (Second Amendment) Rules, 2022 - Notification No. 19/2022 – Central Tax dated 28.09.2022.</a></p> </div> <p>(c) [the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as "A, being the amount of tax as reflected on the invoice, shall credit directly to the electronic credit ledger and the validity of the useful life of such goods shall extend upto five years from the date of the invoice for such goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (a) is subsequently covered</p>
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		<p>under this clause, input tax in respect of such capital goods denoted as "A" shall be credited to the electronic credit ledger subject to the condition that the ineligible credit attributable to the period during which such capital goods were covered by clause (a), denoted as "Tie", shall be calculated at the rate of five percentage points for every quarter or part thereof and added to the output tax liability of the tax period in which such credit is claimed:</p> <p><b>Provided further</b> that the amount "Tie" shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B.</p> <p><b>Explanation.-</b> An item of capital goods declared under clause (a) on its receipt shall not attract the provisions of sub-section (4) of section 18, if it is subsequently covered under this clause.]</p>
	(d)	<p>[the aggregate of the amounts of "A" credited to the electronic credit ledger under clause (c) in respect of common capital goods whose useful life remains during the tax period, to be denoted as "Tc", shall be the common credit in respect of such capital goods:</p> <p><b>Provided that</b> where any capital goods earlier covered under clause (b) are subsequently covered under clause (c), the input tax credit claimed in respect of such capital good(s) shall be added to arrive at the aggregate value " Tc"; ]</p>
	(e)	<p>the amount of input tax credit attributable to a tax period on common capital goods during their useful life, be denoted as 'Tm' and calculated as-</p> <p><b>T<sub>m</sub> = T<sub>c</sub> ÷ 60</b></p> <p><b>["Explanation.-</b> For the removal of doubt, it is clarified that useful life of any capital goods shall be considered as five years from the date of invoice and the said formula shall be applicable during the useful life of the said capital goods."]</p>
	(f)	[*****]
	(g)	<p>the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as-</p> <p><b>Te = (E ÷ F) x Tr</b></p>

		<p>where,</p> <p>'E' is the aggregate value of exempt supplies, made, during the tax period, and</p> <p>'F' is the total turnover [in the State] of the registered person during the tax period:</p> <p>[Provided that in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the value of "E/F" for a tax period shall be calculated for each project separately, taking value of E and F as under:</p> <p>E= aggregate carpet area of the apartments, construction of which is exempt from tax plus aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p>Explanation1: In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier.</p> <p>Explanation 2: Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in notification No. 11/2017- Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated 28th June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended, shall be taken into account for calculation of value of "E" in view of Explanation (iv) in paragraph 4 of the notification No. 11/2017-Central Tax (Rate) published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) dated the 28th June, 2017 vide GSR No. 690 (E) dated 28th June, 2017, as amended.]</p> <p><b>[Provided further]</b> that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall be calculated by taking values of 'E' and 'F' of the last tax period for which</p>
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		<p>the details of such turnover are available, previous to the month during which the said value of 'E/F' is to be calculated;</p> <p><b>Explanation.</b> - For the purposes of this clause, it is hereby clarified that the aggregate value of exempt supplies and the total turnover shall exclude the amount of any duty or tax levied under entry 84 [and entry 92A] of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule;</p>
		<p>(h) the amount <math>T_e</math> along with the applicable interest shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.</p>
		<p>[(i) The amount <math>T_e</math> shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax and declared in FORM GSTR-3B.]</p>
<b>Rule 43(2)</b>	01.07.2017 to 31.03.2019	The amount $T_e$ shall be computed separately for central tax, State tax, Union territory tax and integrated tax.
	01.04.2019 to till date	<p><sup>1</sup>[In case of supply of services covered by clause (b) of paragraph 5 of schedule II of the Act, the amount of common credit attributable towards exempted supplies (<math>T_{e\text{final}}</math>) shall be calculated finally for the entire period from the commencement of the project or 1st July, 2017, whichever is later, to the completion or first occupation of the project, whichever is earlier, for each project separately, before the due date for furnishing of the return for the month of September following the end of financial year in which the completion certificate is issued or first occupation takes place of the project, as under:</p> $T_{e\text{final}} = [(E1 + E2 + E3) / F] \times T_c^{\text{final}},$ <p>Where,-</p> <p>E1= aggregate carpet area of the apartments, construction of which is exempt from tax</p> <p>E2= aggregate carpet area of the apartments, supply of which is partly exempt and partly taxable, consequent to change of rates of tax on 1st April, 2019, which shall be calculated as under, -</p> $E2 = [\text{Carpet area of such apartments}] \times [V_1 / (V_1 + V_2)],$ <p>Where,-</p>

		<p><math>V_1</math> is the total value of supply of such apartments which was exempt from tax; and</p> <p><math>V_2</math> is the total value of supply of such apartments which was taxable</p> <p>E3 = aggregate carpet area of the apartments, construction of which is not exempt from tax, but have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier:</p> <p>F= aggregate carpet area of the apartments in the project;</p> <p><math>T_c^{final}</math> = aggregate of <math>A^{final}</math> in respect of all capital goods used in the project and <math>A^{final}</math> for each capital goods shall be calculated as under,</p> <p><math>A^{final} = A \times (\text{number of months for which capital goods is used for the project} / 60)</math></p> <p>and,-</p> <p>(a) where value of <math>T_e^{final}</math> exceeds the aggregate of amounts of <math>T_e</math> determined for each tax period under sub-rule (1), such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project and the said person shall be liable to pay interest on the said excess amount at the rate specified in subsection (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment; or</p> <p>(b) where aggregate of amounts of <math>T_e</math> determined for each tax period under sub-rule (1) exceeds <math>T_e^{final}</math>, such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project.</p> <p>Explanation.- For the purpose of calculation of <math>T_c^{final}</math>, part of the month shall be treated as one complete month.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Substituted with effect from 1st April, 2019 for sub rule (2) vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019</a>,</p> </div>
<p><sup>1</sup>[Rule 43(3)</p>	<p>01.04.2019 to till date</p>	<p>The amount <math>T_e^{final}</math> and <math>T_c^{final}</math> shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019</a>,</p> </div>

<p><sup>1</sup>[<b>Rule 43(4)</b>]</p>	<p>01.04.2019 to till date</p>	<p>Where any capital goods are used for more than one project, input tax credit with respect to such capital goods shall be assigned to each project on a reasonable basis and credit reversal pertaining to each project shall be carried out as per sub-rule (2).]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019,</a></p> </div>
<p><sup>1</sup>[<b>Rule 43(5)</b>]</p>	<p>01.04.2019 to till date</p>	<p>Where any capital goods used for the project have their useful life remaining on the completion of the project, input tax credit attributable to the remaining life shall be availed in the project in which the capital goods is further used;]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019,</a></p> </div>
<p><b>Explanation</b></p>	<p>15.11.2017 to 22.01.2018</p>	<p><sup>1</sup>[For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude the value of supply of services specified in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 42/2017-Integrated Tax (Rate), dated the 27th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number GSR 1338(E) dated the 27th October, 2017.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px; text-align: center;"> <p><b>Notes</b></p> <p>1. Inserted with effect from 15th November, 2017 vide <a href="#">Notification No. 55/2017 – Central Tax dated 15th November, 2017.</a></p> </div>
	<p>23.01.2018 to 31.01.2019</p>	<p><sup>1</sup>[For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-</p> <p style="padding-left: 40px;">(a) the value of supply of services specified in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 42/2017-Integrated Tax (Rate), dated the 27th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number GSR 1338(E) dated the 27th October, 2017;</p> <p style="padding-left: 40px;">(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and</p>

		<p>(c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p style="text-align: center;"><b>Notes</b></p> <p>1. Substituted with effect from 23<sup>rd</sup> January, 2018 for the Explanation, vide <a href="#">Notification No. 3/2018 – Central Tax dated 23rd January, 2018.</a></p> </div>
	01.02.2019 to 31.03.2019	<p>[For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-</p> <p>(a) <sup>1</sup>[*****]</p> <p>(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and</p> <p>(c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Omitted with effect from 1<sup>st</sup> February, 2019 vide <a href="#">Notification No. 03/2019 – Central Tax dated 29th January, 2019</a>, read as- “the value of supply of services specified in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 42/2017-Integrated Tax (Rate), dated the 27th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number GSR 1338(E) dated the 27th October, 2017.”</p> </div>
<sup>1</sup> [Explanation 1:	01.04.2019 to 04.07.2022	<p>[For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-</p> <p>(a) [*****]</p> <p>(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and</p>

		<p>(c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1 The Explanation renumbered as “Explanation 1” With effect from 1st April, 2019, vide <a href="#">Notification No. 16/2019-Central Tax dated 29.03.2019.</a></p> </div>
05.07.2022 to 03.08.2023	<p>[For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-</p> <p>(a) [*****]</p> <p>(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and</p> <p>(c) the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.]</p> <p><sup>1</sup> [(d) the value of supply of Duty Credit Scrips specified in the notification of the Government of India, Ministry of Finance, Department of Revenue No. 35/2017-Central Tax (Rate), dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number GSR 1284(E), dated the 13<sup>th</sup> October, 2017.]</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>1. Inserted w.e.f. 05.07.2022 vide <a href="#">Notification No. 14/2022 – Central Tax dated 05.07.2022.</a></p> </div>	
04.08.2023 to till date	<p>For the purposes of rule 42 and this rule, it is hereby clarified that the aggregate value of exempt supplies shall exclude:-</p> <p>(a) [*****]</p> <p>(b) the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances; and</p>	

		<p>(c) <sup>1</sup>[*****].</p> <p>(d) the value of supply of Duty Credit Scrips specified in the notification of the Government of India, Ministry of Finance, Department of Revenue No. 35/2017-Central Tax (Rate), dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number GSR 1284(E), dated the 13<sup>th</sup> October, 2017.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Omitted w.e.f. 04.08.2023 clause (c) “the value of supply of services by way of transportation of goods by a vessel from the customs station of clearance in India to a place outside India.” vide Central Goods and Services Tax (Second Amendment) Rules, 2023 – <a href="#">Notification No. No. 38/2023-Central Tax dated 04.08.2023</a>.</p> </div>
<sup>1</sup> [Explanation 2:	01.04.2019 to till date	<p>For the purposes of rule 42 and this rule, -</p> <p>(i) the term “apartment” shall have the same meaning as assigned to it in clause (e) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(ii) the term “project” shall mean a real estate project or a residential real estate project;</p> <p>(iii) the term “Real Estate Project (REP)” shall have the same meaning as assigned to it in in clause (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(iv) the term “Residential Real Estate Project (RREP)” shall mean a REP in which the carpet area of the commercial apartments is not more than 15 per cent. of the total carpet area of all the apartments in the REP;</p> <p>(v) the term “promoter” shall have the same meaning as assigned to it in in clause (zk) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(vi) “Residential apartment” shall mean an apartment intended for residential use as declared to the Real Estate Regulatory Authority or to competent authority;</p> <p>(vii) “Commercial apartment” shall mean an apartment other than a residential apartment;</p> <p>(viii) the term "competent authority" as mentioned in definition of “residential apartment”, means the local authority or any authority created or established under any law for the time being in force by the Central Government or State Government or Union Territory Government, which exercises authority over land under its jurisdiction, and has powers to give permission for development of such immovable property;</p>

		<p>(ix) the term “Real Estate Regulatory Authority” shall mean the Authority established under sub- section (1) of section 20 (1) of the Real Estate (Regulation and Development) Act, 2016 (No. 16 of 2016) by the Central Government or State Government;</p> <p>(x) the term “carpet area” shall have the same meaning assigned to it in in clause (k) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);</p> <p>(xi) “an apartment booked on or before the date of issuance of completion certificate or first occupation of the project” shall mean an apartment which meets all the following three conditions, namely-</p> <p>(a) part of supply of construction of the apartment service has time of supply on or before the said date; and</p> <p>(b) consideration equal to at least one installment has been credited to the bank account of the registered person on or before the said date; and</p> <p>(c) an allotment letter or sale agreement or any other similar document evidencing booking of the apartment has been issued on or before the said date.</p> <p>(xii) The term “ongoing project” shall have the same meaning as assigned to it in notification No. 11/2017- Central Tax (Rate), dated the 28th June, 2017, published vide GSR No. 690(E) dated the 28th June, 2017, as amended;</p> <p>(xiii) The term “project which commences on or after 1 st April, 2019” shall have the same meaning as assigned to it in notification No. 11/2017- Central Tax (Rate), dated the 28th June, 2017, published vide GSR No. 690(E) dated the 28th June, 2017, as amended;]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted with effect from 1st April, 2019 vide <a href="#">Notification No. 16/2019 – Central Tax dated 29th March, 2019.</a></p> </div>
<p><sup>1</sup>[Explanation 3</p>	<p>01.10.2023 till further amendment</p>	<p>For the purpose of rule 42 and this rule, the value of activities or transactions mentioned in sub-paragraph (a) of paragraph 8 of Schedule III of the Act which is required to be included in the value of exempt supplies under clause (b) of the Explanation to sub-section (3) of section 17 of the Act shall be the value of supply of goods from Duty Free Shops at arrival terminal in international airports to the incoming passengers.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. To be inserted w.e.f. 01.10.2023 vide Central Goods and Services Tax (Second Amendment) Rules, 2023 –</p> </div>

			<a href="#">Notification No. No. 38/2023- Central Tax dated 04.08.2023.</a>
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**5.10.1 Relevant Section of CGST Act 2017- Rule 43**

Section	Particulars
Section 16	Eligibility and conditions for taking input tax credit
Section 17	Apportionment of credit and blocked credits

**5.10.2.1 Circulars - System based reconciliation of information furnished in FORM GSTR-1 and FORM GSTR-2 with FORM GSTR-3B - [Circular No. 7/7/2017-GST dated 01st September, 2017](#)**

**5.11 Manner of reversal of credit under special circumstances - [Rule 44]**

<b>Rule 44(1)</b>	01.07.2017 to till date	The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of sub-section (4) of section 18 or sub-section (5) of section 29, be determined in the following manner, namely,-		
		<table border="1"> <tr> <td>(a)</td> <td>for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;</td> </tr> <tr> <td>(b)</td> <td>for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.</td> </tr> </table>	(a)	for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;
(a)	for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;			
(b)	for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as five years.			
		<p><b>Illustration:</b>  Capital goods have been in use for 4 years, 6 month and 15 days.  The useful remaining life in months= 5 months ignoring a part of the month  Input tax credit taken on such capital goods= C  Input tax credit attributable to remaining useful life= C multiplied by 5/60</p>		



<b>Rule 44(2)</b>	01.07.2017 to till date	<p><sup>1</sup>[The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Substituted for sub-rules (2) w.e.f. 1st July, 2017 vide <a href="#">Notification No. 17/2017-Central Tax (Dated 27th July 2017)</a>, read as - "(2) The amount, as specified in sub-rule (1) shall be determined separately for input tax credit of central tax, State tax, Union territory tax and integrated tax.</p> </div>
<b>Rule 44(3)</b>	01.07.2017 to till date	<p><sup>1</sup>[Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Substituted for sub-rules (3) w.e.f. 1st July, 2017 vide <a href="#">Notification No. 17/2017-Central Tax (Dated 27th July 2017)</a>, read as - (3) Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29."</p> </div>
<b>Rule 44(4)</b>	01.07.2017 to till date	The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in <b>FORM GST ITC-03</b> , where such amount relates to any event specified in sub-section (4) of section 18 and in <b>FORM GSTR-10</b> , where such amount relates to the cancellation of registration.
<b>Rule 44(5)</b>	01.07.2017 to till date	The details furnished in accordance with sub-rule (3) shall be duly certified by a practicing chartered accountant or cost accountant.
<b>Rule 44(6)</b>	01.07.2017 to till date	The amount of input tax credit for the purposes of sub-section (6) of section 18 relating to capital goods shall be determined in the same manner as specified in clause (b) of sub-rule (1) and the amount shall be determined separately for input tax credit of <sup>1</sup> [central tax, State tax, Union territory tax and integrated tax:]

		1 Substituted for the words “integrated tax and central tax”, vide <a href="#">Notification No. 15/2017 – Central Tax Dated 1st July, 2017</a> with effect from the 1st day of July, 2017.
<b>Proviso</b>	01.07.2017 to till date	<b>Provided</b> that where the amount so determined is more than the tax determined on the transaction value of the capital goods, the amount determined shall form part of the output tax liability and the same shall be furnished in <b>FORM GSTR-1</b> .

#### 5.11.1 Relevant Section of CGST Act 2017- Rule 44

Section	Particulars
Section 18	Availability of credit in special circumstances

#### 5.11.2 Relevant Forms – Rule 44

Forms	Particulars
FORM GST ITC-03	Declaration for intimation of ITC reversal/payment of tax on inputs held in stock, inputs contained in semi-finished and finished goods held in stock and capital goods under sub-section (4) of section 18

#### 5.12 Manner of reversal of credit of Additional duty of Customs in respect of Gold dore bar - [Rule 44A]

<b>Rule 44A</b>	17.08.2017 to till date	The credit of Central tax in the electronic credit ledger taken in terms of the provisions of section 140 relating to the CENVAT Credit carried forward which had accrued on account of payment of the additional duty of customs levied under sub-section (1) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), paid at the time of importation of gold dore bar, on the stock of gold dore bar held on the 1st day of July, 2017 or contained in gold or gold jewellery held in stock on the 1 <sup>st</sup> day of July, 2017 made out of such imported gold dore bar, shall be restricted to one-sixth of such credit and five-sixth of such credit shall be debited from the electronic credit ledger at the time of supply of such gold
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		dore bar or the gold or the gold jewellery made therefrom and where such supply has already been made, such debit shall be within one week from the date of commencement of these Rules.]
		<b>Notes</b>
		1. Inserted w.e.f. 17.08.2017 vide <a href="#">Notification No. 22/2017-Central Tax (Dated 17th August 2017)</a> .

**5.12.1 Relevant Section of CGST Act 2017- Rule 44A**

Section	Particulars
Section 140	Transitional arrangements for input tax credit

**5.13 Conditions and restrictions in respect of inputs and capital goods sent to the job worker - [Rule 45]**

<b>Rule 45(1)</b>	01.07.2017 to 22.03.2018	The inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where such goods are sent directly to a job-worker.
	23.03.2018 to till date	The inputs, semi-finished goods or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where such goods are sent directly to a job-worker <sup>1</sup> [, and where the goods are sent from one job worker to another job worker, the challan may be issued either by the principal or the job worker sending the goods to another job worker:
<b>Proviso</b>	23.03.2018 to till date	<sup>1</sup> <b>[Provided</b> that the challan issued by the principal may be endorsed by the job worker, indicating therein the quantity and description of goods where the goods are sent by one job worker to another or are returned to the principal: ]
		1. Inserted with effect from 23rd March, 2018 vide <a href="#">Notification No.14/2018 – Central Tax dated 23rd March, 2018</a> .

<b>Proviso</b>	23.03.2018 to till date	<p><sup>1</sup>[<b>Provided further</b> that the challan endorsed by the job worker may be further endorsed by another job worker, indicating therein the quantity and description of goods where the goods are sent by one job worker to another or are returned to the principal.]</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1. Inserted with effect from 23rd March, 2018 vide <a href="#">Notification No.14/2018 – Central Tax dated 23rd March, 2018.</a></p> </div>
<b>Rule 45(2)</b>	01.07.2017 to till date	The challan issued by the principal to the job worker shall contain the details specified in rule 55.
<b>Rule 45(3)</b>	01.07.2017 to 27.10.2017	The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in <b>FORM GST ITC-04</b> furnished for that period on or before the twenty-fifth day of the month succeeding the said quarter.
	28.10.2017 to 30.12.2018	<p>The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in <b>FORM GST ITC-04</b> furnished for that period on or before the twenty-fifth day of the month succeeding the said quarter <sup>1</sup>[or within such further period as may be extended by the Commissioner by a notification in this behalf:</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Inserted w.e.f. 28.10.2017 vide <a href="#">Notification No. 51/2017-Central Tax dated 28.10.2017.</a></p> </div>
	31.12.2018 to 30.09.2021	<p>The details of challans in respect of goods dispatched to a job worker or received from a job worker <sup>1</sup>[*****] during a quarter shall be included in <b>FORM GST ITC-04</b> furnished for that period on or before the twenty-fifth day of the month succeeding the said quarter [or within such further period as may be extended by the Commissioner by a notification in this behalf:</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>1 Omitted the words "or sent from one job worker to another" w.e.f. 31.12.2018 vide <a href="#">Notification No. 74/2018-Central Tax dated 31.12.2018.</a></p> </div>
	01.10.2021 to till date	The details of challans in respect of goods dispatched to a job worker or received from a job worker [*****] <sup>1</sup> [during a specified period] shall be included in <b>FORM GST ITC-04</b> furnished for that period on or before the twenty-fifth day of the month succeeding <sup>2</sup> [the said period] [or within such

		<p>further period as may be extended by the Commissioner by a notification in this behalf:</p> <table border="1"> <tr> <td>1</td> <td>Substituted with effect from 1st day of October, 2021, for the words “during a quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a>.</td> </tr> <tr> <td>2</td> <td>Substituted with effect from 1st day of October, 2021, for the words “the said quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a>.</td> </tr> </table>	1	Substituted with effect from 1st day of October, 2021, for the words “during a quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .	2	Substituted with effect from 1st day of October, 2021, for the words “the said quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .
1	Substituted with effect from 1st day of October, 2021, for the words “during a quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .					
2	Substituted with effect from 1st day of October, 2021, for the words “the said quarter”, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .					
<b>Proviso</b>	28.10.2017 to till date	<p><sup>1</sup><b>[Provided</b> that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.]</p> <table border="1"> <tr> <td>1</td> <td>Inserted w.e.f. 28.10.2017 vide <a href="#">Notification No. 51/2017-Central Tax dated 28.10.2017</a>.</td> </tr> </table>	1	Inserted w.e.f. 28.10.2017 vide <a href="#">Notification No. 51/2017-Central Tax dated 28.10.2017</a> .		
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<sup>1</sup> <b>[Explanation</b>	01.10.2021 to till date	<p>For the purposes of this sub-rule, the expression “specified period” shall mean.- (a) the period of six consecutive months commencing on the 1st day of April and the 1st day of October in respect of a principal whose aggregate turnover during the immediately preceding financial year exceeds five crore rupees; and (b) a financial year in any other case.]</p> <table border="1"> <tr> <td>1</td> <td>Inserted the explanation with effect from 1st day of October, 2021, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a>.</td> </tr> </table>	1	Inserted the explanation with effect from 1st day of October, 2021, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .		
1	Inserted the explanation with effect from 1st day of October, 2021, vide <a href="#">Notification No. 35/2021 – Central Tax dated 24th September, 2021</a> .					
<b>Rule 45(4)</b>	01.07.2017 to till date	<p>Where the inputs or capital goods are not returned to the principal within the time stipulated in section 143, it shall be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out and the said supply shall be declared in <b>FORM GSTR-1</b> and the principal shall be liable to pay the tax along with applicable interest.</p>				
<b>Explanation</b>	01.07.2017 to till date	<p>For the purposes of this Chapter,-</p> <table border="1"> <tr> <td>(1)</td> <td>the expressions “capital goods” shall include “plant and machinery” as defined in the Explanation to section 17;</td> </tr> <tr> <td>(2)</td> <td>for determining the value of an exempt supply as referred to in sub-section (3) of section 17-</td> </tr> </table>	(1)	the expressions “capital goods” shall include “plant and machinery” as defined in the Explanation to section 17;	(2)	for determining the value of an exempt supply as referred to in sub-section (3) of section 17-
(1)	the expressions “capital goods” shall include “plant and machinery” as defined in the Explanation to section 17;					
(2)	for determining the value of an exempt supply as referred to in sub-section (3) of section 17-					

			(a)	the value of land and building shall be taken as the same as adopted for the purpose of paying stamp duty; and
			(b)	the value of security shall be taken as one per cent. of the sale value of such security.

**5.13.1 Relevant Section of CGST Act 2017- Rule 45**

Section	Particulars
Section 19	Taking input tax credit in respect of inputs and capital goods sent for job work
Section 143	Job work procedure

**5.13.2.1 Circulars - Clarification on issues related to Job Work - [Circular No.38/12/2018 dated 26th March, 2018](#)**

**5.13.2.2 Circulars - Clarification in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws - [Circular No. 138/08/2020-GST dated 06th May, 2020](#)**

**5.13.3 Relevant Forms – Rule 45**

Forms	Particulars
FORM GST ITC-04	Details of goods/capital goods sent to job worker and received back