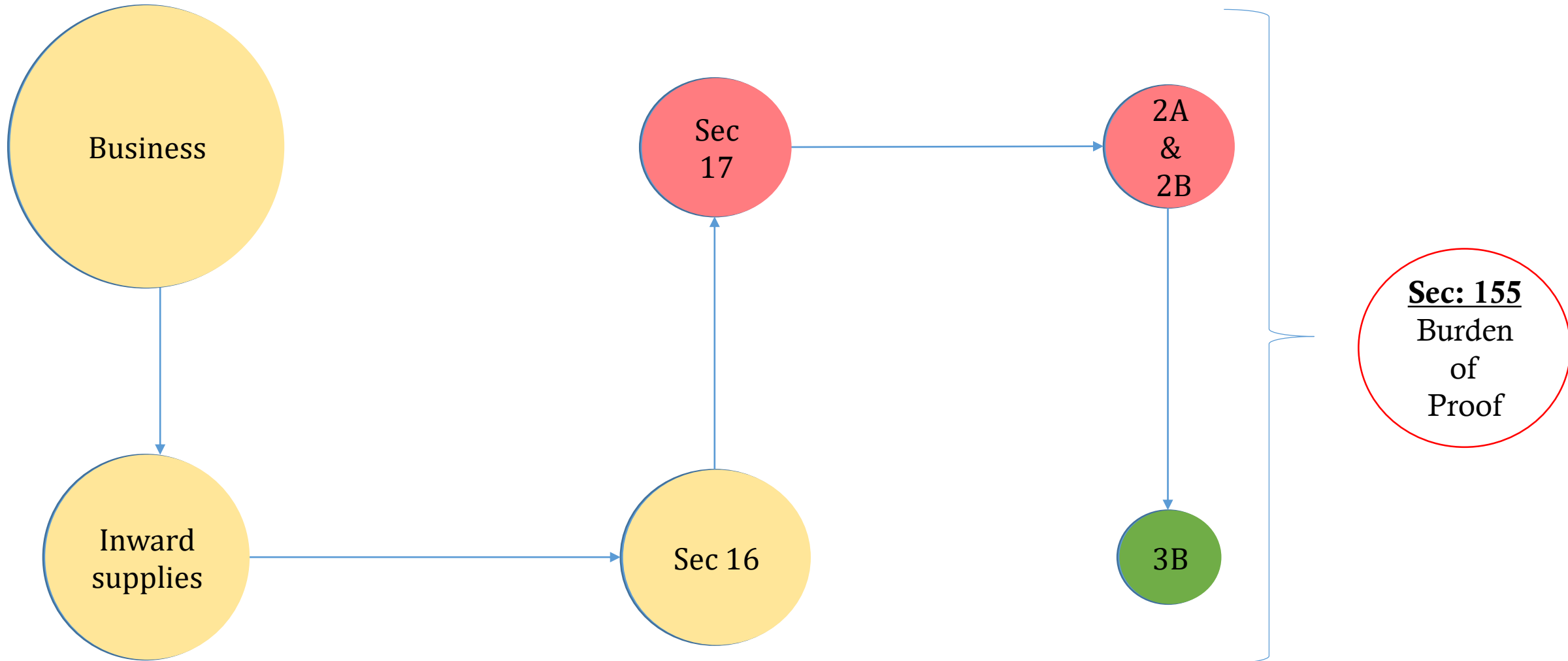


ITC - The journey



Sec 155: Burden of proof

Sec 155:

Where any person claims that he is **eligible for input tax credit** under this Act, the **burden of proving** such claim shall lie on **such person**

Legal Eligibility

Document Eligibility

Procedural Eligibility

Bird eye view of legal provisions

Sec 16(1)

- Inward supplies + Used/intended to use + Business

Sec 16(2)

- Possession of Tax invoice
- Receipt of goods/services/both
- Payment of tax by supplier
- Payment of consideration by recipient
- Filing of return by recipient

Sec 16(3)

- ITC not allowed if depreciation is claimed

Sec 16(4)

- Time limit to claim ITC

Bird eye view of legal provisions

Sec 17(1) - Business vs Non Business

Sec 17
(2) & (3) - Taxable outward supplies vs Exempted outward supplies

Sec 17(4) - Special provision for Banks, NBFC & FI

Sec 17(5) - Blocked credits (usage based, Goods/Services based, combination thereof)

Sec 18 - Credit in special circumstances

Sec 19 - Goods sent to job work

Sec 20 & 21 - ISD provisions

Bird eye view of legal provisions

Rule 36

- Documentary requirements & conditions

Rule 37

- Reversal of ITC in case of non payment of consideration

Rule 38

- ITC by banks, NBFC & FI

Rule 39

- ISD

Rule 40

- ITC under special circumstances

Rule
41 & 41A

- Transfer on account of sale, merger, amalgamation, separate registration etc...

Rule 42

- Manner of determination & reversal thereof (Inputs & Input services)

Rule 43

- Manner of determination & reversal thereof (capital goods)

Rule 44

- Manner of reversals (special circumstances)

Rule 45

- ITC on goods/capital goods sent to Job worker

Identification of
inward supplies

Goods

Capital goods

Input Services

Impacts:

1. Newly registered persons [Sec 18]
2. Composition to Regular [Sec 18]
3. Exempt -> Taxable [Sec 18]
4. Sec 17(5)
5. Reversals [R 42 & 43]
6. Refund – Net ITC [Sec 54]
7. Reporting [GSTR-9]

Used/**Intended** to be used in the course or **furtherance** of business

Impacts:





←---- Invoice
(vs)
E Invoice
[R 48(5)]

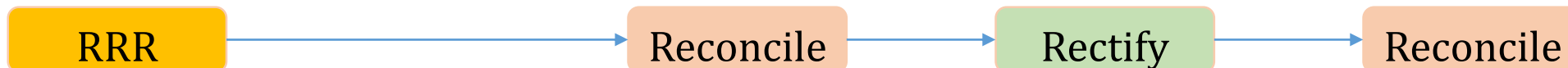
Impacts: Input tax eligibility u/s 16(2)(a)

Relevance of GSTR-2A/2B

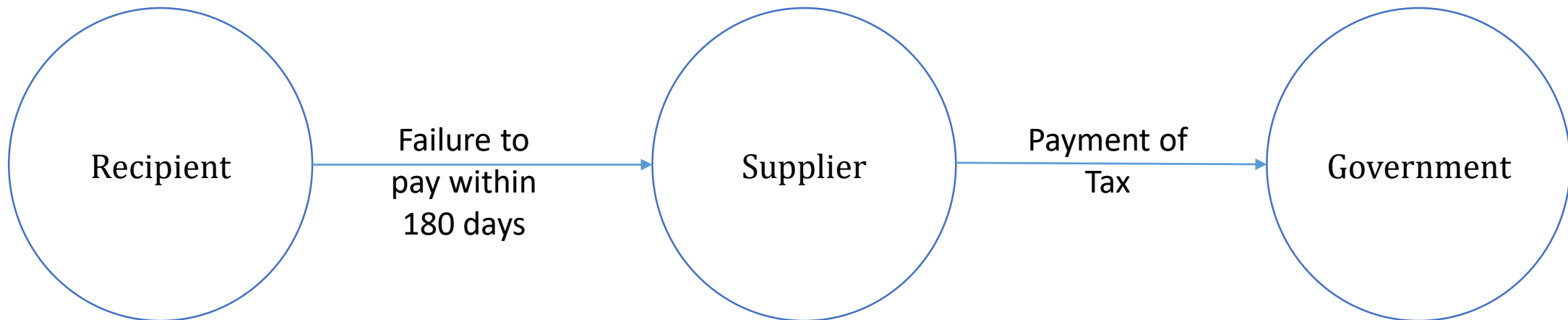
- GSTR1 + GSTR2 + GSTR3 = GSTR3B ?
- Preventive measure
- Supplier Errors --> Recipient suffers
- Suppliers under QRMP
- Rationale behind 5% capping
- GSTR-2A or 2B ?
- Substantive law (vs) Procedural law
- Sec 16(4) (vs) 2A/2B
- A Rule without enabling section

Relevance of GSTR-2A/2B

- Multi fold effects
 - Impacts reversals under Rule 42
 - Impacts reversals under Rule 43 (capital goods)
 - Impacts refund amount i.e Net ITC, timing differences, etc.
- Goods sent to Job worker
[ITC-04 vs GSTR-2A/2B]



Self Policing



- Is Non payment = Failure to pay ?
- Verification of compliance by supplier a near impossibility
- Addition of ITC to output tax liability --> Difference in GSTR-3B vs GSTR-1

Blocking of credits

Blocked credits

Executive blocking
of credits
Rule 86A

Apportionment

Non business
purposes

Other than Taxable
supplies

Blocking of ITC on Motor vehicles, Vessels & Aircraft

Impacts:

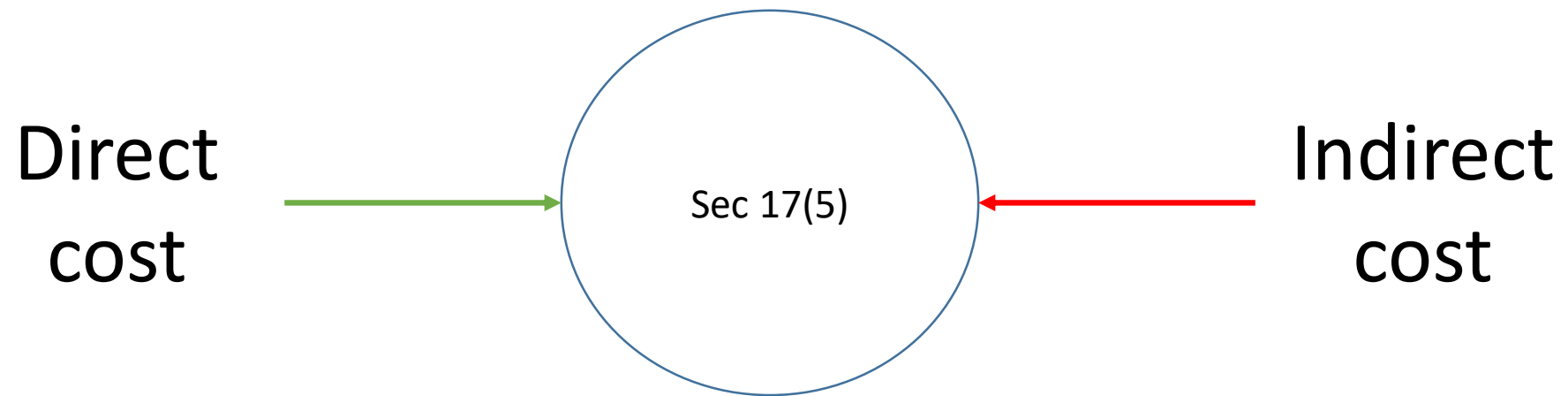


Work location at
Remote Areas

Works contract services-->



<--Goods/services for construction



Portal issues:

Red flags by GSTN while filing GST returns

- Timing differences not considered
- Purchase returns as per books (vs) CN as per GSTR-2A
- ITC disclosures by Builders
- Insufficient in between due date intervals

Law - Rule - GSTN



Thank you

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