

## GST - Input Tax Credit –At a Glance

### Conditions for taking input tax Credit

- Must have possession of Tax Invoice/ Debit note/ Bill of entry.
- Must receive the goods or service or both.
- Tax must be paid to government.
- Return should have furnished.
- In case goods received in lots credit can only booked on the last lot.
- ITC is not allowed, if depreciation is availed on tax component of asset.

### Block Credit – Credit which are not allowed.

S. No.	Headline	Particulars
1	Motor Vehicle, Aircraft, Vessel	<p>Availability of Input for Motor vehicles used to transport passengers, If &lt; 13 Seating capacity= ITC Available</p> <p>Further, ITC is not available on vessels and aircraft &amp; Motor Vehicle having seating capacity of 13 or less passenger            Exceptions to ITC on motor vehicles/vessels/aircrafts</p> <p>ITC will be available when the vehicle is used for making taxable supplies by the following :-</p> <ul style="list-style-type: none"> <li>• Supply of other vehicles or conveyances, vessels or aircrafts.</li> <li>• Transportation of passengers.</li> <li>• Imparting training on driving, flying, navigating such vehicle or conveyances or vessels or aircrafts, respectively.</li> <li>• Transportation of goods.</li> </ul> <p>ITC will be allowed on motor vehicles (and other conveyances) used to transport goods from one place to another. However, this is concerning other transporters and not Goods Transport Agency.</p>
2	Food, beverages, club memberships and others	<p>ITC is not for the supply of following goods or services or both:</p> <ul style="list-style-type: none"> <li>• Food and beverages</li> <li>• Outdoor catering</li> <li>• Beauty treatment</li> <li>• Health services</li> <li>• Cosmetic and plastic surgery</li> </ul> <p>However, ITC will be available if the category of inward and outward supply is same or the component belongs to a mixed or composite supply under GST.</p>
3	Services of general insurance, servicing, repair	<p>No ITC is allowed on services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in (1).            Exceptions to ITC on insurance, repair or maintenance</p>

	and maintenance.	<ul style="list-style-type: none"> <li>• Same as exceptions mentioned for motor vehicles/vessels/aircrafts</li> <li>• where received by a taxable person engaged—(I) In the manufacture of such motor vehicles, vessels or aircraft; or (II) In the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him</li> </ul>
4	Sale of membership in a club, health, fitness centre	No ITC will be allowed on any membership fees.
5	Rent-a-cab, life insurance, health insurance	<p>ITC is not available for rent-a-cab, health insurance and life insurance.</p> <ul style="list-style-type: none"> <li>• Any services which are made obligatory for an employer to provide its employee by the Indian Government under any current law in force</li> <li>• If the category is same for the inward supply and outward supply or it is a part of the mixed or composite supply</li> <li>• Leasing, renting or hiring of motor vehicles, vessels or aircraft with exceptions same as those mentioned for (1).</li> </ul>
6	Travel	ITC is not available in the case of travel, benefits extended to employees on vacation such as leave or home travel concession.
7	Works contract Service	<p>ITC shall not be available for any work contract services. ITC for the construction of an immovable property cannot be availed,</p> <p>Except where the input service is used for further work contract services.</p>
8	Constructing an immovable property on own account	<p>No ITC is available for goods/services for construction of an immovable property on his own account. Even if such goods/services are used in the course or furtherance of business, ITC will not be available.</p> <p>But this rule does not apply to plant or machinery. ITC is available on inputs used to manufacture plant and machinery for own use. <b>(Reference:- Nipro India Corporation Private Limited Maharashtra – AAR).</b></p>
9	Composition Scheme	No ITC would be available to the person who has made the payment of tax under composition scheme.
10	ITC for Non-residents	ITC cannot be availed on goods/services received by a non-resident taxable person. ITC is only available on any goods imported by him.
11	ITC for personal use	No ITC will be available for the goods/ services used for personal purposed and not for business purposes
12	Free samples and destroyed goods	No ITC is available for goods lost, stolen, destroyed, written off or given off as gift or free samples.
13	No ITC in fraud	ITC will not be available for any tax paid due to fraud cases which has

	cases	<p>resulted into –</p> <ul style="list-style-type: none"> <li>• Non or short tax payment or</li> <li>• Excessive refund or</li> <li>• ITC utilised or</li> <li>• Fraud cases include fraud or wilful misstatements or suppression of facts or confiscation and seizure of goods</li> </ul>
14	No ITC on restaurants	<p><b>As per Notification No. 46/2017-Central Tax (Rate), dated 14th November 2017</b>, standalone restaurants will charge only 5% GST but cannot enjoy any ITC on the inputs. However, restaurants as part of hotels with room tariffs exceeding Rs. 7,500 still continue pay 18% GST and enjoy ITC.</p>

Utilisation of Credit

**Utilization of Input Tax Credit (ITC)**

