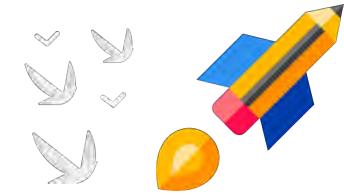


UDES*H *REGULAR

FOR GROUP-1, MAY 2024

- Subject- GST
- Chapter- ITC
- Lecture No.- 5

Recap of Previous Lecture

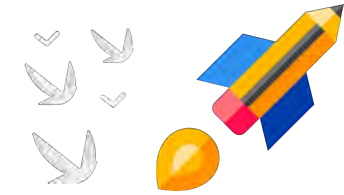


Topic

Input Tax Credit - 4

PHYSICS
WALLAH

Topics to be Covered



Topic

ITC - Part 5

PHYSICS
WALLAH

3. Specific Goods / Service

Food & Beverage
Outdoor Catering

Beauty Treatment
Health Services
Cosmetic & Plastic Surgery

Leasing / Renting of
MV / Vessel / Aircraft

Life Insurance
Health Insurance

- No ITC Available

Exception

1. I/w supply for making further supply (either composite or mixed)
2. Such supplies provided to EE under statutory obligation

- Membership of Club / Health / Fitness Centre

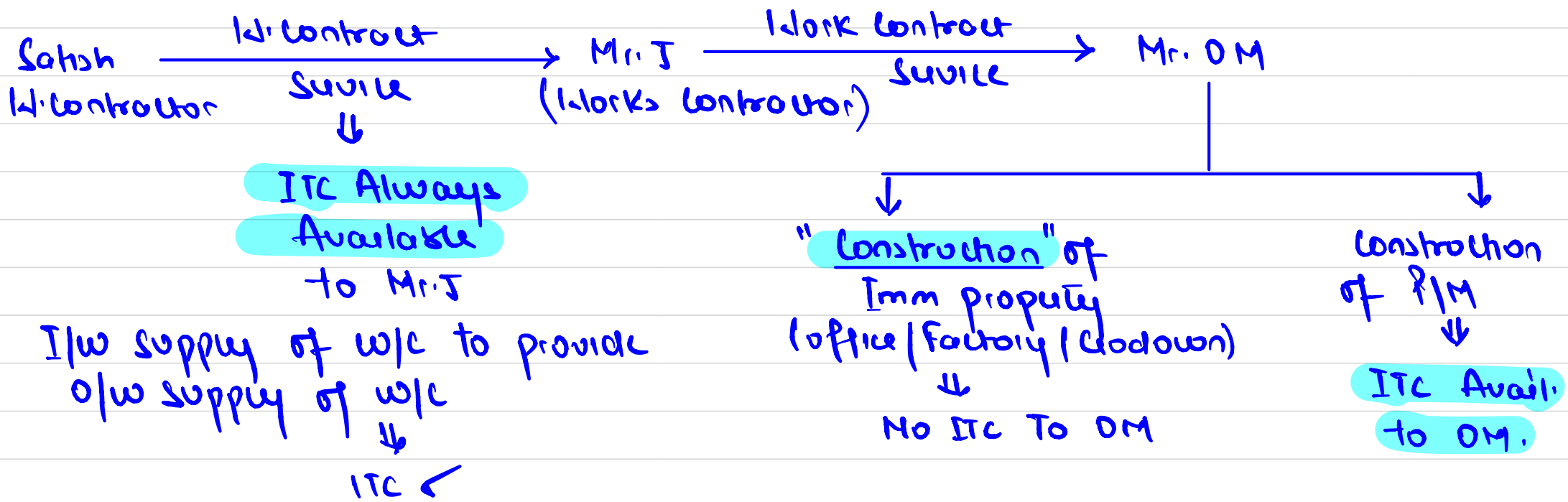
- Travel Benefits extended to EEs

- No ITC

Exception

Provided by ER to EE
under statutory obligation

4. Ilocks Contract Service (Construction of Immovable property)



Note:- P/M doesn't Include

- * Telecommunication Tower
 - * Pipelines lay down o/s factory Premises.
 - * land/Building
- HENCE NO ITC

Analysis.

- 1) W/c service for Construction of office — ITC blocked S.17(5)
↳ Const of Imm. Property
- 2) W/c service for repair of office & Exp dr. to P/L } ITC Avail.
↳ Not A Construction of Imm. Property
- 3) W/c service for repair of office & Dr. exp to Building A/c } ITC block
↳ CAP. Nature Repair → Construction
- 4) W/c service available for further supply of w/c service in relation to const of Imm. property = ITC Available
I/w w/c → o/w w/c
- 5) W/c service Avail for construction of
 - a) Machinery → Yes ITC allowed
 - b) Tele. Comm. Tower — No ITC blocked.

5) Goods/Services purchased for Construction of Immovable property - ITC blocked
→ for construction of PIM - ITC Available

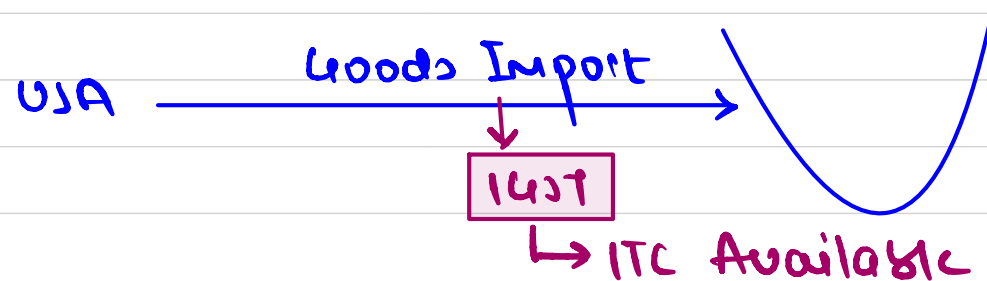
Office Construct → RM - Cement / Sand / Iron / Paint / Polty
→ Int dec. Service → Civil Engineer
→ Architect Service

PIM ⇒ Design & develop. Service - ITC ✓
RM ITC ✓
Eng. Service ✓

6) Other cases where ITC is blocked

a) No ITC of Tax paid under CTS

b) No ITC available to CTS purchaser by MRTP in India
except GST paid on Import of Goods - ITC Available



c) Goods/services purchase for personal consumption

d) Goods destroyed/disposed off / Gift / Sample / Written off / Lost / Stolen

c) Tax payer
As per S.74
129/130.

5000 Kg RM 1/1/23 - 48000 = 50000 = ITC Avail.

4000 Kg used
in Feb

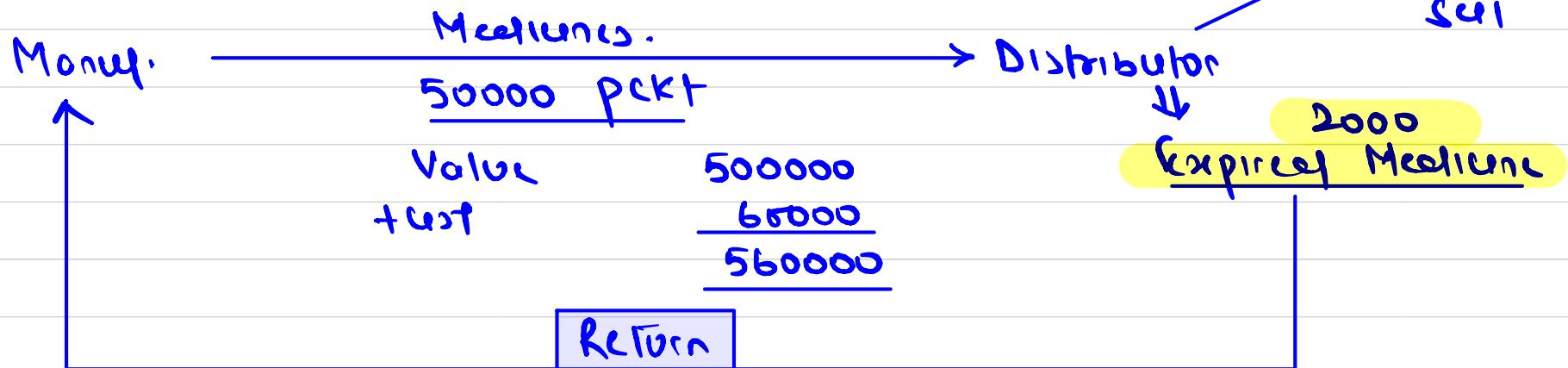
1000 Kg destroyed / lost
M/o July '23.

Proportional ITC - Reversed

is added to output tax
liability for M/o July '23

$$\frac{60000}{50000} \times 48000 = 57600$$

48000 Pkt
S41



1) Expired Med. Return → Manuf. Issue Credit Note

C.R. Note

- MF → O/P Tax liab. ↓
- Dist → ITC Reduce (Reverse) ↓

Fresh Supply

2) Distributor $\xrightarrow{\text{2000 fresh supply}}$ Money.

↓
2400
↓
Cost

Tax Inv
Value 20000
+ Cost Charge 2400
22400

→ ITC claim = 2400

Expired Medicine
↓
Destroy

ITC block.
↓

2400 ITC Reverse

ITC = 60000
O/P = 2400
Net ITC 57600

Q4

Avg ITC = 90,000

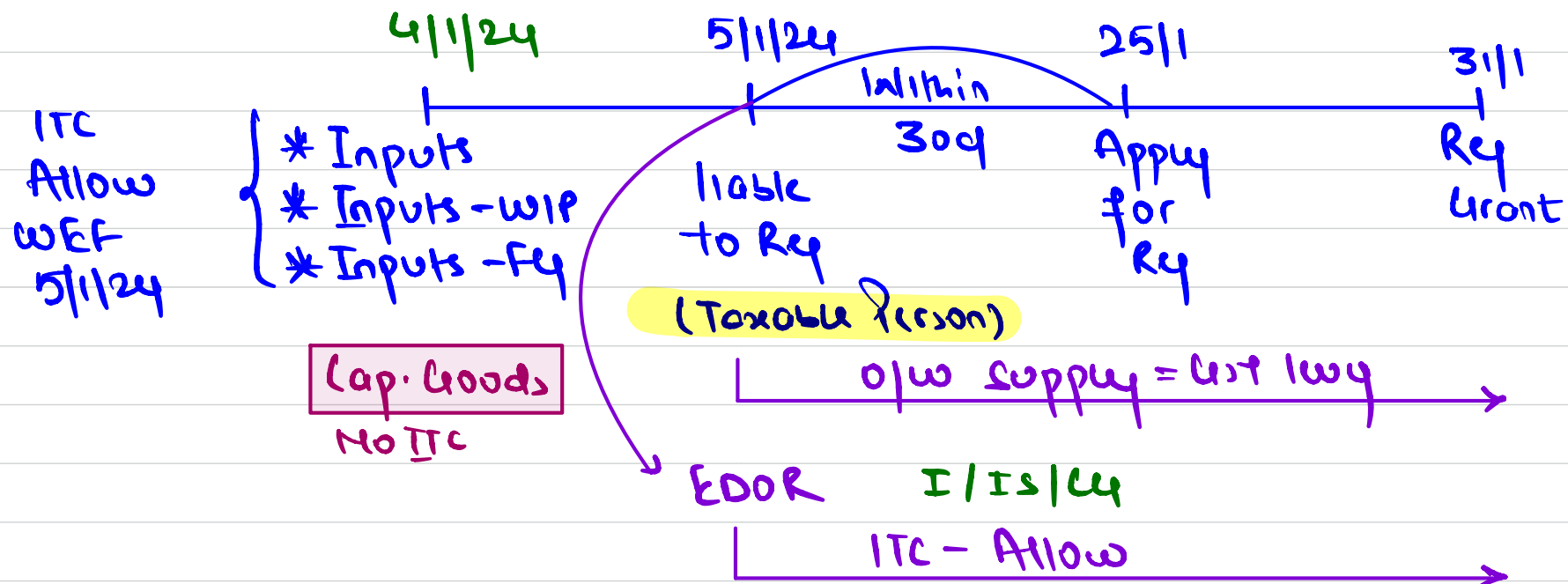
Computation of Eligible ITC

	₹	ITC Allow
1) Services from DP (100%)	18000	18000
2) Outdoor catering	blocked	—
3) Goods w/o	blocked	—
4) Auditing Services (50%)	22500	11250
5) Goods personal use of KE	blocked	—
6) Balance ITC (90000 - 63900) (50%)	26100	13050
Total Eligible ITC	<u>66600</u>	<u>42300</u>

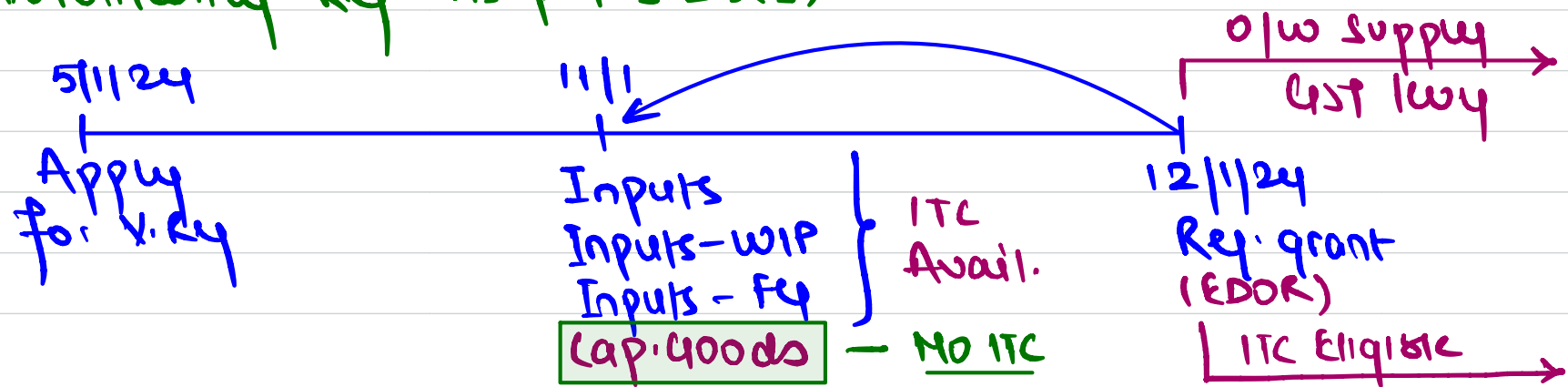
$$\begin{aligned}\text{ITC Allowable to Yes Bank} &= \text{Eligible ITC} \times 50\% \\ &= (66600 - 18000) \times 50\% + 18000 \\ &= 42300\end{aligned}$$

S.18 → ITC Availability / Reversal In Special Cases.

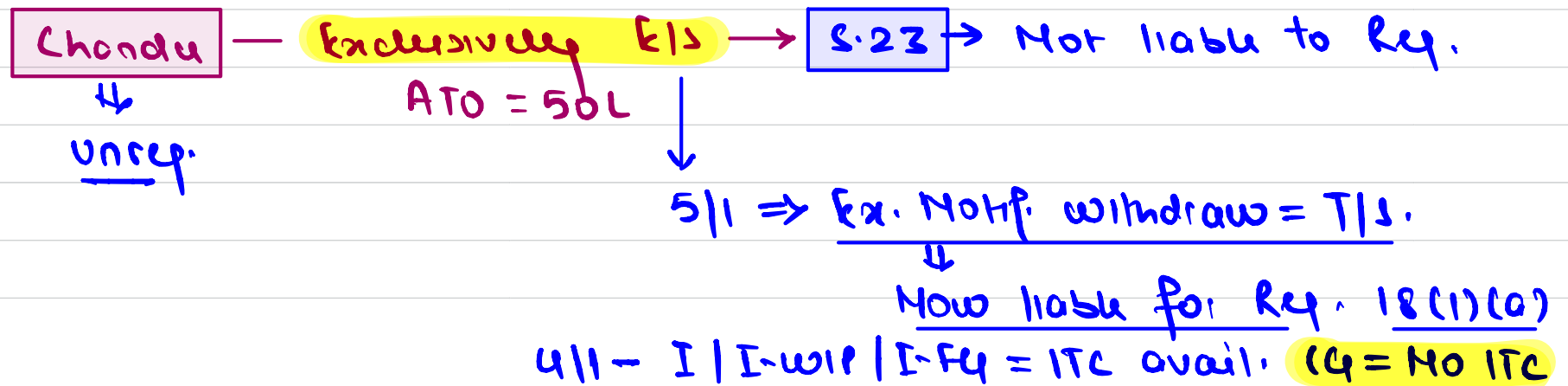
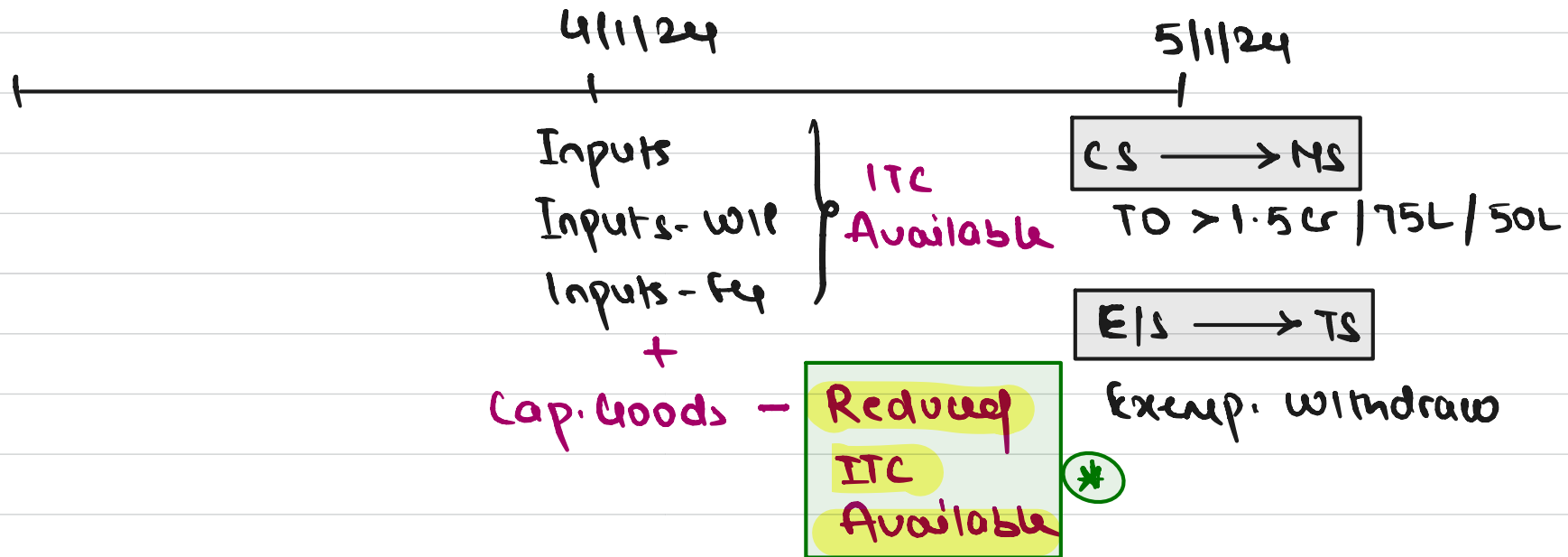
(1) (a) liable to Register (As per S.22/24) [Compulsory Registration]



(b) Voluntarily Reg As per S.25(3)



(c) C/S → M/S } Person already Reg. under GST
 (d) E/S → T/S }



* Reducing ITC of Cap. Goods for purpose of S.18(1)(c)/(d)

Cost Pay on Purch. of Cap. Goods

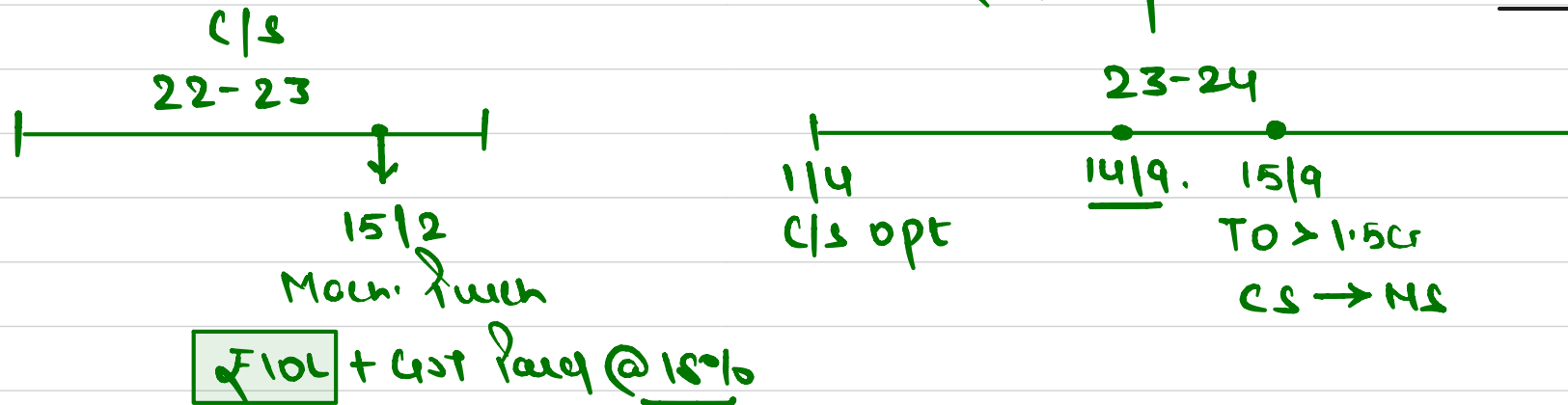
xxx

(-) 5% per Qt or part thereof for each Qt

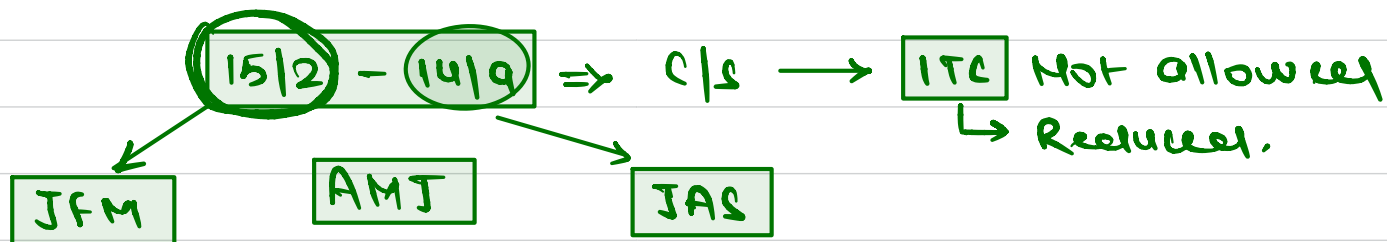
Reducing ITC

(xxx)

xxx



ITC Avail In Respect of Machine?



Cost Pay

(-) 5% per Qt or part thereof

ie 180000 x 5% per Qt x 3Qt

ITC Avail

₹

1,80,000

27000

1,53,000

eg. **Mix Engage In EIS**

* Mach. purch on **16/1/23** for **₹ 5,90,000** (Including 18% GST)

* Exemption withdrawn on **1/11/23.**

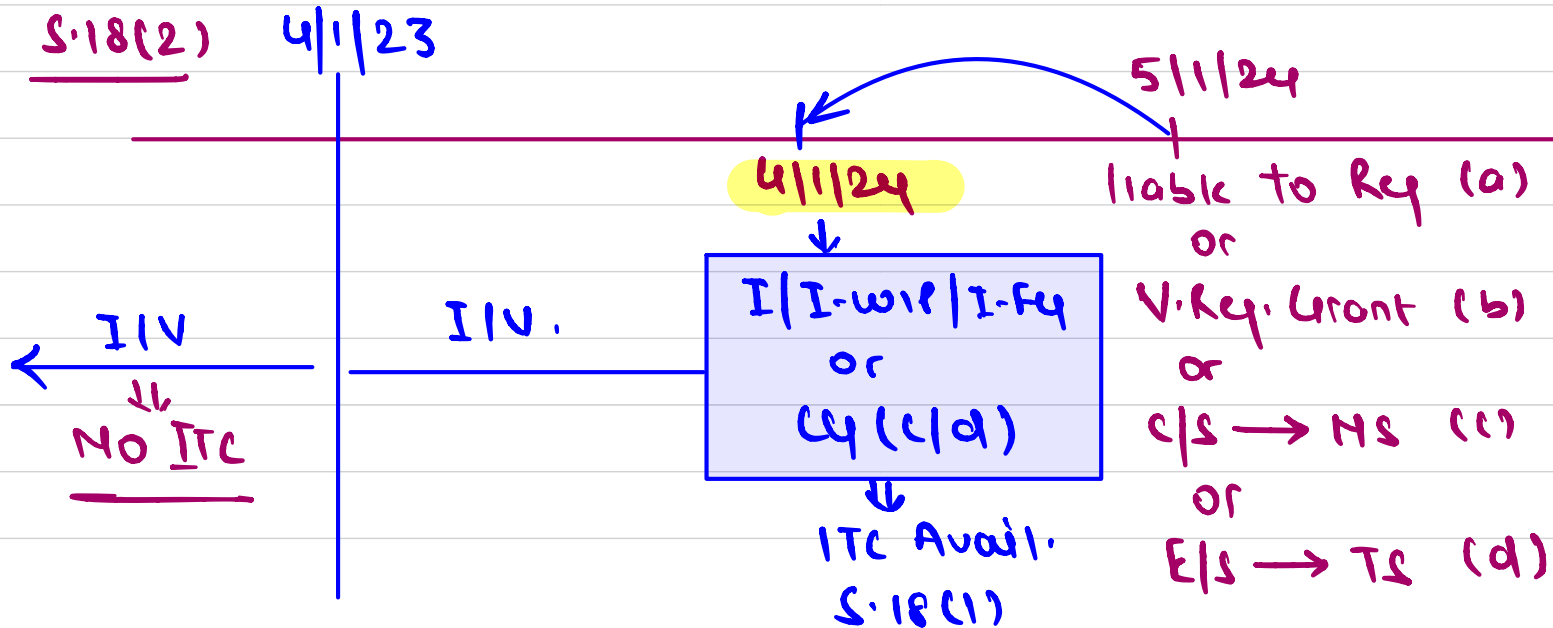
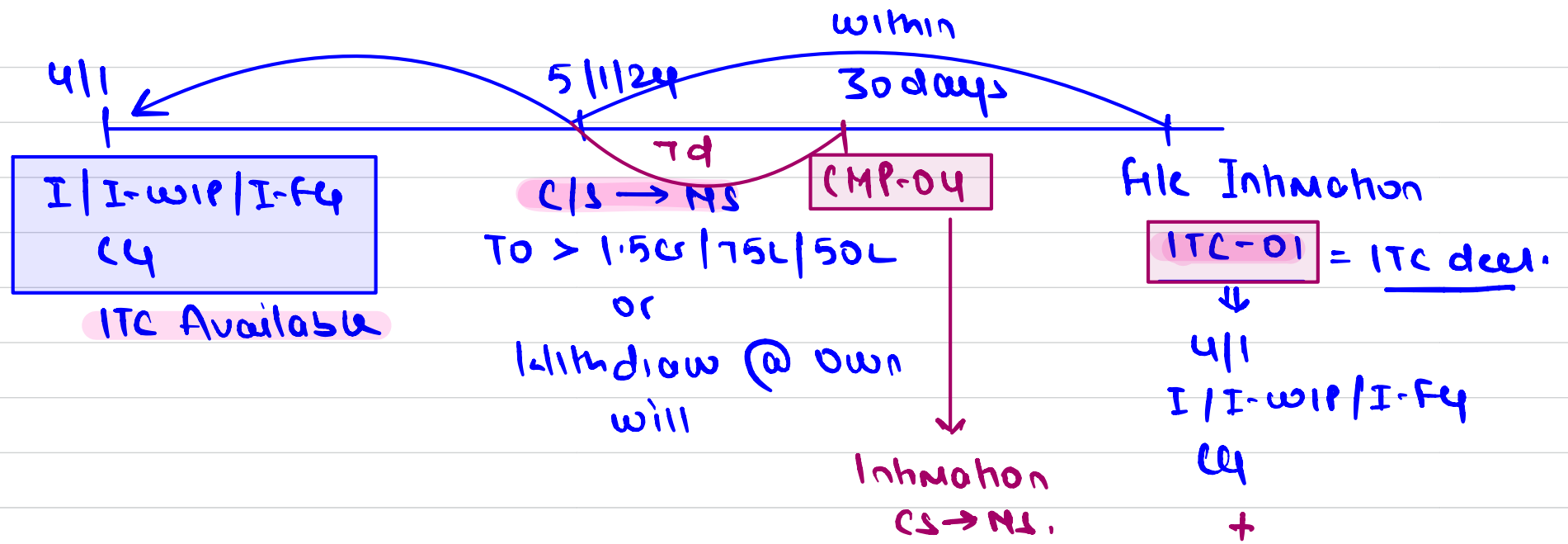
* Calculate ITC Avail. As per S.18(1)(d)

16/1/23 - **31/10/23** $\Rightarrow$ EIS
 $\downarrow$ $\downarrow$
 AMJ'23 OND'23
JFM'23 JAS'23

$$\text{GST Paid } 590000 \times \frac{18}{118} = 90,000$$

(-) Reduction 5%/qt or part thereof
ie $90,000 \times 5\% \times 4\text{qt}$

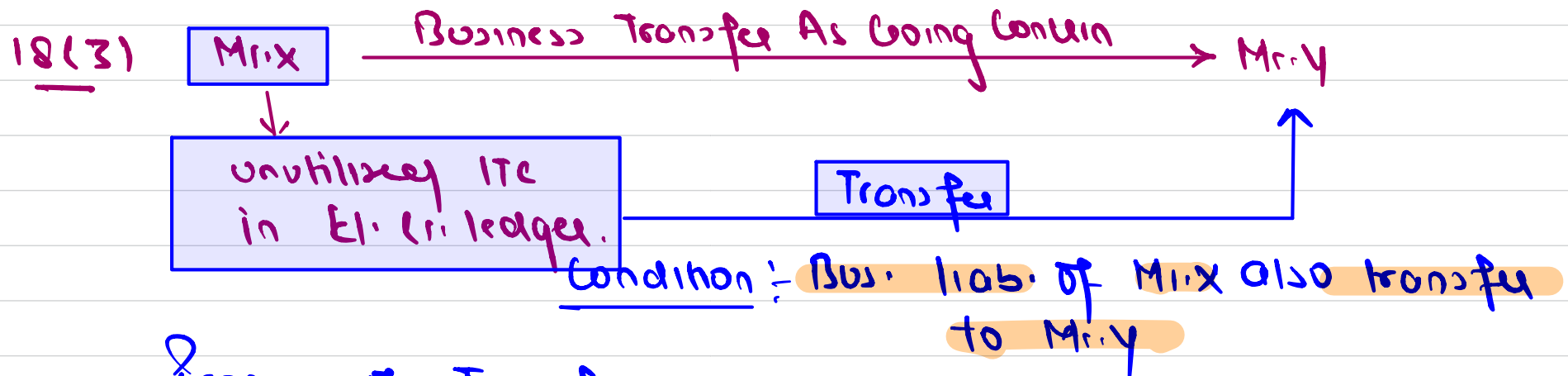
$$\text{ITC Available} \rightarrow \frac{18,000}{\underline{\underline{72,000}}}$$



4/1/24 - Stock = 15000K

- 13000K I/V dt = 15/9/23 ITC Avail As per S.18(1) & 18(2)
- 2000K I/V dt = 30/9/22 No ITC Available As I/V is Issued before 1yr prec. date As per S.18(1)

18(2) No ITC shall be allowed up to 18(1) if 1 year has been expired after Issue of Invoice



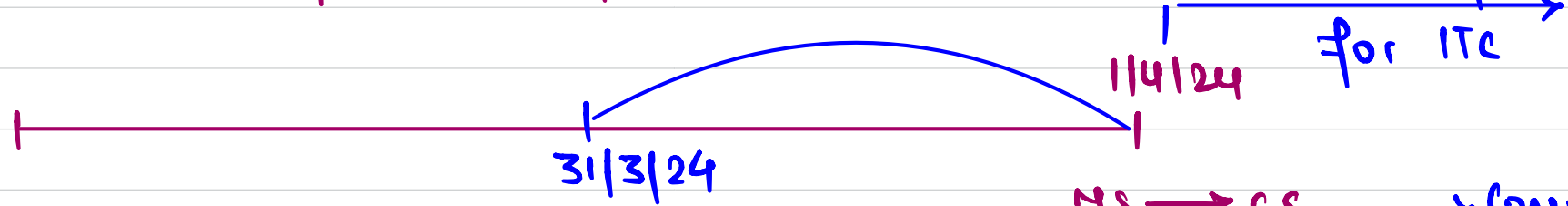
Process of Transfer

X (Transferor) - Intimation file ITC-D2 $\Rightarrow$ (unutilized ITC details)
 Y (Transferee) - Accept Intimation $\Rightarrow$ ITC credit Transfer to Y

18(4)/(5)

M/S $\rightarrow$ C/S

T/S $\rightarrow$ E/S



ITC Reverse

I / I-WIP / I-E₄

+

C₄

Reduced ITC - Reverse.

M/S $\rightarrow$ C/S $\rightarrow$ Comp. GST Rate
(23-24 To upto 1.5%)

T/S $\rightarrow$ E/S $\rightarrow$ No GST levy
(No HP. Issue)

* Reversal of Reduced ITC of C₄ for purpose of S.18(4)/(5)

* Consider life of Capital Goods = 5 yrs i.e. 60 months

(-) Useful life of C₄ (fraction of Month $\Rightarrow$ Compute Month)

Remaining life of Asset $\rightarrow$ ITC $\rightarrow$ Reverse

✓ 1/1/22 Moch. Purch of 10L (cost price = 1,80,000)

1/1/22 - 14/2/24

T/s ✓

✓ 15/2/24 T/s → E/s

Calculate ITC Reverse?

life	60M
(-) Used life	<u>26M</u>
Remaining life	34M

$$\begin{aligned} &= 12M + 12M + 1M + 14M \\ &= 25M + 14M \\ &= \underline{26M} \end{aligned}$$

$$\text{ITC Reverse} = \frac{1,80,000}{60M} \times 34M = \underline{1,02,000}$$

$$M/s \Rightarrow \boxed{38M + 10M} \Rightarrow 39M$$

life	60M
(-) Used life	<u>39M</u>
Remaining life	<u>21M</u>

$$\begin{aligned} \text{GST} &= 60L \times 20\% = 12L \\ \text{ITC Reverse of 18L} & \\ 12L \times \frac{21}{60} &= 4,20,000 \end{aligned}$$

60M

ITC = 60M.

S.18(6)

Sale of Capital Goods After Use

ITC Reversal Highest of option 1 or option 2

option 1



Reversed ITC

ITC Available on CG
(-) 5% per dt or part thereof
for useful life

xxx

(xxx)
xxx

option 2



Cost on Transaction Value

Cost = Transaction Value $\times$ Cost Rate

NOTE:-

In case of Moulds dies Jigs
fixtures & refractories, only
option 2 is applicable
ie Reversal = TV $\times$ Cost Rate

eg.

* Mach. Purch = 20L on 15/1/23 (Cost Price = 2,40,000)

* on 11/5/24 Mach. sold for ₹15L (Cost applicable = 12%)

Calculate ITC reversal.

ITC Reversal up to 18(6) → shall be higher of following.

(a) Reduced ITC

ITC Available

(→) 5% per Qt or part thereof for useful life

Useful life = $\boxed{15/11/23} - \boxed{10/5/24}$

↓
JFM'23 to AMJ'24

ie $240000 \times 5\% \times 6\text{Qt}$

✓
2,40,000

(72000)

168000

(b) GST on TV ie $15L \times 12\%$

18000

ITC Reversal

1,80,000

$\boxed{\text{Fabric for Uniform}} \rightarrow \text{EIS}$
↓
No ITC

Thread/Lining Comm. Input

Uniform

Other Cloth.

↓

ITC Avail.

17(2) N.A

To - other cloth uniform	4cr 1cr <u>5cr</u>	Comm. ITC = 5000 + 15000 = 20000.
-----------------------------	--------------------------	--------------------------------------

$$\text{ITC Avail} = \text{Comm. ITC} \times \frac{\text{Taxable To}}{\text{Total To}}$$

$$= 20,000 \times \frac{4cr}{5cr} = \underline{16,000.}$$

Q13

As per 18(6) ITC Reversal, higher of following

(a) Reversal ITC

<u>8/7/17</u>	-	<u>22/10/18</u>
JAS'17		OND'18
2017-20T 2018-40T = 60T		

ITC Avail - Reversion 5% per T for 60T

$$1,80,000 - (5\% \times 60T) = 1,26,000$$

(b) Cost on TV = 7,50,000 × 18% = 1,35,000

Reversal

1,35,000



2 mins Summary



Topic

Summary of chapter

Topic

PHYSICS
WALLAH

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