

Restriction in availment of ITC

(Circular No. 123/42/2019 dated 11.11.2019)



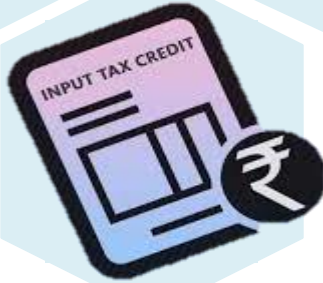
To be calculated on self-assessment basis (as the same would not be available on GST portal)

Applicable only on Invoice/Debit Note/s on which ITC is availed after 09.10.2019

ITC Restriction i.e. 20% of eligible credits to be calculated on the basis of GSTR-2A as available on due date of GSTR-1

20% rule does not apply to ITC in respect of IGST paid on imports, RCM, credit received from ISD etc.

Restriction is not supplier wise but linked to eligible credit from all suppliers



Balance ITC can be claimed in the succeeding months provided details of requisite invoices are uploaded by suppliers. Taxpayer may avail full ITC in respect of a tax period, as and when the invoices are uploaded by suppliers to the extent of Eligible ITC /1.2. Illustration:

ITC as per books	Eligible ITC as per GSTR2A (A)	20 % of eligible credits or amount of invoices not in GSTR2A (whichever is lower) (B)	ITC to be taken in 3B (A+B)
10 lakhs	6.0 lakhs	1.2 lakhs or 4.0 lakhs	7.2 lakhs
	7.0 lakhs	1.4 lakhs or 3.0 lakhs	8.4 lakhs
	8.5 lakhs	1.7 lakhs or 1.5 lakhs	10 lakhs

GSC Comments:

- 1. Rule 36(4) of CGST Rules,2017 is made effective without notifying Section 43A of CGST Act. Therefore, until Legal Provisions are unambiguous, litigation may revolve around the Rule**
- 2. Assesseees would have to make additional calculations every month. Some transitional issues may also require attention**
- 3. Some genuine assesseees (Example: quarterly filing) may be forced to comply with GST law on monthly basis**