

CBIC Issues Clarification on Input Tax Credit Utilisation under #GST

Summary

- The provisions pertaining to the availability of input tax credit of Integrated Goods and Services Tax required taxpayers to follow a particular order for utilisation of ITC which resulted in non utilisation and accumulation of ITC.
- The government had recently amended the provisions under the CGST Rules, 2017. The Central Board of Indirect Taxes and Customs (CBIC) has now issued a clarification in order to ensure uniformity in the implementation of the provisions and provide clarity w.r.t the utilisation of ITC of IGST.

Key clarifications

Sequence of utilisation of ITC:

- The rule allows utilisation of ITC of IGST towards payment of Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST) or Union Territory Goods and Service Tax (UTGST), in any order, subject to the condition that the entire ITC on account of IGST is completely exhausted first before ITC on account of CGST, SGST or UTGST can be utilised.
- The CBIC has further clarified that till the new order of utilisation as per the newly inserted rule is implemented on the common portal, taxpayers may continue to utilise their ITC as per the functionality available on the common portal which is in accordance with the provisions before implementation of the CGST Amendment Act