



No. CWC/FD- Taxation/GST/2019-20

Dated: 06th January, 2020

GST CIRCULAR-19

Sub: Restrictions in availment of ITC in case of default by supplier in uploading of invoices in GST return

1.0 Vide Central Tax Notification no. 49/2019 under reference dated 09.10.2019, the CBIC has notified the CGST (Sixth amendment) Rules, 2019 which have been made applicable w.e.f. 09.10.2019. Vide said notification, a new sub rule 36(4) has been inserted in CGST Rules, 2017. The sub rule inserted read as under:

“(4) Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the supplier under sub section (1) of section 37, shall not exceed 20 percent of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by supplier under sub-section (1) of section 37”

2.0 In view of above, no registered person can avail input tax credit against those invoices and debit notes which are not uploaded by the supplier(s) on GSTN portal in his/their GST return, in excess of 20% (this is further reduced to 10% vide notification no.75/2019-Central tax dated 26.12.2019) of total eligible ITC available in respect of invoices or debit notes, the details of which have been uploaded by supplier on GSTN portal and are reflected in GSTR-2A.

3.0 The same is explained by way of example of 10% is as under:

Sr. No.	Particulars	IGST Credit	CGST Credit	SGST Credit
1.	Total ITC to be availed as per books of accounts	10000	4000	4000
2.	Invoices/debit notes for	6000	3000	3000

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	which credit is available in GSTR-2A			
3	Invoices/debit notes for which credit is not available in GSTR-2A	4000	500	500
4	Maximum ITC which can be availed for the month (sr. no. 2 +10% of sr. no. 2)	6600	3300	3300
5	ITC which can not be availed (1-4)	3400	700	700

- 4.0 It may be noted that ceiling of 20% shall not be applicable on ITC available of GST paid under RCM.
- 5.0 Further as per section 16(4), ITC for any financial year can be availed latest by the date by which GST return prescribed under section 39 for September is filed or annual return for that particular F.Y. is filed (whichever is earlier) as advised vide letter no. No. CWC/FD-Taxation/GST/2018-19 dated 02.04.2018. Thus, ITC for FY 2019-20 can be availed latest by 20.10.2020. In case, the mechanism of claiming ITC as per above said notification is followed, there may be loss of credit because of cessation of time limit prescribed u/s 16(4) for claiming ITC.
- 6.0 To avoid the situation of non claiming of eligible ITC just because of applicability of ceiling of 20% (now 10%) following may be adhered:
- (a) ITC is to be availed only on those invoices/debit notes which are reflected in the GSTR-2A on monthly basis.
- (b) In case same is not reflected, the vendor may be asked to file those invoices in their GSTR-1 so that same may be reflected in GSTR-2A.
- (c) To ensure above, following is suggested:
- (1) For regular supplier: The payment of GST may be released to vendor/supplier on the basis of GST complied invoice and ITC may be availed. If ITC is not reflected in GSTR-2A, the amount of GST may be withheld from future invoices and vendor may

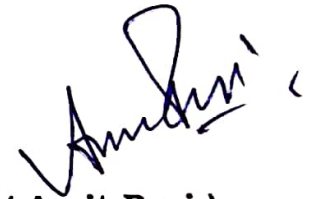
be asked to upload the invoices in GSTR-1 and only after reflection of same in GSTR-2A, the GST payment be released.

ITC is advised to be taken only after reflection of same in GSTR-2A and payment of GST should be released on after ensuring reflection of same in GSTR-2A.

(2) For one time vendor: It is advised to avail ITC only after reflection of same in GSTR-2A and make payment of GST after ensuring appearance of Credit in GSTR-2A.

7.0 It is also clarified that ITC in particular State is available if place of supply is of that particular State only. For e.g. if invoice is raised by one vendor in Delhi to RO Jaipur (with GST number of RO Jaipur) and IGST is charged but place of supply is mentioned as Chandigarh. In this situation input tax credit shall not be available to RO Jaipur. In such cases, the vendor be advised to amend the place of supply as Jaipur only so that there is no loss of ITC.

This is issued with the approval of Director(fin.)



(Amit Puri)

General Manager(Tax & CA)

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