

Tax Credit means credit of input tax. Every taxable person is entitled to take credit of input tax.

1. **Input tax** means the IGST, CGST or SGST/ IGST and CGST/ IGST and SGST charged on any supply of goods/ services which are used, or are to be used, in the course or furtherance of business.
2. **Taxable Person** means a person who carries on any business at any place in India/State and who is registered or required to be registered under Schedule III of this Act for payment of tax.
3. Every taxable person may deduct the amount of admissible credit in respect of a tax period from the output tax for the same period and pay the remaining amount, if any.
4. **Tax period** means the period for which the tax return is required to be filed.
5. **Output tax** means the IGST/CGST/SGST chargeable on taxable supply of goods and/or services and Includes tax payable on reverse charge basis.
6. In case goods/ services are being used partly in business and partly for other purposes, only the input tax credit which attributable to the purpose of business will be available.
7. In case goods except capital goods / services are being used partly for taxable supplies and partly for non-taxable supplies including exempt supplies, only the input tax credit which attributable to the taxable supplies will be available. Zero rated supplies will be treated as taxable supplies.
8. **Exempt supplies** means supply of any goods/ services which are not taxable under this act and includes such supply of goods/ services which are specified in this behalf as exempt supplies.
9. **Taxable supply** means a supply of goods/services which is chargeable to tax under this act.
10. **Zero-rated supply** means a supply of any goods/services on which no tax is payable but credit of the input tax related to that supply is admissible.
11. **Utilisation of input tax credit** will be as per below order:

| GST Category | Adjustment Order | | |
|--------------|------------------|------|------|
| | CGST | SGST | IGST |
| CGST | 1st | NA | 2nd |
| SGST | NA | 1st | 2nd |
| IGST | 2nd | 3rd | 1st |

12. Excess credit may be carried forward for adjustment against the output tax of the subsequent period.
13. Any unadjusted input tax credit at the end of the any tax period may be refunded. However, if any amount is due from the assessee or he has defaulted in submission of any return, such refund may be upheld or can be adjustment for the liability due to the assessee.
14. No refund is possible in cases other than exports or where credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on outputs. Also in case of export, no refund will be allowed if goods exported out of India are subjected to export duty.

15. To claim Input tax credit, there should be a tax invoice issued by a registered supplier and also tax charged in such tax invoice should be paid to the appropriate government either in cash or utilisation of input tax credit. However, no input tax credit will be available on the following:

- Motor vehicles except those supplied in the usual course of business or used for commercial purposes including imparting training on motor driving skills.
- HSD, petrol, ATF, crude oil & aviation gasoline and those goods not liable to pay GST.
- Goods or services provided in relation to outdoor catering, health services, beauty treatment, life insurance, health insurance & other services, when such goods/ services are used primarily for personal use or consumption of any employee.
- Goods used in construction of immovable property other than plant & machinery
- Goods/ services acquired in the execution of works contract when such contracts result in construction of immovable property, other than plant & machinery.
- Goods / services on which tax has been paid under Compounded Levy scheme
- Goods/ services used for private or personal consumption

Unadjusted input tax credit may be transferred in case of change in constitution of taxable person on account of merger, demerger, amalgamation, lease or transfer of the business with the specific provision for transfer of liabilities.