

From

Excise & Taxation Commissioner,
Haryana

To

All Dy. Excise & Taxation Commissioners,
In the State of Haryana

Memo No. 3555 /GST-2,
Panchkula, dated the 30.10.2018

Subject: - Guidelines regarding circumstances in which Input Tax Credit has to be blocked /unblocked from Electronic credit ledger.

On the subject captioned above, it is intimated that GSTN has recently released API for application of the functionality for blocking and unblocking of Input Tax Credit by the statutory authorities on the GST common portal. The system Integrator of the Department has developed the necessary backend application for blocking and unblocking Input Tax Credit for the Electronic credit ledger taxpayers. The application has already been launched State wide.


The functionality of blocking and unblocking Input Tax Credit is an important tool for safeguarding the Government revenue particularly in cases of fraudulent activities by the taxpayers.

So the jurisdictional officers are hereby directed to use this functionality for blocking/unblocking Input Tax Credit under the following situations:-

- i) Full amount of credit available in the Electronic Credit Ledger of the taxpayer should be blocked instantly in cases where the registered taxpayers are found to be bogus/fake as a result of any investigation or intelligence. Such taxpayers are not entitled for the credit on the grounds that no supply has been made and the proper tax has also not been deposited in respect of the claimed credit.
- ii) Full amount of credit should also be blocked in cases where the firms have been found non-functional. Such taxpayers are also not entitled for the credit as no supply has been received for the reason that the firms are non-functional.

- iii) Credit should also be blocked in respect of those registered taxpayers who have claimed transitional credit through TRAN-1/TRAN-II in excess of their lawful entitlement. The credit should be blocked only to the extent of excess credit claimed by the taxpayers over and above their entitlement as per GST law.
- iv) The registered taxpayers are not entitled for credit availed of by them accruing from receipt of supplies which have not been used in the course of business or furtherance of the business. If in pursuance of examination of returns, such cases are detected, the credit should be blocked. The credit in these cases shall be blocked only to the extent of amount of inadmissible credit.
- v) The registered taxpayers are not entitled for credit availed of by them accruing from receipt of supplies where the credit is not admissible in accordance with Section 17(5) of the GST law. If in pursuance of examination of returns or otherwise, such cases are detected, the credit should be blocked. The credit in these cases shall be blocked only to the extent of amount of inadmissible credit.
- vi) The Credit should be blocked in all such cases where the taxpayers are not entitled for the credit in accordance with various provisions of the law i.e. if the tax on supplies has not been paid by the supplier, or the recipient is not in possession of the tax invoice, or the supply is outdated, or the supplier is composition taxpayer etc. The credit in these cases shall be blocked only to the extent of amount of inadmissible credit.

You are hereby directed to bring these guidelines to the notice of jurisdictional officers for compliance and further necessary action.


Jt. Excise and Taxation Commissioner (GST)
For Excise and Taxation Commissioner,
Haryana, Panchkula.