



Financial Services Sector

Do You Know ?

Question

Whether the provision of section 18(6) for reversal of input tax credit availed on capital goods be applicable to banks only to the extent of the input tax credit availed?

Answer

Yes. The provisions of section 18(6) of the CGST Act, 2017 for reversal of input tax credit availed on capital goods would be applicable to banks only to the extent of the input tax credit availed by it. In case the Bank opts to avail input tax credit to the extent of 50% in terms of the second proviso to Section 17(4) of the CGST Act, 2017, reversal of credit would be in proportion to the actual credit availed by the Bank i.e. only with reference to 50% of the input tax credit availed by it on capital goods.



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