

Section-16(3)

Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed.

Illustration -1

A ltd purchased a machine for Rs. 20 lac plus GST of Rs. 3,60,000. They capitalised the entire value of Rs. 23,60,000 for income tax and claimed the depreciation on the entire amount.

What is their eligibility for the input tax credit in this case



Section-16(4)

A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice [~~or invoice relating to such debit note~~]¹ pertains or furnishing of the relevant annual return, whichever is earlier

[“Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.”]²

1. Omitted vide Finance Act, 2020 dated 27-03-2020 w.e.f. 01-01-2021

2. Inserted via: Removal of difficulty Order No. 02/2018-Central Tax

