ISD (Input Service Distributor) & Distribution of Input Tax Credit

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Conditions for distribution of input tax credit by an ISD

1. The tax invoice should contain the following details;

    - Name, address, and GSTIN of the Input Service Distributor
    - A consecutive serial number containing only alphabets and/or numerals, unique for a financial year
    - Date of its issue
    - Name, address, and GSTIN of the supplier of services, the credit in respect of which is being distributed, and the serial number and date of invoice issued by such supplier
    - Name, address, and GSTIN of the recipient to whom the credit is being distributed
    - The amount of credit distributed, and
    - Signature or digital signature of the supplier or his authorized representative

2. The amount of credit distributed shall not exceed the amount of credit available for distribution.

3. Invoice must state that **'it is issued only for distribution of input tax credit'**, should be issued by the distributor to the recipient of credit.

4. ITC (input tax credit) available for distribution in the same month, and the details of the same shall be furnished in **Form GSTR -6 within 13th of the next month.**

5. The input tax credit should be distributed only to that branch which has consumed the input services.
6. The credit of tax paid on input services, availed by more than one recipient of credit or all, should be distributed only amongst such recipients or all recipients.

   Method of input tax distribution

   The distribution shall be on pro rata basis based on the turnover for the previous year of such recipients. In the absence of turnover in previous financial year, the turnover of the last quarter of the month in which ITC is distributed, will be considered.

7. If **'Debit note/ Credit Note'** raised by a supplier to the ISD shall be apportioned to each recipient in the same ratio in which the **input tax credit** contained in the original invoice was distributed. The distribution should be on the basis of method as above. In the ISD credit note same as contain details as per point No 1 .

8. The **reduction** amount so apportioned should be:

- Reduced from the amount to be distributed in the month in which the credit note is included in the return in FORM GSTR – 6 and
- Added to the output tax liability of the recipient, in case the amount so apportioned is negative