

**THE CENTRAL GOODS AND SERVICES TAX (AMENDMENT)
ACT, 2018
(No. 31 OF 2018)
MAJOR CHANGE**

21. After section 49 of the principal Act, the following sections shall be inserted,

Namely:—

“49A. notwithstanding anything contained in section 49, the input tax credit on

Account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment.

49B. notwithstanding anything contained in this Chapter and subject to the

provisions of clause (e) and clause (f) of sub-section (5) of section 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.”.

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LET EXPLAIN THE ABOVE SECTION IN DEEP

For example:

a. Earlier what will happen:-

	IGST	CGST	SGST
Output Liability	200	300	300
Input Credit	500	200	200
net	-300	100	100
set-off (cgst output with igst input)	100	-100	0
	-200	0	100
set-off (sgst output with igst input)	100	0	-100
balance after adjusting	-100	0	0
there is credit of rs 100 in account of IGST			

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b. Now what will happen:-

	IGST	CGST	SGST
Output Liability	200	300	300
Input Credit	500	100	100
net	-300	300	300
set-off (cgst output 300 with igst input fully 300)	300	-300	0
	0	-100	300
set-off (sgst output 300 with cgst input 100 & sgst input 100)	0	100	-200
balance after adjusting	0	0	100
there is payable of rs 100 in account of SGST			

CRUX

The input of IGST is **fully utilized** firstly with CGST & SGST outputs even if there is input tax credit in the accounts of CGST & SGST separately.

Thanks!!

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