Manner of ITC Reversal of Common credit of Input and Input Services

In GST Law provision has been made for reversal of ITC of Common credit of Input and Input Services used commonly between Taxable Business Supplies, Non business Supplies and Exempt Supplies . Below is the clarification with example on the relevant provision:-

Common Terms to be used

Type of Input Tax	Denotation	Eligibility to take Credit
Total Input tax involved on inputs and input Services in a tax period , Credited in Electronic credit ledger (Total Credit)	TC	
Amount of input tax used **exclusively** for Non business Purpose(Exclusively Personal Use)	EP	No ITC available
Amount of input tax used exclusively for Exempt Supply and Non-taxable Supply (Exclusively Exempt)	EE	No ITC available
Amount of input tax on which credit is not available under Sec 17(5) (Blocked Credit)	BC	No ITC available
Amount of input tax used exclusively for Taxable Supply including Zero Rated Supply (Exclusively Taxable)	ET	100% ITC Available

Type of Input Tax	Denotation	Computation
Total Eligible Credit	EC	EC= TC-EP-EE-BC
Credit to be Shared between Taxable Business Supplies, Non business Supplies and Exempt Supplies (Common Credit)	CC	CC=EC-ET

Credit pertaining to Exempt Supplies out of Common Credit (CC)	
Total Turnover during the period	TT
Exempt Turnover during the period	ET
Common Credit pertaining to Exempt Supplies (CCE)	(ET/TT)*CC

Credit pertaining to Non-Business Supplies (Personal) out of Common Credit (CC)	
Common Credit pertaining to Non Business Supplies(CCP)	5%*CC (As per CGST Rules Chapter V ITC)

Credit pertaining to Business Supplies including Zero rated Supplies out of Common Credit (CC)	
Common Credit pertaining to Business Supplies(CCB)	CC-CCE-CCP

Example 1

Particulars	Turnover/Outward Supply	Purchase Inward Supply	IGST paid on Inward Supply @5%
Supply of Branded Cereals	3000	2500	125
Export of Branded Cereals (Zero Rated Supply)	200		
Supply of Non Branded Cereals (Exempt Supply)	500	400	Nil (Exempt being non branded)
Petrol and Diesel (Non taxable Supply)	550	500	NIL (out of GST)
Total	4250		
Total Taxable Outward Supply (Including zero Rated Supply)	**3200(3000+200)**	**Total Exempted Outward Supply**	**1050(500+550)**
Total Supply	**3200+1050=4250**		

Details of Other Inputs and input Services which are used commonly for both Taxable as well as Exempt Supplies

Particulars	Amount	GST Paid
Construction of Office – Blocked Credit 17(5)(d)	20	3.6
Other input and Input Services liable to GST (5% assumed)	110	5.5
Total	130	9.1

Computation

Type of Input Tax	**Denotation**
Total Input tax involved on inputs and input Services in a tax period , Credited in Electronic credit ledger (Total Credit)	TC =134.1 (9.1+125)
Amount of input tax used exclusively for Non business Purpose(Exclusively Personal Use)	EP =0
Amount of input tax used exclusively for Exempt Supply and Non taxable Supply (Exclusively Exempt)	EE =0
Amount of input tax on which credit is not available under Sec 17(5) (Blocked Credit)	BC =3.6
Amount of input tax used exclusively for Taxable Supply including Zero Rated Supply (Exclusively Taxable)	ET =125

Type of Input Tax	**Denotation**	**Computation**
Total Eligible Credit	EC	EC= TC-EP-EE-BC EC=134.1-0-0-3.6 EC= 130.5
Credit to be Shared between Taxable Business Supplies, Non business Supplies and Exempt Supplies (Common Credit)	CC	CC=EC-ET CC= 130.5-125 CC=5.5

Credit pertaining to Exempt Supplies out of Common Credit (CC)

Total Turnover during the period	TT =4250
Exempt Turnover during the period	ET =1050

Common Credit pertaining to Exempt Supplies (CCE)	(ET/TT)*CC (1050/4250)*5.5 1.358

Credit pertaining to Non-Business Supplies (Personal) out of Common Credit (CC)	
Common Credit pertaining to Non Business Supplies(CCP) **(Assumed not used for Personal Purpose)**	5%*CC 0
Credit pertaining to Business Supplies including Zero rated Supplies out of Common Credit (CC)	
Common Credit pertaining to Business Supplies(CCB)	CC-CCE-CCP 5.5-1.358-0 4.142
Total ITC Available ET+CCB	**125+4.142=129.142**