

Ref: AUG/GST/32

Date 30/08/2017

To,
GST CELL,
HQ, FA&CAO Office
G.M.Building
West Central Railway,
Jabalpur (M.P.)

Subject: - ITC on Advance payment

Sir,

This has reference to the availability of Input Tax credit on the GST paid with advance payments made towards procurement of Goods or Services.

1. ***GST will be applicable on the advance payments to be made towards any taxable supplies.***

Relevant provisions are as under with respect to the above point :-

Section 12 of the CGST Act 2017

- (1) *The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.*
- (2) *The time of supply of goods shall be the earlier of the following dates, namely:—*
 - (a) *The date of issue of invoice by the supplier or the last date on which he is required, under sub-section (1) of section 31, to issue the invoice with respect to the supply; or*
 - (b) *The date on which the supplier receives the payment with respect to the supply.*

2. ***However ITC will available on receipt of Tax invoice after supply of services or/and goods. It may also be noted that if goods are delivered in lots, Input tax credit for the GST paid will be available only after receipt of last lot.***

Relevant provisions are as under with respect to the above point:-

As per section 16 sub section (2)

Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless—

- (a) He is in possession of a tax invoice or debit note issued by a supplier registered under GST Act, or such other taxpaying documents as maybe prescribed;
- (b) He has received the goods or services or both.

Provided where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment

Thanks and regards
For Rahul & Co.
Chartered Accountant

Dhawal Shrivastava

