Determination and apportionment of input tax credit in respect of capital goods

(Critical analysis of Rule 43 of Central Goods and Services Tax Rules, 2017)

Input tax credit ('the **ITC**') is the backbone of GST. On a perusal of section 73 and and74 will reveal that wrong availment of ITC is being treated as violation, irrespective of its actual utilization. In this article, Rule 43 of CGST Rules, 2017 ('the **Rules**') has been thoroughly discussed and critically analyzed so as to enable every reader to use this article as a ready reference. Rule 43 talks about ITC in respect of capital goods, so reference to any section in this article has been modified accordingly to concentrate on capital goods only. There are certain errors in drafting of Rule 43, which we see with the flow of discussion.

Issues to be analyzed

- **I.** Emergence of Rule 43 and principles embedded therein
- **II.** Express assumption taken by Rule 43 – does it hold goods in all situations?
- **III.** Contradiction between Rule 43 and GSTR-3B
- **IV.** Understanding Rule 43 – an easy digest of a complex drafting!
- **V.** Situations not specifically covered by law

all above issues has been analyzed in this article at length at relevant places in the form of discussion.

I. Emergence of Rule 43 and principles embedded therein

Section 17(1) and section 17(2) are cause of creation of Rule 43. Section 17(1) specifies that ITC in respect of capital goods shall not be available to the extent these are used for non-business purposes. Similarly, section 17(2) specifies that ITC in respect of capital goods shall not be available to the extent these are used for effecting exempt outward supplies.

So, Rule 43 is based on following principles –

i. If inward supply of capital goods is used for effecting taxable outward supplies, then ITC shall be available in respect of such goods to the extent these are used for said purpose.

ii. If inward supply of capital goods is used for effecting zero rated outward supply, then ITC shall be available in respect of such goods to the extent these are used for said purpose.

iii. If inward supply of capital goods is used for effecting exempt outward supplies, then ITC shall not be available in respect of such goods to the extent these are used for said purpose.

iv. If inward supply of capital goods is used for non-business purpose, then ITC shall not be available in respect of capital goods to the extent these are used for said purpose.

ITC in respect of those capital goods shall also not be available, when such goods falls within the scope of section 17(5).

II. An express assumption taken by Rule 43 (for commonly used capital goods)

A capital good has a life of 5 years i.e. 60 months i.e. 20 quarters. So, ITC in respect of a capital goods shall be available over a period of 5years/60months/20 quarters. Rule 43 specifically uses 5% per quarter.

An implied intention of Rule 43

When we compare Rule 43 with Rule 42, there is no provision for annual recalculation in Rule 43 as in Rule 42. So, Rule 43 has been drafted in such a manner that calculation of credit for a particular tax period (month) must be accurate and final in that period itself.

In other words, as soon as a tax period (i.e. month) ends, self-assessment of $1/60^{th}$ of the credit also must end. Noone needs revisit this $1/60^{th}$ part in next tax period(s). Similarly, one can conclude that as soon a quarter ends, self-assessment of 5% for that quarter also ends. Rule 43 treats part of quarter as complete quarter for purpose of this computation exercise.

Some other aspects relevant for understanding Rule 43

One can take credit in respect of a capital goods as soon as four conditions as specified in section 16(2) are fulfilled, if not, credit is ineligible.

Let us analyze above concepts

Situation-1 Suppose certain capital goods were purchased and delivered on 20.07.2017 along with invoice of even date. IGST charged on invoice was Rs. 6,60,000. Till December 2017, it was being used exclusively for effecting exempt supplies. But, from January 2018 to June 2018, it was used commonly for effecting taxable supplies, exempt supplies and non-business purposes. After July 2018, it was used exclusively for effecting taxable supplies.

Turnover	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
Exempt	4 crores	5 crores	2.5 crores	4 crores	2 crores	3.5 crores
Non-business	1 lakh	1 lakh	1 lakh	1 lakh	1 lakh	1 lakh
Total	10 crores	15 crores	10 crores	20 crores	11 crores	12.25 crores

Since the capital goods were being used for effecting exempt supplies upto December 2017, ITC would have not been availed.

Monthly proportionate ITC = Total ITC ÷ 60 = 6,60,000 ÷ 60 = 11,000

ITC finalized upto December 2017 = monthly proportionate ITC × number of months lapsed

=11,000 × (months from July 2017 to December 2017)

= 11,000 × 6 = 66,000

So, out of Rs. 6,60,000, self-assessment of ITC of Rs. 66,000 has become final. In other words, since the capital goods were used from July 2017 to December 2017 (i.e. for 2 quarters) for effecting exempt supplies, proportionate amount of ITC i.e. Rs. 66,000 will stand disallowed. And the remainder of the available credit is fully available, for now.

***Note:** definition of quarter may have different impact in different situations (we will discuss this later in this article)*

Now, we will consider treatment of remaining amount of ITC of Rs. 5,94,000 i.e. 6,60,000-66,000.

For the month of January 2018, capital goods were used for common purposes. (Assuming requirement of section 16(3) is taken care; as entire Rule 43 itself is subject to section 16(3))

For this purpose, proviso to Rule 43(1)(c) read with Rule 43(1)(d) specifies that ITC in respect of commonly used capital goods (i.e. common credit) denoted by "A" [or $\Sigma A = T_c$] shall be calculated as under –

Input tax on such capital goods		6,60,000
Less: 5% for every quarter from date of invoice (i.e., 6,60,000 × 5% × 2)		66,000
	$T_C = \Sigma A$	5,94,000

Logically, if we exclude the proportionate exempt or non-business part from this Rs. 5,94,000, balance credit should be granted to the registered taxable person.

When we move further, we seem to come upon an anomaly in Rule 43. Let's see this –

As per Rule 43(1)(e), proportionate monthly common credit (denoted by T_m; $T_m = T_c / 60$) on such goods shall be Rs. 9,900 i.e. 5,94,000/60 but it should logically have been Rs. 11,000 i.e., 6,60,000/60. However, treatment flowing from the Rule is beneficial to taxpayer as can be seen below:

Proportionate exempt part i.e. common credit attributable towards exempt supplies denoted by T_e shall be calculated as under –

$$T_e = (E \div F) \times T_r$$

as specified in Rules	as it appears logical
$T_e = (4 \div 10) \times 9900 = 3{,}960$	$T_e = (4 \div 10) \times 11{,}000 = 4{,}400$

Where $T_r = \Sigma T_m$
E = Exempt turnover for the tax period i.e. for January 2018 in our example

F = Total turnover for the tax period i.e. for January 2018 in our example

Calculation of ITC in respect of said capital goods for January 2018			
Particulars	Remark / calculation	Amount (as specified in Rules)	Amount (logically)
Amount to be credited in electronic credit ledger (i)	T_C	5,94,000	5,94,000
**Amount to be added in output tax liability (ii)	T_e	3,960	4,400

***Rule 43(1)(h) specifies that it shall be added to output tax liability along with applicable interest for the duration for which this amount has been availed and held in credit. However, it is important to note that no interest may be levied on this amount in case ITC is lying unutilized.*

Another aspect to note here is that Rule 43 appears to be silent on proportionate credit relatable to non-business use, that is, credit attributable towards non-business use of underlying capital goods. Although such provision is notionally arrived through clause (j) for purpose of Rule 42, section 17(1) specifies that where capital goods are used for non-business purpose then ITC shall not be available to that extent. Since, the provisions of the Act ought to prevail, it appears prudent to include non-business turnover while calculating exempt turnover for the tax period i.e. January 2018 in our example. In this way, proportionate amount of credit attributable to non-business purposes would also stand reverse. Non-business turnover can be determined by applying valuation Rules.

Calculation of ITC in respect of said commonly used capital goods from February 2018 to June 2018						
Particulars	**Remark / calculation**	**February 2018**	**March 2018**	**April 2018**	**May 2018**	**June 2018**
T_r (Rs.)	As per Rules	9,900	9,900	9,900	9,900	9,900
+E (Rs.)	As per Rules	5 crores	2.5 crores	4 crores	2 crores	3.5 crores
F (Rs.)	As per Rules	15 crores	10 crores	20 crores	11 crores	12.25 crores
$ITC to be taken		Nil	Nil	Nil	Nil	Nil
*Amount to be added in output tax liability	$T_e = (E \div F) \times T_r$ (as per Rules)	3,300	2,475	1,980	1,800	2,828.57
#Interest to be added	As per Rules on amount added above	From Jan-18 to Feb-18	From Jan-18 to Mar-18	From Jan-18 to April-18	From Jan-18 to May-18	From Jan-18 to Jun-18

+ *as suggested, exempt turnover needs to include non-business value also, however for ease of calculation, the same hasn't been considered.*

$ *No need, because Rs. 5,94,000 has already been credited in electronic credit ledger in month of January 2018*

* *logically this amount should have been calculated based on Tr being Rs. 11,000 in place of 9900 which is as per Rules.*

as ITC of Rs. 5,94,000 was taken in January 2018.

4. Eligible ITC

Details	Integrated Tax	Central Tax	State/UT Tax	Cess
1	**2**	**3**	**4**	**5**
(A) ITC Available (whether in full or part)	5,94,000			
(1) Import of goods				
(2) Import of services				
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)				
(4) Inward supplies from ISD				
(5) All other ITC				
(B) ITC Reversed	3,960			
(1) As per rules 42 & 43 of CGST Rules				
(2) Others				
(C) Net ITC Available (A) – (B)	5,90,040			
(D) Ineligible ITC				
(1) As per section 17(5)				
(2) Others				

From here, it can be clearly seen that even if Rules intend to add the amount in output tax liability but while implementing the law, amount is being reversed from ITC.

Now, we can proceed to examine the situation in July 2018.

From July 2018 and onwards, said goods was used for taxable purpose, hence no separate treatment is required because ITC in respect of said goods has already been availed and for this reason, Rule 43 does not specify any treatment.

Situation 2: when capital goods used exclusively for effecting taxable supplies are subsequently used for common purpose

Similarly, for such cases, proviso to Rule 43(1)(d) has specified that in such case common credit (Tc) shall be calculated as under –

Input tax on such capital goods	-
Less: 5% for every quarter lapsed from date of invoice	-
$T_C = \Sigma A$	-

However, there is no need to take here again, because ITC would have been taken on fulfilment of conditions of section 16(2) of the Act.

Remaining procedure is exactly the same as discussed in situation-1.

Impact of definition of quarter

Definition of "quarter" as given in section 2(92) of the Act is equally important because as per definition, quarter is not a period of three months from one date to another date but is a period of

three months being April to June, July to September, October to December and January to March between one date to another date.
If we find out number of quarters from 27.09.2017 to 04.07.2018, then number of quarters as per definition shall be 5 quarters as under –

- 27.09.2017 to 30.09.2017
- 01.10.2017 to 31.12.2017
- 01.01.2018 to 31.03.2018
- 01.04.2018 to 30.06.2018
- 01.07.2018 to 04.07.2018

III. Understanding drafting (provisions) of Rule 43 with a case study

Assumption: GST law was implemented from 01.04.2010. this assumption has been taken so that reader could imagine the real picture of Rule 43.
For better understanding, take example of October 2018. Please consider the following data to analyze drafting of Rule 43:

Capital Goods	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)
		Period	Use during that period	
CG_1	14.09.2010	From date of invoice	For effecting taxable supplies	7,20,000
CG_2	03.06.2011	From date of invoice to January 2018	For effecting taxable supplies	4,80,000
		thereafter	For effecting exempt supplies	
CG_3	17.07.2015	From the date of invoice to April 2018	For effecting exempt supplies	6,00,000
		thereafter	For common purpose	
CG_4	19.08.2016	From the date of invoice to February 2017	For effecting taxable supplies	4,20,000
		thereafter	For common purpose	
CG_5	20.09.2016	From date of invoice to September 2018	For effecting exempt supplies	6,60,000
		thereafter	For common purpose	
CG_6	07.12.2016	From date of invoice to September 2018	For effecting taxable supplies	2,00,000
		thereafter	For common purpose	
CG_7	20.08.2017	From date of invoice	For common purpose	6,00,000
CG_8	05.05.2018	From date of invoice	For common purpose	3,24,000
CG_9	07.10.2018	From date of invoice	For effecting taxable supplies	1,92,000
CG_{10}	16.10.2018	From date of invoice	For effecting exempt supplies	1,96,000
CG_{11}	22.10.2018	From date of invoice	For common purpose	2,40,000

Use for common purpose includes use of capital goods for effecting taxable supplies and exempt supplies. Taxable supplies include zero rated supplies

Turnover type	Amount (Rs.) (For October 2018)
Exempt	4 crores

Total	10 crores

Now, while preparing returns for October 2018 and onwards.

CG1, CG2

5 years have been lapsed from date of invoice, So, these are not relevant.

Capital goods which are exclusively being used for particular purpose during October 2018

CG	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)	ITC to be taken in October 2018	Remarks
		Period	Use during that period			
CG_9	07.10.2018	From date of invoice	For effecting taxable supplies	1,92,000	1,92,000	See rule 43(1)(b)
CG_{10}	16.10.2018	From date of invoice	For effecting exempt supplies	1,96,000	Nil	See rule 43(1)(a)

Capital goods which are being used for common purpose for the first time in October 2018

C/G	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)	Quarters lapsed from date of invoice to the date when goods used for common purpose	Calculation of Common credit for October 2018	Amount of common credit for October 2018 [A] $\Sigma A = T_c$	Remarks
		Period	Use during that period					
CG_5	20-09-2016	From date of invoice to September 2018	For effecting exempt supplies	6,60,000	9 quarters (from 20.09.2016 to 30.09.2018)	(6,60,000 – 6,60,000×5% ×9) [see proviso to rule 43(1)(c)]	3,63,000	ITC of Rs. 3,63,000 shall be credited to electronic credit ledger in October 2018 [see proviso to rule 43(1)(c)]
		thereafter	For common purpose					
CG_6	07-12-2016	From date of invoice to September 2018	For effecting taxable supplies	2,00,000	8 quarters	(2,00,000 – 2,00,000 × 5% × 8) [see proviso to rule 43(1)(d)]	1,20,000	ITC of Rs. 1,20,000 shall not be credited to electronic credit ledger in October 2018 because Rs. 2,00,000 would have been credited in December 2016 as per rule 43(1)(b)
		thereafter	For common purpose					

CG_{11}	22-10-2018	From date of invoice	For common purpose	2,40,000		see rule 43(1)(c)	2,40,000	ITC of Rs. 2,40,000 shall be credited to electronic credit ledger
Common credit in respect of capital goods during useful life of 5 years [T_c] = ΣA							7,23,000	see rule 43(1)(d) and it's proviso
One-month proportionate common credit						[T_m] = $T_c \div 60$	12,050	See rule 43(1)(e)

Other capital goods which are being used for common purpose in October 2018

CG_4: T_c in respect of CG_4 would have been calculated in March 2017 as under

C/G	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)	Quarters lapsed from date of invoice to the date when goods used for common purpose	Calculation of Common credit for March 2018	Amount of common credit for March 2017 [A] ΣA = T_c	Remarks for October 2018
		Period	Use during that period					
CG_4	19-08-2016	From the date of invoice to February 2017	For effecting taxable supplies	4,20,000	3 quarters (from 19.08.2016 to 28.02.2017)	(4,20,000 – 4,20,000×5% ×3) [See proviso to rule 43(1)(d)]	3,57,000	ITC of Rs. 3,57,000 not to be credited in credit ledger in October 2018 because 4,20,000 would have been taken (credited) in August 2016 as per rule 43(1)(b)
		thereafter	For common purpose					
Common credit in respect of capital goods **CG_4** during useful life of 5 years [T_c] = ΣA							3,57,000	see rule 43(1)(d) and it's proviso
One-month proportionate common credit						[T_m] = $T_c \div 60$	5,950	See rule 43(1)(e)

CG_7: T_c in respect of CG_7 would have been calculated in August 2017 as under

C/G	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)	Quarters lapsed from date of invoice to the date when goods used for common purpose	Calculation of Common credit for August 2017	Amount of common credit for August 2017 [A] ΣA = T_c	Remarks for October 2018
		Period	Use during that period					
CG_7	20-08-2017	From the date of invoice	For common purpose	6,00,000			6,00,000	ITC of Rs. 6,00,000 shall not to be credited in credit ledger in October 2018 because it would have been taken (credited) in August 2017 as per rule 43(1)(c)
Common credit in respect of capital goods **CG_7** during useful life of 5 years [T_c] = ΣA							6,00,000	see rule 43(1)(d) and it's proviso
One-month proportionate common credit						[T_m] = $T_c \div 60$	10,000	See rule 43(1)(e)

CG_3 and CG_8: T_c in respect of CG_3 and CG_8would have been calculated in May 2018 as under

C/G	Date of invoice	Period of use relevant purpose		IGST charged on invoice (Rs.)	Quarters lapsed from date of invoice to the date when goods used for common purpose	Calculation of Common credit for May 2018	Amount of common credit for May2018 [A] $\Sigma A = T_c$	Remarks for October 2018
		Period	Use during that period					
CG_3	17-07-2015	From the date of invoice to April 2018	For effecting exempt supplies	6,00,000	12 quarters (from 17.07.2015 to 30.04.2018)	(6,00,000 – 6,00,000×5% ×12) [see proviso to Rule 43(1)(c)]	2,40,000	ITC of Rs. 2,40,000 shall not be credited in electronic credit ledger in October 2018 because it would have been taken (credited) in May 2018 as per proviso to rule 43(1)(c)
		thereafter	For common purpose					
CG_8	05-05-2018	From the date of invoice	For common purpose	3,24,000			3,24,000	ITC of Rs. 3,24,000 shall not be credited in electronic credit ledger in October 2018 because it would have been credited in May 2018 as per rule 43(1)(c)
Common credit in respect of capital goods CG_3 & CG_8 during useful life of 5 years $[T_c] = \Sigma A$							5,64,000	see rule 43(1)(d) and it's proviso
One-month proportionate common credit						$[T_m]$ = Tc ÷ 60	9,400	See rule 43(1)(e)

Amount of ITC on all capital goods whose useful life remains during October 2018 $[T_r]$ shall be calculated as under [see Rule 43(1)(f)]–

$$Tr = \Sigma T_m$$

$$= 12{,}050+5{,}950+10{,}000+9{,}400$$

$$= 37{,}400$$

Amount of credit attributable towards exempted supplies for October 2018 $[T_e]$ shall be calculated as under –

$$T_e = (E \div F) \times T_r$$

$$= (4 \div 10) \times 37{,}400$$

$$= 14{,}960/-$$

Where –

E = Exempt turnover for the tax period i.e. October 2018 in our example

F = Total turnover for the tax period i.e. October 2018 in our example

Conclusion of determination and apportionment of ITC for October 2018 (As per Rule 43)	
Amount to be credited in electronic credit ledger (i.e. ITC to be taken) in respect of – CG9 : 1,92,000 CG5 : 3,63,000 CG11 : 2,40,000	7,95,000
T_e to be added to output tax liability as per Rules (but to be shown as reversal in GSTR-3B)	14,960

IV. <u>Situations not specifically covered by law</u>

<u>When capital goods being used for common purpose are subsequently used exclusively for effecting exempt supplies</u>

Issue is not fully addressed in the law. Wherever, taxpayer subsequently deals entirely with exempt supplies, then it is covered by section 18(1)(d) read with Rule 44. While other case where he continues to deal with taxable supplies also, but the said capital goods becomes exclusively used for effecting exempted supplies, then there is no specific provision.

Suppose a capital good was received on 22.09.2017 along with invoice of even date. IGST charged on invoice was Rs. 1,20,000. Since the date of it's receipt, it was being used for common purposes but from 01.10.2018, it is being used exclusively for effecting exempt supplies. Undoubtedly, ITC has to be reversed in month of October 2018.

Here, it is important to mention that Rule 43(1)(c) specifies that useful life of **commonly used goods** shall be taken to be 5 years.
But in the absence of any specific provisions for treatment of ITC in such cases, following questions arises –

a. Whether ITC to be reversed shall be reduced by 5% per quarter or part of the quarter?
b. Whether ITC to be reversed shall be reduced by $1/60^{th}$ per month or part of the month?

Note: calculation on the basis of month may differ from the calculation on the basis of quarter.

It becomes relevant to mention other related provisions like Rule 32 where 5% per quarter has been used. similarly, again in Rule 40, 5% per quarter has been used. But in Rule 44, 1/60 per month has been used.

This is matter of differences, so author reserves his views and leaves it to the wisdom of learned members.

<u>When capital goods being used for common purposes are subsequently used exclusively for effecting taxable supplies</u>

It is dealt by implication through Rule 43(1)(f). As the assets is no more common capital goods, the same can be excluded from T_r. ITC would have already been credited in electronic credit ledger.

<u>When capital goods being used exclusively for effecting taxable supplies are subsequently used exclusively for effecting exempt supplies</u>

Issue is not fully addressed in the law. Wherever, taxpayer subsequently deals entirely with exempt supplies, then it is covered by section 18(1)(d) read with Rule 44. While other case where he continues to deal with taxable supplies also, but the said capital goods becomes exclusively used for effecting exempted supplies, then there is no specific provision

As per section 17(2) r.w. Rule 43(1)(a), ITC shall be reversed.

Again, Rule 43 is silent on whether useful life of such capital goods is also to be taken 5 years. But it becomes relevant here to mention Rule 44 where law states that life of capital goods shall be taken to be 5 years. So here also, one has to decide whether –

a. Whether ITC to be reversed shall be reduced by 5% per quarter or part of the quarter?
b. Whether ITC to be reversed shall be reduced by $1/60^{th}$ per month or part of the month?

<u>When capital goods being used exclusively for effecting exempt supplies are subsequently used exclusively for effecting taxable supplies</u>

It is covered by section 18(1)(d) read with Rule 40(1). It is also relevant to note the restriction in this regard in section 18(2). While rule 43 permits ITC on capital goods, which was on receipt used for effecting exclusively exempt supplies and subsequently used for effecting common supplies, without time restriction of one year from date of invoice. But, there is restriction when the said item is subsequently used for effecting exclusively taxable supplies in the section 18(2). However, issue would remain open as regards capital goods being exclusively used for non-business purpose is subsequently being used exclusively for business purpose. Subject to conditions under section 16(3) and 16(4), ITC can be availed after reducing the value (quarterly or monthly).

V. <u>ITC to be reversed from common credit in case of new business started- no turnover in previous month</u>

Illustration: Say a person decides to start a new business, in which machinery is used for production of both exempt as well as taxable supplies. He started setting up business from January & accordingly purchased machinery in the month of January & actual production started in April & supplies (both exempt & taxable) starts from May. Now how to deal with common credit for the month of January to April.

When you refer rule 43, you would certainly appreciate that reversal of ITC depends upon the exempt supplies made during ***<u>relevant tax period</u>*** <u>instead of previous tax period</u> except where proviso to rule 43(1) (g) applies. To substantiate this, rule 43(1) (g) has been reproduced below –

(g) the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as-
Te= (E÷ F) x Tr

where,
'E' is the aggregate value of exempt supplies, made, during the *__tax period__*, *and*
'F' is the total turnover of the registered person during the *__tax period__*

Particularly in this case where new business is established, it becomes important to discuss the impact of proviso to rule 43(1) (g). Do the words *'__where the registered person does not have any turnover during the said tax period or the aforesaid information is not available__' as used in said provision include the situation of 'non-availability of turnover figures due to non-commencement of business supplies' and therefore it becomes necessary to take notional figure of E/F.* Therefore, it can be concluded that:

1. There is no need to reverse ITC for the period from January to April.
2. Reversal would start from May and thereafter onwards only.

VI. __Conclusion__

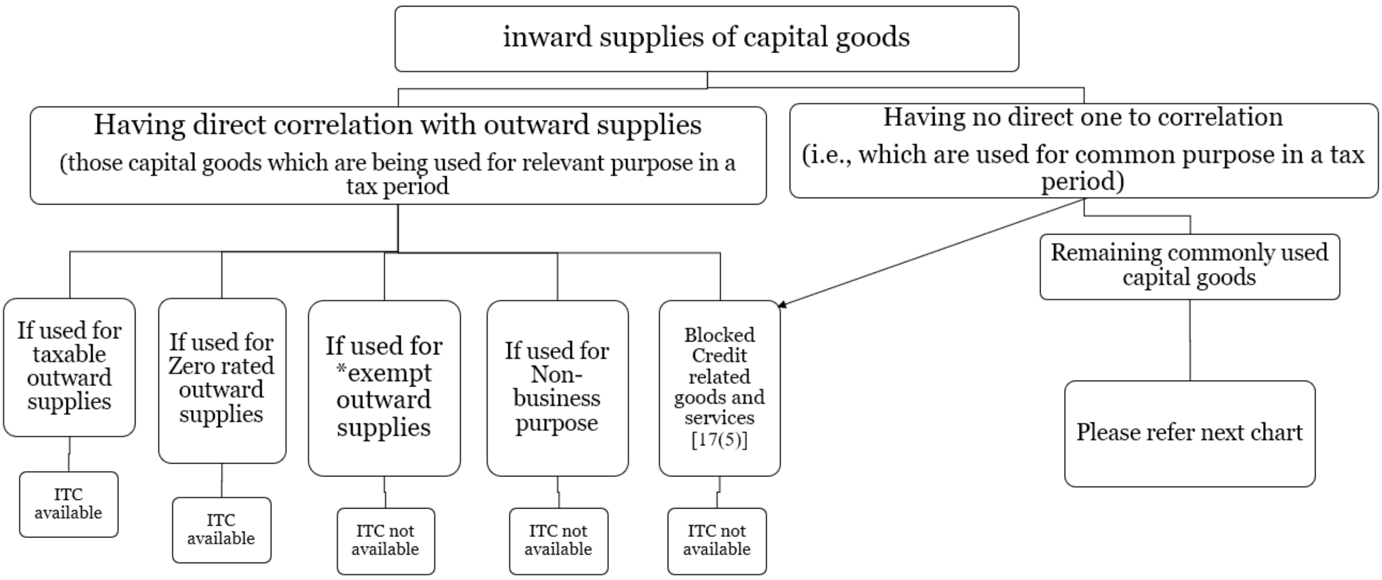
Rule 43 is truly remarkable as it provides great insight into the thinking of relating credit to taxable outward supplies even if it were for part of useful life of the capital goods. While it has been possible with capital goods, avoiding cascading of taxes has not been all that successful in other areas and we can swallow it as Government's policy such as blocked credits. And a bird's eye view is also appended.

This analysis of Rule 43 has been authored by CA Shashank Gupta, Agra and reviewed by CA Kasi V Viswanathan, Chennai. Author's have explored the workings of the rule based on the specific circumstances visualized and readers are to consider those circumstances. These are views of the Authors and ICAI does not endorse the same as its official interpretation of the relevant law.

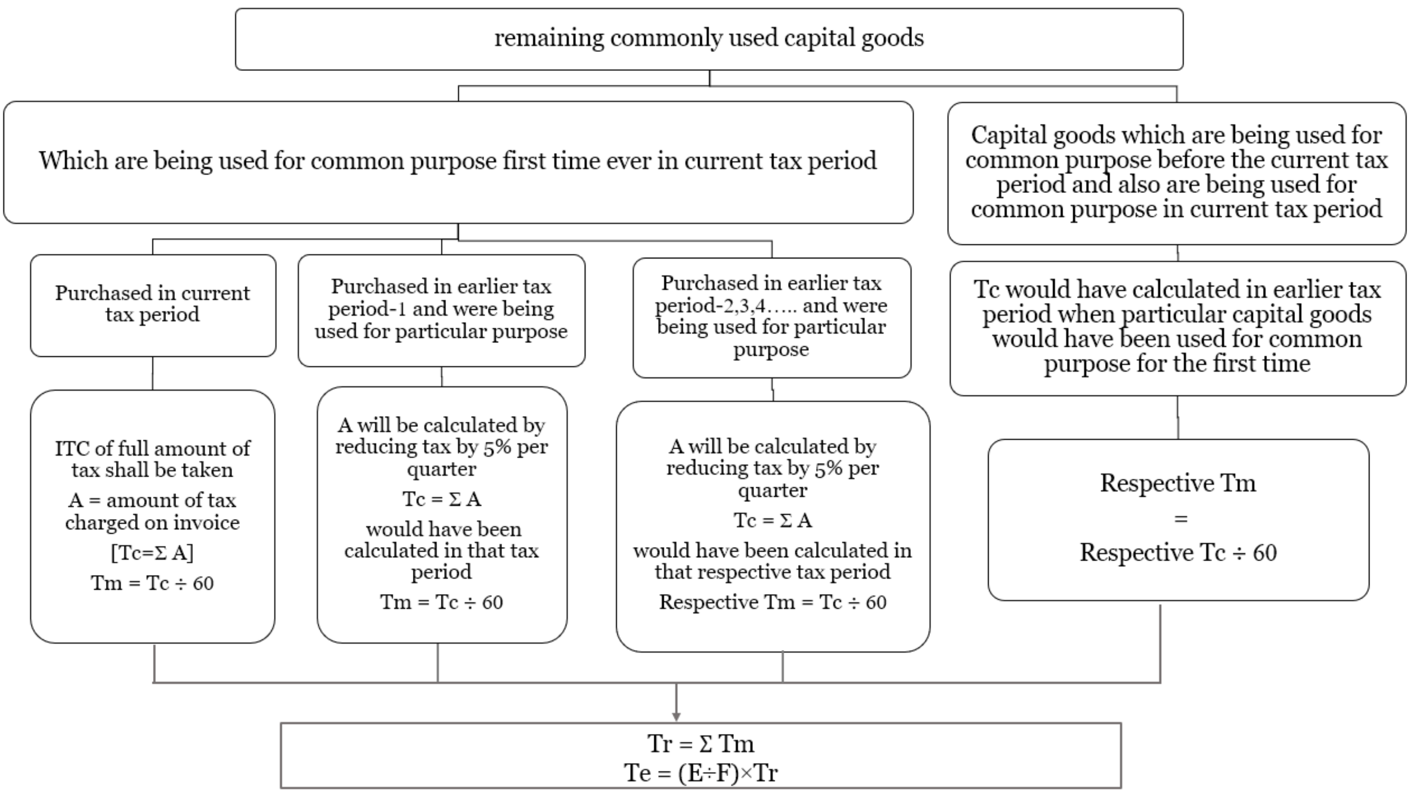
Bird's eye view of Rule 43

Step-1: Find out all those capital goods which are not older than 5 years from the date of invoice. Because, as explained above, self-assessment of ITC on capital goods older than 5 years would have been dealt with earlier.

Step-2: Classification of capital goods as identified in step-1 and respective treatment



*exempt supplies includes non-taxable supplies



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