Rule 42: simplified

Important point to take care

ITC of non business, exempted, 17(5) and taxable including zero rated (T1,T2,T3,T4) supply is required to be declare every month while filing GSTR 2. GSTR 2 is pending for indefinite period by CBEC. It is advisable to give this consolidated amount in GSTR 3B

Exp. to rule 43 provide that following shall not be included in exempted supply:
a) Export to Nepal Bhutan (they are covered in exempt supply via not. 42/2017)
b) Interest earned on deposits or advances
c) Transportation of goods via vessel from India to outside India

When there is no turnover in any period Turnover of last period when the figure of turnover is available shall be taken into consideration.

Any amount if Duty or tax levied under entry 84 of List I and entry no. 51 and 54 of List II of seventh schedule and shall be excluded from TT or ET

Summarised formula

Total ITC in a period	100	T	
Less: ITC attributable for non business	5	T1	17(1)
Less: ITC attributable to exempted	10	T2	17(2)
Less: ITC attributable negative list supply	15	T3	17(5)
Less: ITC attributable to taxable including zero rated	20	T4	
Common Credit	50	C1	

Common Credit *Exempted turnover /Total Turnover =C2

Notes: Here exempted supply will include sale of land and flat also(except works contract in para 5b of schedule II)

Calculation of reversal amount for sec 17(1)

D2= 5% Of Common Credit C2 → Add it in output tax liability

Calculation of reversal amount for sec 17(2)

D1=(E/F)*C2

ET during taxable period

TT in taxable period

C1 –T4

C1=T-(T1+T2+T3)

ITC attributable to other than exempted including zero rated

Eligible ITC from common input

C3 = C2-(D1+D2)

A compilation by Team Consultease. Please send your queries and feedback at shaifaly@consultease.com

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