

**GIB/BR/Uttar Bihar/30.06.2020/AAR-363**

**Advance Ruling Category :** Input Tax Credit

**State :** Bihar

**Order No.:** GIB/BR/Uttar Bihar/30.06.2020/AAR-363

**Name of Entry :**

Uttar Bihar Gramin bank

**Date :** 30-06-2020

**Breif Issue :**

**Facts & Issue Of The Case :**

Applicant is engaged in the business of banking as a regional Rural Bank. It accepts deposit from its customers. It is statutorily require to pay premium to Deposit Insurance and Credit Guarantee Corporation (DICGC) on these deposits, on which GST is collected by the DICGC. Now the bank is availing and intends continue to avail credit of GST paid, as prescribed under respective GST Acts, as it is an inward supply for the purpose of its banking business. To avoid any future litigation, bank now seeks advance ruling, whether input credit of GST on this inward supply is just and proper under the GST law?

**Decision of Advance Ruling Authority :**

**Decision :**

A banking company or a financial institution, including a non-banking financial company, engaged in the supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the following procedure, namely,-

- (a) the said company or institution shall not avail the credit of,-
  - (i) the tax paid on inputs and input services that are used for non-business purposes; and
  - (ii) the credit attributable to the supplies specified in sub-section (5) of section 17, in FORM GSTR-2;
- (b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section 17 and not covered under clause (a); 7

(c) fifty per cent. of the remaining amount of input tax shall be the input tax credit admissible to the company or the institution and shall be furnished in FORM GSTR-2;

(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution.