

**GIB/KN/KNOWLARITY/20.09.2019/AAR-197**

**Advance Ruling Category :** Input Tax Credit

**State :** Karnataka

**Order No.:** GIB/KN/KNOWLARITY/20.09.2019/AAR-197

**Name of Entry :**

knowlarity Communications Pvt. Ltd

**Date :** 21-03-2020

**Breif Issue :**

**Issues Involved**

Whether or not a registered person under the Goods and Services Tax Act, 2017 can claim eligible input tax credit of goods and services tax paid on input invoices of goods or services procured or availed by a registered person before its effective date of registration under GST, where such inputs are eligible input credits and for the purpose of furtherance of business?

**Facts of the case**

Applicant states that he is engaged in the business of providing cloud telephony internet-based communication solutions to its customers in different States of India through its offices in such State and has its corporate office in Gurugram, Haryana.

The applicant is registered w.e.f. 01.04.2018 and prior to the effective date of registration he was an unregistered person in the State of Karnataka.

The applicant states that whether or not a person registered under goods and service tax act, 2017 is eligible to claim input tax credit of GST charged on invoices, of goods or services procured or received by such registered person, issued before its effective date of registration under GST Act. The company received certain input invoices of goods or services procured by its office located at Karnataka. these invoices were issued during July 1<sup>st</sup> to March 31<sup>st</sup>, 2018.

**Section 2(94) of the CGST Act** “registered person” means a person who is registered under section 25 but does not include a person having a Unique Identity Number”.

**Section 25(11) of the CGST Act, 2017** certificate of registration shall be issued in such form and with effect from such date as may be prescribed (Rule 10 also deals with the effective date of registration.

**Section 2(59) of the CGST Act**, “input” means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;”

As per **Section 18(1) of the CGST Act, 2017** credit would be available in special circumstances Subject to such conditions and restrictions as may be prescribed:

- a. a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act;
- b. a person who takes registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration.”

**Decision of Advance Ruling Authority :****Decision:-**

The applicant is not eligible to claim input tax credit of the tax paid on input invoices of goods or services procured or availed by a registered person before its effective date of registration under GST.