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B.Com Honours | Semester VI | Calicut University

INCOME TAX AND GST

Course Code: COM6CJ305 • Module 4 Notes

Module IV: Input Tax Credit (ITC), Invoices, & GST Administration

Covers elimination of cascading effect, ITC claim conditions (Sec 16), ITC utilization order, blocked credits (Sec 17(5)), Tax Invoices, E-Way bills, GST Council, and GST assessments.

Unit 21: Cascading Effect Elimination & ITC Conditions (Sec 16)

ITC Benefit: Eliminates tax-on-tax. Conditions for ITC Claim (Sec 16): Possession of Tax Invoice/Debit Note, receipt of goods/services, tax actually paid to Govt by supplier, & GSTR-3B return filed.

Unit 22: ITC Utilization Rules & Blocked Credits (Sec 17(5))

Utilization Sequence: IGST Credit used first against IGST, then CGST/SGST in any order. CGST Credit used for CGST, then IGST. SGST Credit used for SGST, then IGST (Cross-utilization of CGST & SGST strictly forbidden).
Blocked Credits (Sec 17(5)): Motor vehicles (<13 seater), food & beverages, outdoor catering, membership of clubs, & personal consumption.

Unit 23: GST Invoice, Debit/Credit Notes, & E-Way Bill

Tax Invoice: Must contain HSN/SAC, GSTIN, invoice date, & value. Debit Note (issued for upward price revision) vs Credit Note (downward price revision). E-Way Bill: Mandatory electronic document for movement of goods valued >₹50,000.

Unit 24: GST Council Architecture & Statutory Authorities

GST Council (Article 279A): Joint forum of Center & States chaired by Union Finance Minister (Center 1/3rd voting weight, States 2/3rd weight; 3/4th majority required for decisions).

Unit 25: Overview of GST Assessment Types

Assessment Typologies: Self-Assessment (Sec 59), Scrutiny of Returns (Sec 61), Assessment of Non-Filers (Sec 62), Assessment of Unregistered Persons (Sec 63), & Summary Assessment (Sec 64).

Practical Case Framework 1 (Order of Input Tax Credit - ITC Utilization Matrix): Detail ITC credit source, priority 1 utilization, priority 2 utilization, and prohibited cross-utilization.

ITC Utilization Hierarchy Table:

ITC Credit Available	Priority 1 Settlement	Priority 2 Settlement	Prohibited Cross-Set-off
IGST Credit	IGST Liability (100% first)	CGST / SGST (in any order)	None
CGST Credit	CGST Liability	IGST Liability (Balance)	Cannot be used for SGST Liability
SGST Credit	SGST Liability	IGST Liability (Balance)	Cannot be used for CGST Liability

Practical Case Framework 2 (Ineligible Blocked Credits Section 17(5) Reference Matrix): Detail blocked expense category, statutory exception (when ITC allowed), and compliance impact.

Section 17(5) Blocked Credit Reference Table:

Blocked Expense Category	Statutory Exception (ITC Allowed)	ITC Claim Status
Passenger Motor Vehicles	Used for driving school or further supply	Blocked for general business cars
Food, Beverages, & Outdoor Catering	Statutory obligation under Factories Act	Blocked for routine office events
Works Contract for Immovable Property	Inputs for Plant & Machinery construction	Blocked for building construction