

# **Indirect Tax Dept. Issues Notices to Companies over Late Input Credit Claim under GST Frame**

ET Bureau | Last Updated: Feb 26, 2020, 07.58 AM IST

**The Indirect Tax department has issued notices to thousands of companies that had claimed late Input Tax Credit under GST framework and thereby asked them to reverse the transaction. These companies had claimed the Input Tax Credit for fiscal 2018 and 2019 after missing the September deadline.**

These Companies had claimed the Input Tax credit for fiscal 2018 and 2019 after missing the September deadline. The Tax department has asked them to reverse the transactions and pay interest on the wrongly claimed credit, people in the know said.

Input Tax credit is a mechanism whereby companies can set off GST paid on raw materials or Input services against future Tax liabilities.

“It is noticed that you have filed returns after the due date specified for availing (of) Input Tax credit for discharging your Tax liability. You shall not be entitled to take Input Tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date for furnishing of returns,” a Tax notice seen by ET reads.

Tax experts said these notices could be challenged in the court.

The timelines cannot be treated as mandatory for availing of credit, as the right accrues at the time of procurement of supply and making a payment, said Abhishek A Rastogi, a partner at law firm Khaitan & Co. “This is enough to challenge the validity of the restriction.”

According to the people, several companies based in Maharashtra, New Delhi, West Bengal and Tamil Nadu were served with such notices. These companies can either pay up the amount or challenge the demand in courts.

Separately, the Central Board of Indirect Taxes and Customs has so far blocked some? 40,000 crore of Tax Credits due to mismatch in Return Filings. All these mainly deal in cases where suppliers to a company that is claiming Input Tax Credit had not uploaded invoices. As per current Regulations, Companies can claim 10% of such missing invoices.