16: Determination of Input Tax Credit:

(1) Input Tax Credit shall be determined under the provisions of section 6 of the Act and shall be allowed subject to the conditions prescribed under sub-section (3), sub-section (7), sub-section (8) and sub-section (9) of the said section.

(2) The dealer shall, in respect of purchase of goods other than Capital Goods, claim Input Tax Credit in the return for a tax period, and for this purpose, shall furnish the details of such goods purchased from registered dealers within the State, with the relevant return in the format of Annexure II of Form III within the time and in the manner prescribed for the purpose under Rule 11.

(3)(a) The claim for Input Tax Credit in respect of stock in hand on the date of commencement of the Act or on the date of registration as per sub-section (5) of section 6 of the Act, shall be submitted by the dealer within 30 days of the relevant date;

Provided that in respect of stock in hand on 1st October 2005, the dealer may be submit his claim for Input Tax Credit upto 31 March, 2006. (*substituted vide notification no.- 324/XXVII(8)/VITTA/2008 Dt. 14-05-2008*)

(b) The dealer claiming Input Tax Credit as per clause (a) above, shall provide-

(i) an inventory of all the goods in hand on which Input Tax Credit in being claimed, giving the commodity wise details of such stocks, both in quantity and value, in respect of:

(a,a) total stock of goods on the relevant date;

(a,b) stock of goods purchased or received from outside the State;
(a,c) stock of goods purchased from within the State before one year of the relevant date

(a,d) stock of goods purchased from within the State within one year of the relevant date; and.

(ii) the list of commodity wise purchases made from registered dealers within the State as per (a,d) above in respect of which Input Tax Credit is being claimed, giving the details of date of purchase, name, address and registration number of the selling dealer, sale invoice number and date, quantity purchased and its value, tax paid thereon and the total price of the goods purchased and with respect to the particular purchase voucher, also the quantity of stock in hand on the relevant date and its actual or proportionate value, tax amount and total value.

(c) The documentary evidence of payment of tax and evidence of the price of goods, must be available and be retained by the dealer for a period of two years, and

(d) Input Tax Credit shall be calculated as follows-

(i) in respect of goods which were subjected to tax at the single point under the repealed Act, and tax has been charged separately on the bill, Input Tax Credit shall be the amount of such tax or the tax which should have been payable at the rate applicable on the date of commencement of the Act, whichever is lower,

(ii) in respect of goods which were subjected to tax at the single point under the repealed Act, and the tax has not been charged the amount that can be claimed for Input Tax Credit shall be 75% of the purchase value and the tax component which may be claimed as credit for this purpose shall be calculated by use of the tax fraction applied to this value.

Explanation: The tax fraction shall be the fraction calculated in accordance with the formula \( \frac{r}{100 + r} \) where "r" is the rate of tax applicable on the sale of the taxable goods.
(4)(a) To claim Input Tax Credit in respect of purchase of Capital Goods, the dealer shall furnish the details of such goods purchased from registered dealers within the State, with the returns for the relevant tax period in the format of Annexure II of Form III within the time and in the manner prescribed for the purpose under rule 11.

(b) The dealer shall, after the end of the financial year, prepare the month wise details of gross amount of purchases of Capital Goods, tax paid and also the calculation of claim of Input Tax Credit in respect of such purchases of Capital Goods during a financial year and shall file the same with the return for the tax period ending on 31st March each year within the time and in the manner prescribed for the purpose under rule 11.

(5) The Input Tax Credit shall be claimed as per the provisions of sub-section (6) of section 6 of the Act.

(6) The Input Tax Credit may be claimed by the dealer in the return for the relevant tax period on the basis of intended use of goods for different purposes:

Provided that the dealer shall, after the end of the financial year, prepare a statement of the revised calculation of claim of Input Tax Credit in respect of the entire goods used during the financial year on the basis of actual use of goods for different purposes, and shall file the same with the return for the tax period ending on 31st March each year, within the time and in the manner prescribed for the purpose of filing the return under Rule 11, and if any amount of Input Tax Credit claimed on the basis of intended use of goods in the returns for the tax periods is in excess of the amount admitted to be due as per revised calculation on the basis of actual use of goods, the same shall be deposited with the return for the tax period ending 31st March, and if the amount has been paid in excess, the same shall be carried forward to the next financial year.