

**CHAPTER V**  
**INPUT TAX CREDIT**

**Eligibility and condition for taking input tax credit.**<sup>77</sup>

<sup>78</sup>16.<sup>79</sup> (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

<sup>80</sup>[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;]

(b) he has received the goods or services or both.

<sup>81</sup>[*Explanation.*—For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

77. See rules 36 and 37 of the CGST Rules, 2017.

78. Enforced with effect from 1-7-2017.

79. For notified rate of tax to be levied on specified first intra-State supplies of goods or services, see Notification No. 2/2019-Central Tax (Rate), dated 7-3-2019 and Notification No. 2/2019-Union Territory Tax (Rate), dated 7-3-2019.

For notified classes of registered persons in whose case liability shall arise on specified date, see Notification No. 6/2019-Central Tax (Rate), dated 29-3-2019.

80. Inserted by the Finance Act, 2021, w.e.f. 1-1-2022.

81. Substituted by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019. Prior to its substitution, *Explanation* read as under :

“*Explanation.*—For the purposes of this clause, it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;”

- (i) where the services are provided by the supplier to any person on the direction of and on account of such registered person.]
- <sup>82</sup>[(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;]
- (c) subject to the provisions of <sup>83</sup>[section 41 <sup>84</sup>[\*\*\*]], the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and
- (d) he has furnished the return under section 39:

**Provided** that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:

**Provided further** that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be <sup>85</sup>[paid by him along with interest payable under section 50], in such manner as may be prescribed:

**Provided also** that the recipient shall be entitled to avail of the credit of input tax on payment made by him <sup>86</sup>[to the supplier] of the amount towards the value of supply of goods or services or both along with tax payable thereon.

(3) Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961 (43 of 1961), the input tax credit on the said tax component shall not be allowed.

(4) A registered person 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 <sup>87</sup>[thirtieth day of November] following the end of financial year to which such invoice or <sup>88</sup>[\*\*\*] debit note pertains or furnishing of the relevant annual return, whichever is earlier:

82. Inserted by the Finance Act, 2022, w.e.f. 1-10-2022.

83. Substituted for "section 41" by the Central Goods and Services Tax (Amendment) Act, 2018, with effect from a date yet to be notified.

84. Words "or section 43A" omitted by the Finance Act, 2022, w.e.f. 1-10-2022.

85. Substituted for "added to his output tax liability, along with interest thereon" by the Finance Act, 2023, w.e.f. 1-10-2023.

86. Inserted by the Finance Act, 2023, w.e.f. 1-10-2023.

87. Substituted for "due date of furnishing of the return under section 39 for the month of September" by the Finance Act, 2022, w.e.f. 1-10-2022.

88. Words "invoice relating to such" omitted by the Finance Act, 2020, w.e.f. 1-1-2021.

<sup>89</sup>**[Provided** that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March, 2019.]

<sup>89a</sup>*[(5) Notwithstanding anything contained in sub-section (4), in respect of an invoice or debit note for supply of goods or services or both pertaining to the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the thirtieth day of November, 2021.*

*(6) Where registration of a registered person is cancelled under section 29 and subsequently the cancellation of registration is revoked by any order, either under section 30 or pursuant to any order made by the Appellate Authority or the Appellate Tribunal or court and where availment of input tax credit in respect of an invoice or debit note was not restricted under sub-section (4) on the date of order of cancellation of registration, the said person shall be entitled to take the input tax credit in respect of such invoice or debit note for supply of goods or services or both, in a return under section 39,—*

- (i) filed upto thirtieth day of November following the financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier; or*
- (ii) for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, where such return is filed within thirty days from the date of order of revocation of cancellation of registration,*

*whichever is later.]*

**Apportionment of credit and blocked credits.<sup>90</sup>**

<sup>91</sup>**17.** (1) Where the goods or services or both are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.

89. Inserted by the Central Goods and Services Tax (Second Removal of Difficulties) Order, 2018, w.e.f. 31-12-2018.

89a. Sub-sections (5) and (6) inserted by the Finance (No. 2) Act, 2024, w.r.e.f. **1-7-2017**. [However, Notification No. 17/2024-Central Tax, dated 27-9-2024 appoints 27-9-2024 as the date of enforcement].

90. See rules 38, 42 and 43 of the CGST Rules, 2017.

91. Enforced with effect from 1-7-2017.

(2) Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

(3) The value of exempt supply under sub-section (2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

<sup>92</sup>[*Explanation.*—For the purposes of this sub-section, the expression “value of exempt supply” shall not include the value of activities or transactions specified in Schedule III, <sup>93</sup>[except,—

- (i) the value of activities or transactions specified in paragraph 5 of the said Schedule; and
- (ii) the value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of the said Schedule.]]

(4) A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to fifty per cent of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse:

**Provided** that the option once exercised shall not be withdrawn during the remaining part of the financial year:

**Provided further** that the restriction of fifty per cent shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number.

(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely:—

- <sup>94</sup>[(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver),

92. Inserted by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019.

93. Substituted for “except those specified in paragraph 5 of the said Schedule” by the Finance Act, 2023, w.e.f. 1-10-2023.

94. Clauses (a), (aa), (ab) and (b) substituted for clauses (a) and (b) by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019. Prior to their substitution, clauses (a) and (b) read as under :

- “(a) motor vehicles and other conveyances except when they are used—
  - (i) for making the following taxable supplies, namely:—
    - (A) further supply of such vehicles or conveyances; or

(Contd. on page 2.49)

except when they are used for making the following taxable supplies, namely:—

- (A) further supply of such motor vehicles; or
- (B) transportation of passengers; or
- (C) imparting training on driving such motor vehicles;
- (aa) vessels and aircraft except when they are used—
  - (i) for making the following taxable supplies, namely:—
    - (A) further supply of such vessels or aircraft; or
    - (B) transportation of passengers; or
    - (C) imparting training on navigating such vessels; or
    - (D) imparting training on flying such aircraft;
  - (ii) for transportation of goods;
- (ab) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa):
 

**Provided** that the input tax credit in respect of such services shall be available—

  - (i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;
  - (ii) where received by a taxable person engaged—
    - (I) in the manufacture of such motor vehicles, vessels or aircraft; or

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(Contd. from page 2.48)

- (B) transportation of passengers; or
- (C) imparting training on driving, flying, navigating such vehicles or conveyances;
- (ii) for transportation of goods;
- (b) the following supply of goods or services or both:—
  - (i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;
  - (ii) membership of a club, health and fitness centre;
  - (iii) rent-a-cab, life insurance and health insurance except where—
    - (A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or
    - (B) such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and
  - (iv) travel benefits extended to employees on vacation such as leave or home travel concession;”

- (II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;
- (b) the following supply of goods or services or both—
- (i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance:  
**Provided** that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;
  - (ii) membership of a club, health and fitness centre; and
  - (iii) travel benefits extended to employees on vacation such as leave or home travel concession:

**Provided** that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force;]

- (c) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;
- (d) goods or services or both received by a taxable person for construction of an immovable property (other than <sup>94a</sup>[plant and machinery]) on his own account including when such goods or services or both are used in the course or furtherance of business.

*Explanation* <sup>94b</sup>[1].—For the purposes of clauses (c) and (d), the expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property.

<sup>94b</sup>[Explanation 2.—For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other authority, any reference to “plant or machinery” shall be construed and shall always be deemed to have been construed as a reference to “plant and machinery”;

- (e) goods or services or both on which tax has been paid under section 10;
- (f) goods or services or both received by a non-resident taxable person except on goods imported by him;

94a. Substituted for “plant or machinery” by the Finance Act, 2025, w.r.e.f. **1-7-2017** [However, Notification No. 16/2025-Central Tax appoints 1-10-2025 as the date of enforcement].

94b. Inserted by the Finance Act, 2025, w.e.f. **1-10-2025**.

<sup>95</sup>[(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013 (18 of 2013);]

(g) goods or services or both used for personal consumption;

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

(i) any tax paid in accordance with the provisions of <sup>95a</sup>[section 74 in respect of any period upto Financial Year 2023-24].

(6) The Government may prescribe the manner in which the credit referred to in sub-sections (1) and (2) may be attributed.

*Explanation.*— For the purposes of this Chapter and Chapter VI, the expression “plant and machinery” means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes—

(i) land, building or any other civil structures;

(ii) telecommunication towers; and

(iii) pipelines laid outside the factory premises.

**Availability of credit in special circumstances.**<sup>96</sup>

<sup>97</sup>18. (1) 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;

(c) where any registered person ceases to pay tax under section 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in

95. Inserted by the Finance Act, 2023, w.e.f. 1-10-2023.

95a. Substituted for “sections 74, 129 and 130” by the Finance (No. 2) Act, 2024, w.e.f. 1-11-2024.

96. See rules 40, 41, 41A, 44 and 44A and Form Nos. ITC-01, ITC-02, ITC-02A and ITC-03 of the CGST Rules, 2017.

97. Enforced with effect from 1-7-2017.

stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9:

**Provided** that the credit on capital goods shall be reduced by such percentage points as may be prescribed;

- (d) where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person 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 relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable:

**Provided** that the credit on capital goods shall be reduced by such percentage points as may be prescribed.

(2) A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.

(3) Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.

(4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become wholly exempt, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

**Provided** that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

(5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.

(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:

**Provided** that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.

**Taking input tax credit in respect of inputs and capital goods sent for job work.**<sup>98</sup>

<sup>99</sup>**19.** (1) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on inputs sent to a job worker for job work.

(2) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business.

(3) Where the inputs sent for job work are not received back by the principal after completion of job work or otherwise or are not supplied from the place of business of the job worker in accordance with clause (a) or clause (b) of sub-section (1) of section 143 within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out:

**Provided** that where the inputs are sent directly to a job worker, the period of one year shall be counted from the date of receipt of inputs by the job worker.

(4) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on capital goods sent to a job worker for job work.

(5) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on capital goods even if the capital goods are directly sent to a job worker for job work without being first brought to his place of business.

(6) Where the capital goods sent for job work are not received back by the principal within a period of three years of being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out:

**Provided** that where the capital goods are sent directly to a job worker, the period of three years shall be counted from the date of receipt of capital goods by the job worker.

(7) Nothing contained in sub-section (3) or sub-section (6) shall apply to moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work.

*Explanation.*—For the purpose of this section, “principal” means the person referred to in section 143.

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98. See rule 45 and Form No. ITC-04 of the CGST Rules, 2017.

99. Enforced with effect from 1-7-2017.

**<sup>1</sup>[Manner of distribution of credit by Input Service Distributor.<sup>2</sup>**

**20.** (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9 <sup>3</sup>[of this Act or under sub-section (3) or sub-section (4) of section 5 of the

1. Substituted by the Finance Act, 2024, w.e.f. **1-4-2025**. Prior to its substitution, section 20, as amended by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019, read as under :

*\*20. Manner of distribution of credit by Input Service Distributor.—*(1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.

(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—

- (a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;
- (b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;
- (c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;
- (d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be *pro rata* on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;
- (e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be *pro rata* on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

*Explanation.—*For the purposes of this section,—

- (a) the “relevant period” shall be—
  - (i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or
  - (ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;
- (b) the expression “recipient of credit” means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;
- (c) the term “turnover”, in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under entries 84 and 92A of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.’

\*Enforced with effect from 1-7-2017.

2. See rules 39, 54(1), 54(1A) and 65 and Form No. GSTR-6 of the CGST Rules, 2017.
3. Inserted by the Finance Act, 2025, w.e.f. **1-4-2025**.

*Integrated Goods and Services Tax Act, 2017 (13 of 2017)], for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.*

*(2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9<sup>4</sup>[of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017),] paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.*

*(3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.]*

**Manner of recovery of credit distributed in excess.<sup>5</sup>**

<sup>6</sup>**21.** Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74 <sup>6a</sup>[or section 74A], as the case may be, shall, *mutatis mutandis*, apply for determination of amount to be recovered.

**CHAPTER VI**

**REGISTRATION**

**Persons liable for registration.<sup>7</sup>**

<sup>8</sup>**22.** (1) Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees:

**Provided** that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees:

<sup>9</sup>**[Provided further** that the Government may, at the request of a special category State and on the recommendations of the Council, enhance the aggregate turnover referred to in the first proviso from ten lakh rupees to such amount, not exceeding twenty lakh rupees and subject to such conditions and limitations, as may be so notified:]

4. Inserted by the Finance Act, 2025, w.e.f. **1-4-2025**.

5. See rule 97 of CGST Rules, 2017.

6. Enforced with effect from 1-7-2017.

6a. Inserted by the Finance (No. 2) Act, 2024, w.e.f. **1-11-2024**.

7. See rule 24 and Form Nos. REG-25 to REG-29 of CGST Rules, 2017.

8. Enforced with effect from 22-6-2017.

9. Inserted by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019.

<sup>10</sup>[**Provided also** that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.]

*Explanation.*—For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.]

(2) Every person who, on the day immediately preceding the appointed day, is registered or holds a license under an existing law, shall be liable to be registered under this Act with effect from the appointed day.

(3) Where a business carried on by a taxable person registered under this Act is transferred, whether on account of succession or otherwise, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.

(4) Notwithstanding anything contained in sub-sections (1) and (3), in a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal.

*Explanation.*— For the purposes of this section,—

- (i) the expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;
- (ii) the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;
- (iii) the expression “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the <sup>11</sup>Constitution <sup>12</sup>[except the State of Jammu and Kashmir] <sup>13</sup>[and States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand].

10. Inserted by the Finance (No. 2) Act, 2019, w.e.f. 1-1-2020.

11. For text of article 279A(4)(g) of the Constitution of India, see **Appendix**.

12. Inserted by the Central Goods and Services Tax (Extension to Jammu and Kashmir) Act, 2017, w.r.e.f. 8-7-2017.

13. Inserted by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019.