**FAQs on Goods & Services Tax**

**10. Input Tax Credit**

**Q 1. What is input tax?**

Ans. “Input tax” has been defined in section 2 (57) of the MGL and section 2 (1) (d) of the IGST Act. Input tax in relation to a taxable person, means the {IGST and CGST} in respect of CGST Act and {IGST and SGST} in respect of SGST Act, charged on any supply of goods and/or services to him which are used, or are intended to be used, in the course or furtherance of his business and includes the tax payable under sub-section (3) of section 7.

Under the IGST Act, input tax is defined as IGST, CGST or SGST charged on any supply of goods and / or services.

**Q 2. What is the implication of different definition of “input tax” in three acts viz CGST, SGST and IGST Acts?**

Ans. It implies that input tax consists of IGST & CGST in CGST Act and IGST & SGST in SGST Act. In the IGST Act, input tax consists of all three taxes namely, IGST, CGST and SGST.

It further implies that credit of all three can be used for discharging IGST liability, whereas only credit of IGST & CGST can be taken in CGST Act and that of IGST & SGST can be taken under SGST Act. Further the credit of CGST & SGST cannot be cross-utilized.

Source:http://cbec.gov.in/resources//htdocscbec/deptt\_offcr/faqongst.pdf;jsessionid=825C7C194F0FC0652FFE5A809FE81F69

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