**FAQs on Goods & Services Tax**

**10. Input Tax Credit**

**Q 11. What would be input tax eligibility in case where the goods and/or services supplied by a registered taxable person become absolutely exempt?**

Ans. As per section 16(12) of the MGL, the registered taxable person who supplies goods and / or services which become absolutely exempt, has to pay an amount equivalent to the input tax credit 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 such exemption. It has also been provided that after payment of the amount on such goods, the balance, if any available in electronic credit ledger would lapse. The amount, required to be paid, is to be calculated as per GAAP in terms of section 16(13) of the MGL.

**Q 12. What would be input tax eligibility in cases where taxable person paying tax under section 7 opts to pay tax under Compounding Scheme under Section 8?**

Ans. As per section 16(12) of the MGL, the registered taxable person, who was paying tax under section 7 opts to pay tax under Compounding Scheme under Section 8, has to pay an amount equivalent to the input tax credit 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 such switch over. It has also been provided that after payment of the amount on such goods, the balance, if any available in electronic credit ledger would lapse. The amount, required to be paid, is to be calculated as per GAAP in terms of section 16(13) of the MGL.

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