

One of the most
Difficult provision

Apportionment of Credit

Q - What is apportionment of credit and why is it needed?

Apportionment of Credit

① Input $\begin{cases} \rightarrow \text{Business purpose} & \checkmark \text{ credit allowed} \\ \rightarrow \text{Non Business purpose} & \times \text{ credit not allowed} \end{cases}$

② Input $\begin{cases} \xrightarrow{\text{used}} \text{Taxable Supply} \rightarrow \text{You get credit} \\ \rightarrow \text{Non-taxable supply} \rightarrow \text{You don't get credit} \end{cases}$

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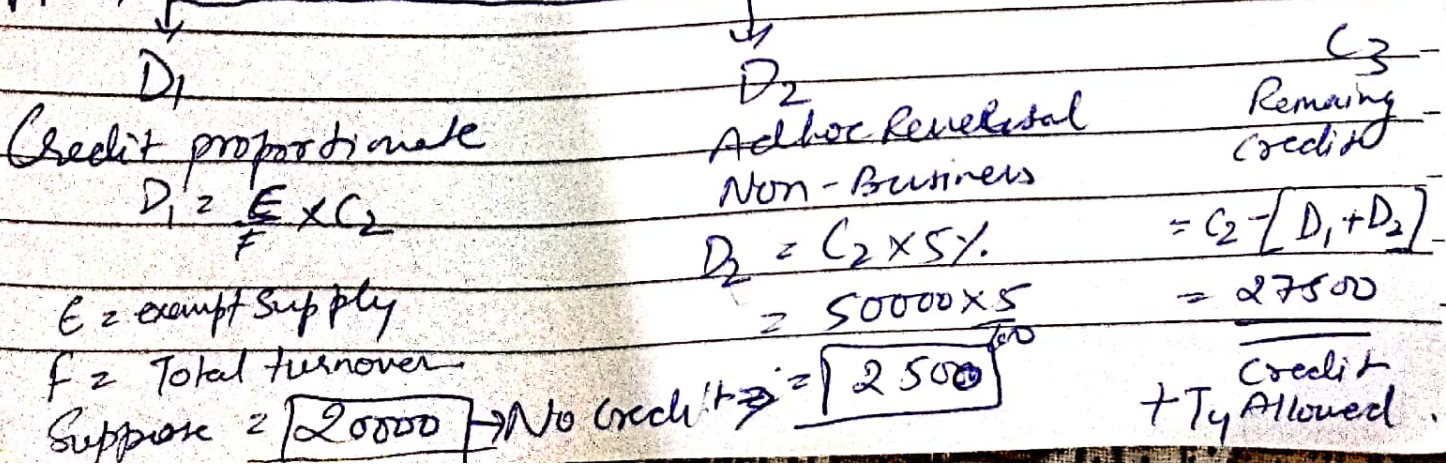
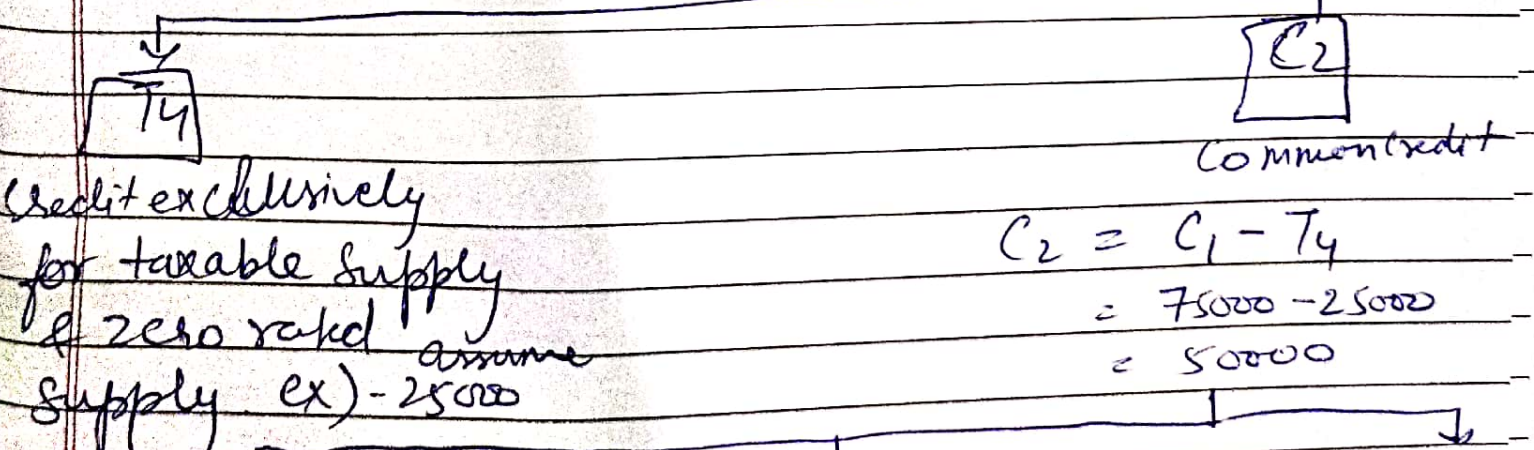
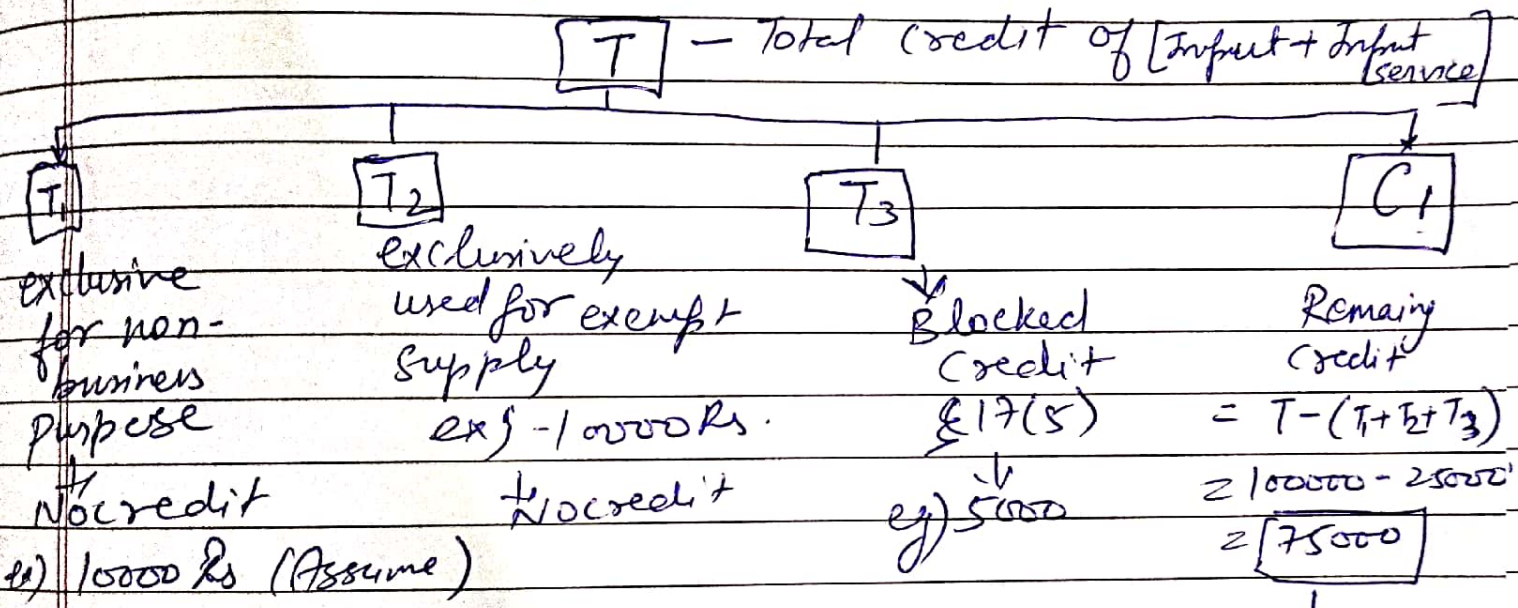
Now keep this example till last of this topic.

for example we bought sugar i.e. - 1000 kg.
 \hookrightarrow paid Input tax i.e. 10,000 Rs.

600 kg used for biscuit manufacturing
ratio wise you get credit of 6000 Rs.
Remaining 400 kg of glucose bottle manufacturing

and suppose glucose bottle is exempt supply
 ↳ You don't get ITC of 4000 Rs.

when you bought - you took the credit of 10000
 you ought to get is 6000
 so you need to do a Reversal of 4000
 ↳ You may add to output tax



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$$T_4 + C_2$$

$$= 52500$$

eligible credit

Cross verify.

$$\text{Ineligible credit} = T_1 + T_2 + T_3 + A + D_2$$

$$= 25000 + 22500$$

$$= 47500 \text{ ineligible}$$

$$\underline{52500 \text{ eligible credit}}$$

$$\underline{\underline{100000}}$$

Joneli milegi reverse kar dete hai