

List of Goods & Services on which ITC is not available

Section	Interpretation
17(5)(a)	Motor vehicles and other conveyance except (a) making the following taxable supplies namely:- i) further supply of vehicles ii) Transportation of passengers iii) Training of driving flying (b) For transportation of goods
17(5)(b)	i) Foods, beverages, outdoor catering, beauty treatment, health products, cosmetic Exception: – if these goods are used by registered person for giving taxable supplies for same goods ii) Membership of club, health and fitness centre which do not include trade unions iii) Rent a cab, life and health insurance Exception:- 1) govt notifies employer has to provide service to employees 2) if these goods are used by registered person for giving taxable supplies iv) Travel benefits to employees on vacation such as LTC
17(5)(c)	Work contract services when supplied for construction of immovable property except where it is input service for further supply of works contract service
17(5)(d)	Goods or services received by a taxable person for construction of an immovable property including when they are used for furtherance of business to the extent of capitalization
17(5)(e)	Goods or services provided to composition person
17(5)(f)	Goods or services received by a non resident taxable person except goods imported by him
17(5)(g)	Personal consumption
17(5)(h)	Goods lost, stolen, destroyed, written off or disposed off by way of gift or sample
17(5)(i)	Any tax paid on the goods confiscated or any levy of penalty

Apportionment of credit and blocked credits.

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.
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.
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:
5. Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year:
6. 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.
7. 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:—
 - (i) motor vehicles and other conveyances except when they are used—
 - (ii) for making the following taxable supplies, namely:—
 - (A) further supply of such vehicles or conveyances ; or
 - (B) transportation of passengers; or
 - (C) imparting training on driving, flying, navigating such vehicles or conveyances;
 - (iii) for transportation of goods;
 - (iv) the following supply of goods or services or both—

8. 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;
- (i) membership of a club, health and fitness centre;
 - (ii) 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
 - (iii) travel benefits extended to employees on vacation such as leave or home travel concession;
 - (iv) 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;
 - (v) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.
9. Explanation.—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;
- (i) goods or services or both on which tax has been paid under section 10;
 - (ii) goods or services or both received by a non-resident taxable person except on goods imported by him;
 - (iii) goods or services or both used for personal consumption;
 - (iv) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and
 - (v) any tax paid in accordance with the provisions of sections 74, 129 and 130.
10. The Government may prescribe the manner in which the credit referred to in sub-sections (1) and (2) may be attributed.

11. 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.