

Operation of Rule 7 of the GST ITC Rules				
S.No.	Details	Code	Amount	Remarks
1	Total Credit credited in the Electronic Credit Ledger on all inward supplies of goods and services.	T	1500000	Based on all details as uploaded by the suppliers.
2	Credit attributable to inputs and input services, used exclusively for non business purposes	T1	15000	Totally ineligible
3	Credit attributable to inputs and input services, used exclusively for making exempted supplies	T2	25000	Totally ineligible
4	Ineligible credit as per Section 17 (5)	T3	40000	Totally ineligible
5	Total amount of credit to be credited to the Electronic Credit Ledger	$C1 = T - (T1 + T2 + T3)$	1420000	Total eligible credit, subject to proportionate reversal. This amount is already being reflected in the Electronic Credit Ledger
6	Out of C1 above, credit attributable to inputs and input services, which are exclusively used for making taxable supplies and zero rated supplies.	T4	22000	This credit is fully entitled and is already reflecting in Electronic Credit Ledger
7	Common Credit (5) - (6)	$C2 = C1 - T4$	1398000	This should be subjected to proportionate entitlement and is already reflecting in Electronic Credit Ledger
	Out of the above common credit, credit attributable to exempt supplies - D1 shall be determined, by using the formula $C2 * E/F$ . E = Value of exempted supplies in the tax period. F = Total turnover in the tax period.			
8	Let us assume, value of exempted supply in the tax period as	1,20,00,000		
9	Let us assume, Total turnover in the tax period as	5,00,00,000		

10	Common credit attributable to exempt supplies.	D1	335520	1398000 * (1.2 Cr / 5.0 Cr)	
11	Common credit attributable to non business purposes	D2	69900	As per Rule this would be 5 % of C2	
12	Eligible Common Credit	$C3 = C2 - (D1+D2)$	992580		
13	D1 and D2 is liable to be reversed and hence added to the output tax liability		405420		
14	Net Credit availed.	$T 4 + C 3$	<b>1014580</b>		
<b>Cross Check</b>					
15	Total amount originally reflecting in Electronic Credit Ledger		1500000		
16	T1, T2, T3 removed		80000		
17	Balance amount reflecting in Electronic Credit Ledger now		1420000		
18	Credit attributable to exempt supplies (D1) and Non business purpose (D2), which is added to the output tax liability		405420		
19	Net credit availed (17) - (18)		<b>1014580</b>		