

Letter of Undertaking to claim ITC under GST

Link for undertaking: <https://goo.gl/qFo3Lk>

Please read the below provisions to know the importance of this undertaking

Sec16 states Conditions and eligibility for availing Input Tax Credit:

As per the provisions,

Registered person shall be entitled to avail the ITC on satisfying below mentioned conditions

#1 He is in possession of a **Tax Invoice** or **debit note** issued by a supplier.

#2 He has **received** the goods or services or both.

#3 Subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and

#4 He (Recipient) has **furnished the return** under section 39

From the above conditions I draw your kind attention to Cond. #3

As per this condition, unless and until supplier has paid the tax which was collected from the recipient and also supplier filed the return u/s39 i.e **GSTR3B**; Recipient is not eligible to take input tax credit.

The main issue is how Recipient can know that supplier has deposited the tax collected from him into the Government Account?

Answer is reflection in GSTR 2A?

NO

Even if supplier without filing GSTR 3B (without depositing tax collected, he can file GSTR-1 and same will be reflected in GSTR 2A

So, mere reflection of invoice in GSTR 2A is not a conclusive evidence that, tax collected was deposited to the Government.

So, to avoid litigation issues and notices and penalties in future,

It is recommended to take **Indemnity Bond/Undertaking** from the supplier stating tax collected from recipient is deposited to the Government.

In view of its importance we have compiled undertaking/Indemnity format from various sources available on the internet, which is to be taken from supplier before availing ITC, to avoid notices / penal actions by the department in future for wrongful availment of ITC.

Hope it will be useful to you and I request you to share it with your professional friends.

Regards

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For Updates

<https://goo.gl/oH6YpW>