



Whether in case of a restaurant charging GST @ 5%, will the ineligible ITC be shown in Form GSTR-3B - under blocked credit [section 17(5)] or under rule 42/43 or under Other?

Explanation No. (iv) to Notification No. 11/2017-Central Tax (Rate) dated 28-06-June 2017 provides as follows:

“(iv) Wherever a rate has been prescribed in this notification subject to the condition that credit of input tax charged on goods

or services used in supplying the service has not been taken, it shall mean that,

(a) credit of input tax charged on goods or services used exclusively in supplying such service has not been taken; and

(b) credit of input tax charged on goods or services used partly for supplying such service and partly for effecting

other supplies eligible for input tax credits, is reversed as if supply of such service is an exempt supply and attracts provisions of sub-section (2) of section 17 of the Central Goods and Services Tax Act, 2017 and the Rules made thereunder.”

In view of the above Explanation in the principal notification, it is clear that such ITC reversal with respect to restaurant services shall be reported under “ITC reversal under rule 42/43” row [Table 4. Eligible ITC (B)ITC Reversed (1) As per rules 42 &43 of CGST Rules][relevant rules to section 17(2)] in Form GSTR-3.