



Lawgics

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Serial No. 053
Dt.: 23-03-2023



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Section 53 of CGST Act, 2017

53. Transfer of input tax credit.

On utilisation of input tax credit availed under this Act for payment of tax dues under the Integrated Goods and Services Tax Act in accordance with the provisions of sub-section (5) of section 49, as reflected in the valid return furnished under sub-section (1) of section 39, the amount collected as central tax shall stand reduced by an amount equal to such credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the central tax account to the integrated tax account in such manner and within such time as may be prescribed.

Our Interpretation

Section 53

Transfer of ITC

U/s 49(5)(b)(c) and(d) of CGST Act, SGST / CGST / UTGST credits can be utilised by a tax payer on priority basis to respective SGST / CGST / UTGST dues first. Then, in case of CGST balance, if any, can be used pay towards IGST. If used so, there shall be reduction in central tax caused by Central Government and equal credit shall be ensured to IGST.

The ITC credit of CGST can be utilized to set off IGST Tax, in case taxpayer opts for the same. Thus, it can be said that unutilized CGST can be used to set off IGST liability at the option of the taxpayer. There shall be reduction in CGST on such utilisation; the Central Government shall transfer equivalent amount to the credit of IGST account.

Under No circumstances, un-utilized CGST can be used to set off liability of SGST.

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