

THE KERALA VALUE ADDED TAX RULES, 2005

FORM No. 25B

CERTIFICATE FOR GRANTING INPUT TAX CREDIT ON CAPITAL GOODS

(See Rule 13(2))

Date:

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| Name & Address of the applicant-assessee |
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Pursuant to your claim for input tax credit on capital goods furnished in Form No. 25 dated I am to advise you that you are entitled to claim a credit /refund of Rs..... which can be adjusted /refunded over a period of three years commencing from(date) in accordance with Section 11(2) or Section 13, as the case may be, of the KVAT Act, 2003 subject to the following conditions:

- (a) The deduction/refund shall be allowed in 36 equal monthly instalments of Rs.....(Specify amount of monthly instalment)over a period of three years from the date specified above.
- (b) No deduction /refund of input tax shall be allowed where the use of capital goods relates wholly to the manufacture of exempted goods and /or goods falling under the fourth schedule.
- (c) Where the capital goods are used from the commencement of commercial production, for manufacturing taxable and exempted or non taxable goods simultaneously, the monthly instalments fixed under clause (a) shall be apportioned between the taxable and exempted or non taxable goods manufactured, on the basis of the ratio of taxable and exempted turnover during the period in which the input tax credit is claimed. The portion of the input tax allocable to taxable goods shall be allowed and that allocable to exempted goods disallowed and deducted from the input tax credit eligibility of the dealer.

(d) Where the capital goods used for the manufacture of exempted or non-taxable goods, is subsequently used for manufacture of taxable goods wholly or partly, the input tax credit allowable for the capital goods shall be calculated as follows:

(i) where the capital goods are used subsequently for manufacturing taxable goods only, the input tax credit for the months in which the capital goods are used for manufacturing exempted goods shall be disallowed and the input tax credit for the months during which the capital goods are used for the manufacture of taxable goods shall be allowed.

(ii) where the capital goods are used subsequently for manufacturing exempted or nontaxable goods and taxable goods simultaneously, the input tax credit for the period during which such capital goods are used for the manufacture of exempted or nontaxable goods shall be disallowed and the input tax credit for the months during which the capital goods are used for the manufacture of taxable goods and exempted or non taxable goods shall be determined in the manner prescribed under clause (c).

(e) where the capital goods are used partly for the manufacture of goods falling under the first schedule and/or the fourth schedule and partly for the manufacture of taxable goods, the input tax credit calculated under clause(a) above shall be apportioned among the goods falling under the first schedule, fourth schedule and other goods on the basis of the ratio of the turnover of goods coming under the first schedule and fourth schedule and that of other goods and the input tax credit allowed or as the case may be, disallowed in the manner specified in clause (c) above.

(a) Where the capital goods are used in relation to any goods, other than goods included in the fourth schedule, which are sold in the course of export, refund of input tax shall be allowed even if the goods in relation to which the capital goods are used is exempt from tax.

- (b) Where refund of input tax is available under Rule 46 or Rule 47 in respect of capital goods in respect of which input tax credit is also available under section 11, the amount for which refund or input tax credit, as the case may, is to be allowed shall be arrived at in the manner specified in Rule 13 (4) (c) with suitable modification.
- (c) The deduction of input tax shall be claimed by the dealer in the monthly return. But refund shall be claimed only in accordance with the procedure laid down in Rule 46 or Rule 47, as case may be.



Signature of the assessing authority.