

M/s INDIAN COTTON SOLUTIONS.COM PRIVATE LIMITED

Authority for Advance Ruling — Andhra Pradesh

Order No. AAR/AP/6 (GST)/2018

Dated 08.06.2018

Q Questions Before the Authority

- Whether they can utilize /refund the ITC which is readily available in GST Portal, for the vehicles purchased by them for the purpose of their core business activity?

F Facts

The applicant is engaged in supplying mobile laboratory services to test the quality of cotton. For this core activity, the applicant purchased five motor vehicles to use as mobile testing labs, mounting quality-testing equipment directly onto them. The applicant approached the Authority to clarify whether Input Tax Credit (ITC) paid on the purchase of these vehicles can be claimed or refunded.

H Ruling

ITC eligibility/refund on vehicles purchased for core business use as mobile labs

Not entitled to claim ITC

Does not fall within the statutory exceptions under Section 17(5)

The Authority held that the motor vehicles purchased for mobile testing laboratories do not fall under any of the permissible exceptions listed under Section 17(5) of the GST Act. Consequently, the applicant is **not entitled to claim or utilize Input Tax Credit** on these vehicles.

R Reasoning

The decision turned on the interpretation of Section 17(5) of the CGST/APGST Act, 2017, which explicitly restricts Input Tax Credit on motor vehicles and conveyances. The statutory exceptions allowing ITC on motor vehicles are limited to cases where they are used for further supply of such vehicles, passenger transportation, driving training, or goods transportation. The Authority observed that using vehicles as mobile testing labs does not satisfy any of these statutory exceptions, making the ITC strictly blocked.

P Provisions Relied On

Section 17(5) of CGST Act, 2017

Section 17(5) of APGST Act, 2017

! For the Practitioner

This ruling confirms that the **blocked credit provisions under Section 17(5)** apply strictly based on the nature of the asset (motor vehicle), regardless of whether the vehicle is essential or integral to performing the business's core services. Tax practitioners should note that mounting specialized equipment or using vehicles as mobile business facilities does not override the specific statutory exclusion for motor vehicles.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [ap_06-2018_08.06.18_icscpl.pdf](#)

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