

M/s J.K. FENNER (INDIA) LIMITED

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 08/AAR/2023 Dated: 06.06.2023

Q Questions Before the Authority

- Whether GST paid on works contract for carrying out repair of factory building shall be available for ITC to the extent to which the said expense is not capitalized to the said immovable property.

F Facts

The applicant is engaged in the manufacturing of industrial rubber products and incurs regular expenditure on the repair and maintenance of its factory buildings. They sought a ruling on whether Input Tax Credit (ITC) is available for GST paid on works contract services for these repairs when the expenses are treated as revenue expenditure and not capitalized in their books of account.

H Ruling

Availability of ITC on works contract for factory building repairs	Available to the extent the expense is not capitalized	Subject to the provisions of Section 16(1) and Section 17(5)
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The Authority ruled that the applicant is entitled to claim ITC on GST paid for works contract services used for the repair of existing factory buildings, provided the expenses are not capitalized. This entitlement is subject to the provisions of Section 16(1) and the restrictions under Section 17(5) of the CGST Act.

R Reasoning

The Authority relied on the explanation to Section 17(5) of the CGST Act, which defines construction to include repairs only to the extent of capitalization. Since the applicant treats these specific repair expenses as revenue expenditure rather than capital expenditure, the bar on ITC under Section 17(5)(c) and (d) does not apply. The ruling emphasizes that the eligibility for ITC is contingent upon the accounting treatment of the expenses as non-capitalized revenue items.

P Provisions Relied On

Section 2(119) of the CGST Act, 2017

Section 16(1) of the CGST Act, 2017

Section 17(5) of the CGST Act, 2017



For the Practitioner

This ruling provides **favorable clarity** for manufacturers seeking to claim ITC on routine factory maintenance and repair works. It confirms that if such expenses are **not capitalized** in the books of account, they fall outside the scope of the blocked credit provisions under Section 17(5). Practitioners should note that the ruling is fact-specific and relies on the applicant's accounting treatment of the expenses.

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 -> 08 aar 2023 jk fenner order 1.pdf

Prepared 20-10-2026.

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com