M/s Knowlarity Communications Pvt. Ltd., 'We Work India Management Pvt Ltd', Residency Road, Bengaluru 560025 (GSTIN 29AADCK7606G1ZF)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 62/ 2019, Dated: 20th September, 2019 Dated **20.09.2019**

Q Questions Before the Authority

- Whether or not a registered person under the Goods and Services Tax Act, 2017 can claim eligible input tax credit of goods and services tax paid on input invoices of goods or services procured or availed by a registered person before its effective date of registration under GST, where such inputs are eligible input credits and for the purpose of furtherance of business?

F Facts

The applicant provides cloud telephony internet-based communication solutions ('Super Receptionists Services') to customers across India, with centralised accounting at its corporate office in Gurugram, Haryana. To render services in a State it takes a virtual office there so that telephone numbers obtained from telecom operators can be registered. To avoid losing input tax credit on Karnataka intra-State GST charged by telecom operators, it registered in Karnataka with effect from 01.04.2018, and it received input invoices for its Karnataka office dated 1 July 2017 to 31 March 2018.

H Ruling

ITC on tax paid on input invoices of goods or services procured or availed before the effective date of registration	****Not eligible** (No)**	Rests on the finding that the registration provisions apply only to a registrant whose registration is effective, not to the period before it.
ITC on goods procured before the effective date of registration	**Eligible only for goods lying in stock on the day previous to the effective date of registration**	Goods must be intended for use in the course or furtherance of business. Subject to other GST Act conditions and Rule 40 of the CGST Rules, and only if the registration application was filed within 30 days of becoming liable.

The Authority held that the applicant is **not eligible** to claim input tax credit on tax paid on input invoices of goods or services procured or availed before its effective date of registration under GST. For inputs that are goods, credit is available only on goods lying in stock on the day before the effective date of registration, and only if the application for registration was filed within thirty days of becoming liable for registration.

R Reasoning

The Authority held that the registration-linked provisions relied on by the applicant (including Section 16 and its

sub-sections and Rule 36) apply only to a registered person whose registration is effective, not to the period of non-registration. It relied on the definition of 'registered person' in Section 2(94), read with Section 25(11) and Rule 10, to find that the applicant was unregistered in Karnataka from 01.07.2017 to 31.03.2018. It then applied Section 18(1)(a) and (b), which permit credit on inputs held in stock on the day before the effective date of registration where registration is applied for within thirty days, and the definition of 'input' in Section 2(59). The Authority concluded that there is no basis for credit on pre-registration service invoices, and that goods must be physically in stock on the preceding day.

P Provisions Relied On

- Section 2(94) CGST Act (definition of registered person)
- Section 25(11) CGST Act (effective date of registration)
- Rule 10 CGST Rules (effective date of registration)
- Section 18(1)(a) and 18(1)(b) CGST Act (credit on inputs held in stock)
- Section 2(59) CGST Act (definition of input)
- Section 16 CGST Act (eligibility and conditions for ITC, discussed in applicant's submissions)
- Section 16(4) CGST Act (time limit for ITC, discussed in applicant's submissions)
- Rule 36 CGST Rules (documentary requirements, discussed in applicant's submissions)
- Rule 40 CGST Rules (conditions for ITC on inputs in stock, referred to in ruling)

! For the Practitioner

A practitioner advising a business that registers mid-year can use this order to explain that pre-registration service invoices are not creditable, and that pre-registration goods are creditable only if held in stock on the day before the effective date and registration was sought within thirty days. The order binds only the applicant. It does not decide how credit on pre-registration invoices might be treated under other routes, such as a registration effective from an earlier date, and it does not resolve the applicant's argument based on the Section 16(4) time limit.

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 -> kar_aar_62_2019_kcpl_20.09.19.pdf

Prepared 09-11-2026.

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