

M/s Toyota Mobility Solution and Services India Pvt. Ltd.

Authority for Advance Ruling — Karnataka

Order No.KAR.ADRG 10/2026

Dated **11.02.2026**

Q Questions Before the Authority

- Whether the company can avail ITC on expenses incurred on goods and services other than vehicle purchases, where the benefit of Notification No.08/2018-CGST (Rate) is availed?

F Facts

The applicant is engaged in the business of buying and selling used motor vehicles. They procure used vehicles, undertake refurbishment, and sell them to end customers. In the course of this business, they incur various ancillary expenses such as refurbishment charges, marketing, professional fees, and office expenses.

H Ruling

Eligibility to avail ITC on expenses other than vehicle purchases

Yes, the applicant is eligible to avail ITC

Subject to fulfillment of conditions prescribed under Sections 16 to 21 of the CGST Act, 2017 read with Rules 36 to 45 of the CGST Rules, 2017

The authority ruled that the applicant is eligible to avail input tax credit on input services and capital goods used in their business. The restriction under Notification No. 08/2018-Central Tax (Rate) applies only to the used motor vehicles themselves and does not extend to ancillary inputs or input services.

R Reasoning

The authority reasoned that the expression 'such goods' in Notification No. 08/2018-Central Tax (Rate) is a referential term restricted to the used motor vehicles described in the notification. Since the notification does not explicitly prohibit ITC on other inward supplies, the general eligibility under Section 16 of the CGST Act, 2017 prevails. Furthermore, the authority noted that none of the exclusions under Section 17(5) of the CGST Act, 2017 apply to the input services and capital goods in question. Therefore, the **restriction on ITC** is limited to the used vehicles and does not impact ancillary business expenses.

P Provisions Relied On

Section 16 of the CGST Act, 2017

Section 17(5) of the CGST Act, 2017

Notification No. 08/2018-Central Tax (Rate)

Rules 36 to 45 of the CGST Rules, 2017



For the Practitioner

This ruling provides **significant relief** to dealers of used motor vehicles who operate under the margin scheme. It confirms that availing the concessional tax rate on the sale of used vehicles does not disqualify the dealer from claiming ITC on their operational and capital expenditures. Practitioners can use this to support claims for ITC on refurbishment, marketing, and administrative costs.

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 -> [4-aar-toyota_mobility_solution.pdf](#)

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