

Mitsubishi Electric India Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No.116/AAR/2023 Dated:22.11.2023

Q Questions Before the Authority

- Whether the Company is eligible to avail the input tax credit (ITC) of integrated tax (IGST) paid as part of differential Customs duty for imports made during FY 2018-19, FY 2019-20 and FY 2020-21 (hereinafter referred to as "relevant period"), in terms of the timeline prescribed under Section 16(4) of the Central Goods and Services Tax Act, 2017 ("CGST Act, 2017")?
- Whether documents evidencing payment can be considered as a valid duty paying document for the purpose of availing ITC of the IGST paid as part of differential Customs duty paid during the relevant period, in terms of Section 16(2) of the CGST Act, 2017 read with rule 36(3) of CGST Rules, 2017?
- Whether the provisions prescribed under the Goods and Services Tax ('GST') law imposes any restriction on availment of ITC of the differential IGST paid post on-site audit by Customs authorities?

F Facts

The applicant, a GST registrant, was found by Customs authorities during a premises-based audit to have misclassified certain imported goods during FY 2018-19 to 2020-21. Consequently, the applicant paid the differential Customs duty, including IGST, along with interest and a 15% penalty. The applicant subsequently sought an advance ruling on whether they are eligible to claim Input Tax Credit (ITC) on this differential IGST payment.

H Ruling

Eligibility to avail ITC on differential IGST	Refrained from giving a ruling	Rendered redundant by the finding on the third question
Validity of documents for ITC	Refrained from giving a ruling	Rendered redundant by the finding on the third question
Restriction on ITC for differential IGST paid post-audit	Yes, the law imposes a restriction	ITC is restricted under Section 17(5) for tax paid under Section 74, regardless of whether a show cause notice was issued

The Authority refrained from answering the first two questions regarding the timeline and validity of documents, as they were rendered redundant by the finding on the third question. Regarding the third question, the Authority ruled that the law imposes a restriction on the availment of ITC under Section 17(5) of the CGST Act, 2017, in respect of tax paid in accordance with the provisions of Section 74, irrespective of whether proceedings were initiated via audit or if a show cause notice was issued.

R Reasoning

The Authority determined that the applicant's initial misclassification of goods constituted a willful misstatement to evade tax, bringing the payment under the ambit of Section 74 of the CGST Act, 2017. Section 17(5)(i) of the CGST Act, 2017 explicitly denies ITC for any tax paid in accordance with the provisions of Section 74. The Authority concluded that the payment of a 15% penalty confirms the tax was determined under Section 74(5), thereby triggering the statutory restriction on ITC. Consequently, the applicant is ineligible to claim ITC on the differential IGST paid.

P Provisions Relied On

Section 16(2) of the CGST Act, 2017

Section 16(4) of the CGST Act, 2017

Section 17(5) of the CGST Act, 2017

Section 74 of the CGST Act, 2017

Rule 36(3) of the CGST Rules, 2017

! For the Practitioner

This ruling serves as a **cautionary precedent** for taxpayers who pay differential tax post-audit with interest and penalty, as such payments may be classified as being made under Section 74, thereby **barring the availment of ITC**. Practitioners should note that the Authority interprets the payment of a 15% penalty as an admission of willful misstatement, which triggers the Section 17(5) restriction. It does not decide the validity of documents or timeline issues if the underlying tax payment is already disqualified under Section 17(5).

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 -> 116_mitsubishi.pdf

Prepared 13-10-2026.

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