

GST ON SALE OF CAPITAL GOODS
[section 18(6), Rule 40(2) and
44(6), N. No. 8/2018-CTR]

1. Capital Goods including vehicles where ITC is Claimed

Applicable Section – Section 18(6) read with Rule 40(2) & 44(6)

GST Liability on sales is higher of:

- GST on Sale Value
Or
- ITC reduced by 5% per quarter from date of purchase.

Particulars	Amount
Sales Value (A)	Rs. 40,000/-
GST @18% an Invoice	Rs. 7,200/-
ITC Originally Availed	Rs. 18,000/-
Used for 2 Years (8 Quarters)	40% reduction
Reduced ITC [18,000 (-) 40%] (B)	Rs. 10,800/-
GST Payable (Whichever is higher) (A) or (B)	Rs. 10,800/-

Return Reporting:

Return	What to Report
GSTR-1	Taxable Value: Rs. 40,000/- Tax Amount: Rs. 10,800/- Invoice Value: Rs. 50,800/-
GSTR 3B	Total tax liability: Rs. 10,800/- Rs. 10,800/- Tax collected from the buyer

2. Vehicle where ITC not claimed

Applicable Notification No. 8/2018- CTR

- A. Depreciation is claimed
- B. Depreciation is not claimed

A. Depreciation Claimed on Assets

Particulars	Amount
Sales Value of Vehicles	Rs. 1,00,000/-
(-) WDV of vehicles as per IT Act, 1961	Rs. 75,000/-
Transaction Value	Rs. 25,000/-
GST @18% on 25,000/-	Rs. 4,500/-

B. Depreciation not claimed on Assets

Particulars	Amount
Sales Value of Vehicles	Rs.1,00,000/-
(-) Purchase Price	Rs. 85,000/-
Transaction Value	Rs. 15,000/-
GST @18% on 15,000/-	Rs. 2,700/-

Return Reporting:

Return	What to Report	A	B
GSTR - 1	Taxable Value:	1,00,000	1,00,000
	Tax Amount:	4,500	2,700
	Invoice Value:	1,04,500	1,02,700
GSTR 3B	Total tax liability	4,500	2,700

Key Takeaways:

- ❖ Always determined if ITC was availed or depreciation was claimed.
- ❖ If ITC on Vehicle is Ineligible as per Section 17(5) in that case N. No. 8/2018 – CTR is apply.
- ❖ Section 18(6) govern disposal of all capital goods on which ITC has been claimed.
- ❖ Always document ITC workings for Audit & Scrutiny.