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New GST Rules: When and How You Can Avail Input Tax Credit (ITC)

EXPERT'S COLUMN

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Shri. Ronak Sandip Jain is a Partner in Jain Advocates, Ahmedabad. He is a practicing advocate of indirect taxes upto the appellate level in Gujarat as well as other states of India. He has been on various committees of the Gujarat sales tax bar association: Member of Law Committee (2015-2016), Member of Website Committee (2015-2016) and Member of EDP representation and Website Committee (2016-2017 and 2019-2020); Member of Refresher Course Committee:- The Gujarat Sales Tax Bar Association (2021-2023) and Member of Indirect Tax Task Force:- The Gujarat Chamber Of Commerce And Industry (2022-2023). He is an accredited GST trainer from the National Academy of Customs, Excise & Narcotics, Faridabad. He has delivered lectures on GST at various trade forums, professional associations and also at departmental outreach programmes.

Input Tax Credit (ITC) will continue to be available to taxpayers within the limits prescribed under the GST law. Under the GST regime, ITC lawfully availed on taxable goods or services is considered an inherent right of the taxpayer and cannot be denied or withdrawn arbitrarily, even if the applicable tax rate on such goods or services is subsequently reduced.

In the case of Shabnam Petrofils Private Limited v. Union of India, SCA No. 16213 of 2018, decided on 17 July 2019, the Hon'ble Gujarat High Court held that the Government does not have the authority to issue a notification cancelling ITC that has already been validly availed by a registered person.

However, certain situations require special consideration:

- If the GST rate on goods held in stock is reduced to zero, the ITC pertaining to such stock must be reversed, as the supply has effectively become non-taxable.
- If the GST rate is merely reduced (e.g., from 18% to 5% or 12% to 5%), taxpayers will continue to be eligible for ITC as before, since the reduction in the tax rate does not affect the entitlement to input tax credit.
- Where the tax rate is reduced to zero, meaning the supply of goods or services (or both) is completely exempted, no ITC will be available to the taxpayer, and any existing credit related to such supply shall be forfeited.

Furthermore, taxpayers must continue to comply with all statutory conditions prescribed under Section 16 of the Central Goods and Services Tax (CGST) Act, 2017 to claim ITC. These include:

1. Possession of a valid tax invoice or debit note issued by a registered supplier under the Act, or any other prescribed tax-paying document.
2. Reflection of the supplier's invoice in GSTR-1 and corresponding appearance of the same in the recipient's GSTR-2B.
3. Receipt of goods or services (or both) by the taxpayer or by a duly authorized agent on his behalf.
4. The ITC must not be restricted or blocked in GSTR-2B.
5. The supplier must have paid the tax on such goods or services to the Government, either in cash or through utilization of his input tax credit.
6. The recipient must have filed the relevant GST return in which such ITC is claimed.
7. Payment for the goods or services must be made within 180 days from the date of invoice; otherwise, the ITC shall be reversed as per Rule 37 of the CGST Rules, 2017.

Steps to Qualify for the 90% Provisional Refund

The GST Council has announced that, under the new system, 90% of the refund claimed will be sanctioned as a provisional refund based on risk identification and assessment by the department. In simple terms, the GST system will evaluate refund applications using pre-defined risk parameters. If the taxpayer's risk profile falls within the prescribed limits, the system will automatically grant 90% of the claimed refund within seven days of filing the refund application.

Although the GST Council has not yet specified the exact method or parameters for risk assessment, taxpayers can reasonably expect that the system will consider factors such as timely filing of returns, accuracy of Input Tax Credit (ITC) claims, and past compliance records.

To maintain a low-risk profile and ensure eligibility for the provisional refund, taxpayers should take the following steps:

1. File all GST returns on time, ensuring full compliance with filing deadlines.
2. Ensure that ITC claimed in GST returns matches with GSTR-2B, as clarified under Circular No. 170/02/2022-GST dated 06.07.2022.
3. Avoid pending refund claims or litigation related to bogus or ineligible ITC.
4. Maintain proper documentation and reconciliation records to support the authenticity of refund claims.

(The views expressed in this column are of the author and not that of Cotton Association of India)

International Conclave on Kasturi Cotton-India's pride

International Conclave on Kasturi Cotton-India's pride in Global Cotton Economy on 7th October 2025 organised by Sardar Vallabhbhai Patel, International School of Textiles & Management (SVPITM) Coimbatore, Ministry of Textiles, Govt. of India, AICTE Approved & NAAC Accredited

Special Issue: A Research Review on the Cotton Jassid-ICAC

The Indian cotton jassid, Amrasca biguttula, has been a plague on the global cotton industry multiple times in recent years — in Iraq (2017), West Africa (2021–2022), Puerto Rico (2023) — and is now a serious concern for the United States and multiple other cotton-producing nations.

ICAC Chief Scientist, Dr Keshav Kranthi, highlights the history of a pest he calls "an unfortunate global citizen" due to its ability to spread from region to region. "This polyphagous pest has now infiltrated cotton-growing regions worldwide, from the dry fields of West Africa to the Caribbean islands and the southeastern United States," Dr Kranthi, editor of The Recorder, says in his opening letter. "For over a century, it has plagued Asia and Oceania, spanning from Iran to Japan and Micronesia, where it feeds on a broad array of economically vital crops, including cotton."

This edition of The ICAC Recorder features a single, in-depth, scientific review article — a comprehensive 45+ page treatise co-authored by Dr Keshav Kranthi and Dr Sandhya Kranthi, distinguished agricultural scientists with over 34 years of expertise in cotton research, technology development, and extension for smallholder farmers.

The article presents an extensive synthesis of knowledge on the cotton jassid, covering a broad spectrum of topics, including:

- Historical overview, taxonomy, and global distribution,
- Biology of the pest, reproductive dynamics, modes of dispersal, damage potential, and host range,
- Influence of agronomic factors such as sowing dates, fertilizers, pesticides, crop density, weather, and ecosystem interactions on pest incidence,
- Surveillance and scouting methods, damage grading systems, economic thresholds, and integrated pest management (IPM) and insecticide resistance management (IRM) strategies,
- Mechanisms of host plant resistance and breeding strategies for developing resistant cultivars, and Management approaches involving resistant varieties, agronomic practices, trapping methods, biological control, and the use of botanical, microbial, and chemical pesticides.

The jassid threat shows no signs of abating, and as Dr Kranthi says in the conclusion to his opening editorial, "Global collaboration is essential to combat this 'global citizen' before it exacts further tolls."

In addition to this special edition of The Recorder, the ICAC has created a special session to address the jassid at the upcoming 83rd Plenary Meeting (Mwanza, Tanzania, Nov 17-20, 2025, see agenda and register here). Entitled "Brain-storming on Combating the Global Jassid Invasion," the Third Open Session features six expert speakers and will be held Nov 18 from 12:30-2:30 PM.

Pheromone Trap Free Distribution and Awareness Program

The Cotton Association of India (CAI) has been assisting cotton farmers in early detection of Pink Bollworm infestation by distributing free Pheromone Traps and Lures for four years. Under the CAI farmers training programme, farmers receive guidance on the proper use and benefits of these traps.

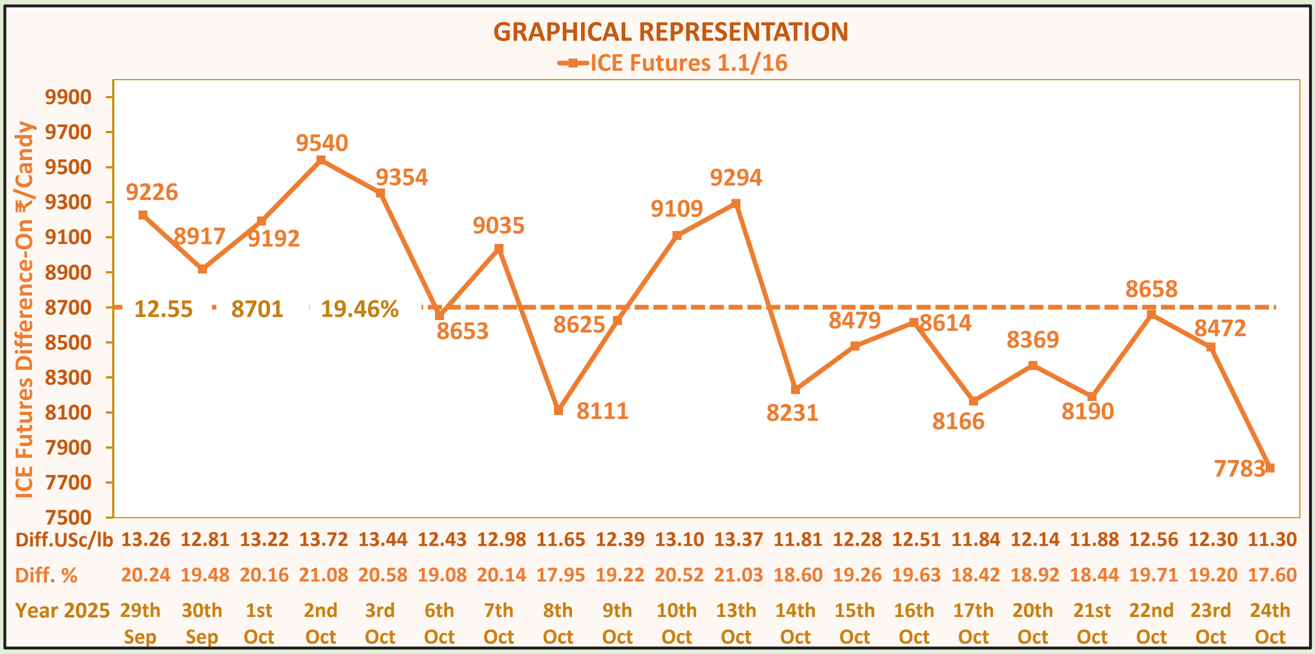
Pheromone Traps and Lures provided by the Cotton Association of India were distributed by Gomati Ginning Industries, Warud, and APMC Warud, jointly. They organised a Pheromone Trap Distribution and Awareness Program for local farmers.

Vardha Cotton Association has distributed Pheromone Traps provided by the Cotton Association of India in Nagpur villages and interior parts of villages, including Kalmeshawar, Savner, and Narkhed. In the coming days, traps will be distributed in Amravati, Akola, Chandrapur, Buldhana, and Vardha districts.

Basis Comparison of ICS 105 with ICE Futures – 27th October 2025

SEASON 2025-2026 Comparison M/M(P) ICS-105, Grade Fine, Staple 29mm, Mic. 3.7-4.9, Trash 3.5%, Str./GPT 28 with ICE Futures CAI Price for October Compared with ICE December Settlement Futures							
Date	CAI (₹ /Candy)	Conversion Rate (US$ = ₹)	CAI (USc/lb.)	ICE Settlement Futures 1.1/16" Front Mth. Dec.'25 (USc/lb.)	Difference-ON/OFF ICE Futures		
					USc/lb.	₹ /Candy	%
A	B	C	D	E	F	G	H
Cotton Year Week No-4th							
20th Oct 2025	52600	87.93	76.30	64.16	12.14	8369	18.92
21st Oct 2025	52600	87.93	76.30	64.42	11.88	8190	18.44
22nd Oct 2025	52600	87.93	76.30	63.74	12.56	8658	19.71
23rd Oct 2025	52600	87.85	76.37	64.07	12.30	8472	19.20
24th Oct 2025	52000	87.85	75.50	64.20	11.30	7783	17.60
Weekly Avg.	**52480**	**87.90**	**76.15**	**64.12**	**12.04**	**8294**	**18.77**
Total Avg. (Daily Basis)	**53400**	**88.42**	**77.03**	**64.48**	**12.55**	**8701**	**19.46**

Note:- Weeks taken as per Cotton Year (October To September).
Values in BLUE Indicates Previous Close Considered due to HOLIDAY's Resp.
21st Oct 2025 & 22nd Oct 2025 - RBI & Domestic market remain CLOSED due to Diwali- Laxmi Pujan & Diwali-Balipratipada/Vikram Samvant New Year Day
23rd Oct 2025 - Domestic market remain CLOSED due to Diwali- Bhau Beej.



Basis Comparison of ICS 105 with Cotlook A Index – 27th October 2025

SEASON 2025-2026

Comparison M/M(P) ICS-105, Grade Fine, Staple 29mm, Mic. 3.7-4.9, Trash 3.5%, Str./GPT 28 with Cotlook A Index

Date	CAI (₹ /Candy)	Conversion Rate (US$ = ₹)	*CAI (USc/lb.)	Conversion Factor	Cotlook A Index M-1.1/8" C & F FE Ports	Difference-ON/OFF Cotlook A Index		
						USc/lb.	₹/Candy	%
A	B	C	D		E	F	G	H
Cotton Year Week No-4th								
20th Oct	52600	87.93	76.50	689.37	75.65	0.85	586	1.12
21st Oct	52600	87.93	76.50	689.37	75.60	0.90	620	1.19
22nd Oct	52600	87.93	76.50	689.37	75.85	0.65	448	0.86
23rd Oct	52600	87.85	76.57	688.74	75.30	1.27	875	1.69
24th Oct	52000	87.85	75.70	688.74	75.55	0.15	103	0.20
Weekly Avg.	**52480**	**87.90**	**76.35**	**689.12**	**75.59**	**0.76**	**526**	**1.01**
Total Avg. (Daily Basis)	**53400**	**88.42**	**77.23**	**693.24**	**76.02**	**1.21**	**838**	**1.59**

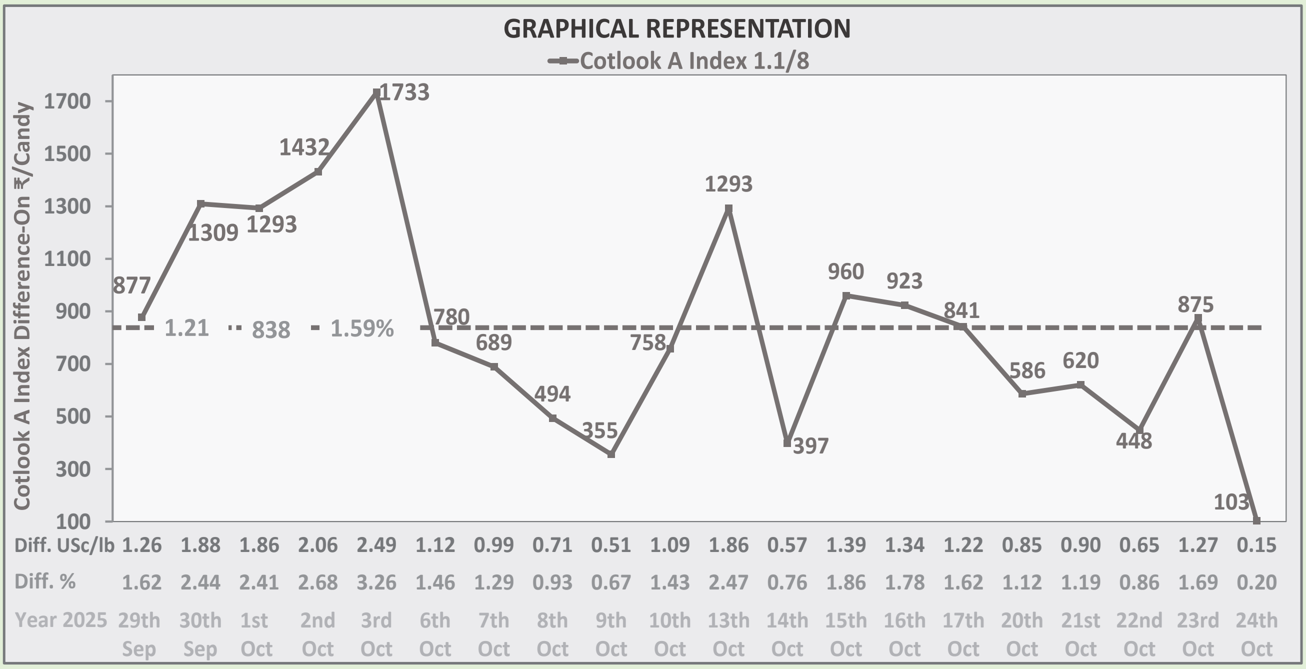
Note:- Weeks taken as per Cotton Year (October To September).

***Converted to C & F FE Ports by adding 20c/lb. to CAI spot rates.**

Values in BLUE Indicates Previous Close Considered due to HOLIDAY's Resp.

21st Oct 2025 & 22nd Oct 2025 - RBI & Domestic market remain CLOSED due to Diwali- Laxmi Pujan & Diwali- Balipratipada/Vikram Samvant New Year Day.

23rd Oct 2025 - Domestic market remain CLOSED due to Diwali- Bhau Beej.



UPCOUNTRY SPOT RATES													(Rs./Qtl)
Standard Descriptions with Basic Grade & Staple in Millimeters based on Upper Half Mean Length As per CAI By-laws								Spot Rate (Upcountry) 2024-25 Crop October 2025					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	20th	21st	22nd	23rd	24th	25th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	- -				- -	
2	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	10967 (39000)				10967 (39000)	
3	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	N.A. (N.A.)	H	H	H	N.A. (N.A.)	H
4	P/H/R (U)	ICS-202 (SG)	Fine	27mm	3.5 – 4.9	4.5%	26	- -				- -	
5	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	- -				- -	
6	M/M(P)/ SA/TL/GUJ	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	N.A. (N.A.)	O	O	O	N.A. (N.A.)	O
7	M/M(P)/ SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	N.A. (N.A.)				N.A. (N.A.)	
8	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	- -				- -	
9	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	14932 (53100)				14707 (52300)	
10	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	14482 (51500)	L	L	L	14257 (50700)	L
11	GUJ	ICS-105	Fine	28mm	3.7 – 4.9	3%	27	14791 (52600)				14566 (51800)	
12	R(L)	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	- -				- -	
13	R(L)	ICS-105	Fine	29mm	3.7 – 4.9	3.5%	28	- -	I	I	I	- -	I
14	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.9	3.5%	28	15072 (53600)				14707 (52300)	
15	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	14791 (52600)				14594 (51900)	
16	GUJ	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	14960 (53200)				14735 (52400)	
17	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	15185 (54000)	D	D	D	14904 (53000)	D
18	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	14904 (53000)				14763 (52500)	
19	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	N.A. (N.A.)				N.A. (N.A.)	
20	SA/TL/K/ TN/O	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	N.A. (N.A.)	A	A	A	N.A. (N.A.)	A
21	SA/TL/K / TN/O	ICS-106	Fine	32mm	3.5 – 4.9	3%	31	N.A. (N.A.)				N.A. (N.A.)	
22	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	20612 (73300)				20528 (73000)	
23	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	20809 (74000)	Y	Y	Y	20668 (73500)	Y
24	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	21174 (75300)				21034 (74800)	
25	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	21540 (76600)				21371 (76000)	

Note: *(Figures in bracket indicate prices in Rs./Candy)*

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Standard Descriptions with Basic Grade & Staple in Millimeters based on Upper Half Mean Length As per CAI By-laws								Spot Rate (Upcountry) 2025-26 Crop October 2025					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	20th	21st	22nd	23rd	24th	25th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	13329 (47400)				12907 (45900)	
2	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	- -				- -	
3	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	- -	H	H	H	- -	H
4	P/H/R (U)	ICS-202 (SG)	Fine	27mm	3.5 – 4.9	4.5%	26	13807 (49100)				13638 (48500)	
5	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	13976 (49700)				13835 (49200)	
6	M/M(P)/ SA/TL/GUJ	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	- -	O	O	O	- -	O
7	M/M(P)/ SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	- -				- -	
8	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	14144 (50300)				14004 (49800)	
9	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	14622 (52000)				14482 (51500)	
10	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	14341 (51000)	L	L	L	14201 (50500)	L
11	GUJ	ICS-105	Fine	28mm	3.7 – 4.9	3%	27	14566 (51800)				N.A. (N.A.)	
12	R(L)	ICS-105	Fine	28mm	3.7 – 4.9	3.5%	27	14594 (51900)				14426 (51300)	
13	R(L)	ICS-105	Fine	29mm	3.7 – 4.9	3.5%	28	14707 (52300)	I	I	I	14566 (51800)	I
14	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.9	3.5%	28	14791 (52600)				14622 (52000)	
15	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	14454 (51400)				14313 (50900)	
16	GUJ	ICS-105	Fine	29mm	3.7 – 4.9	3%	28	14875 (52900)				14679 (52200)	
17	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	15044 (53500)	D	D	D	14763 (52500)	D
18	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.9	3%	29	14622 (52000)				14622 (52000)	
19	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	- -				- -	
20	SA/TL/K/ TN/O	ICS-105	Fine	31mm	3.7 – 4.9	3%	30	- -	A	A	A	- -	A
21	SA/TL/K / TN/O	ICS-106	Fine	32mm	3.5 – 4.9	3%	31	- -				- -	
22	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	- -				- -	
23	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	- -	Y	Y	Y	- -	Y
24	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	- -				- -	
25	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	- -				- -	

Note: *(Figures in bracket indicate prices in Rs./Candy)*