Value Added Tax Act, 2003

Section 11 - Input Tax Restrictions

(a) Input tax shall not be deducted in calculating the net tax payable, in respect of:

(1) tax paid on purchases attributable to sale of exempted goods exempted under Section 5, except when such goods are sold in the course of export out of the territory of India;

(2) tax paid on purchase of goods that are despatched outside the State, other than as a direct result of sale or purchase in the course of inter-State trade or commerce;

(3) tax paid on goods including capital goods as specified in the Fifth Schedule and any other goods as may be notified by the Government or the Commissioner, purchased or put to use for purposes other than for re-sale;

(4) tax paid on purchase of capital goods other than those falling under clause (3), except as provided in Section 12;

(5) tax paid on purchase of goods used as inputs in the manufacture, processing or packing of other taxable goods despatched to a place outside the State not as a direct result of sale or purchase in the course of inter-State trade, except as provided in Section 14;

(6) tax paid on purchases attributable to naptha, liquified petroleum gas, furnace oil, light diesel oil, superior kerosene oil, kerosene and any other petroleum product, when used as fuel in motor vehicles, but when used as fuel in production of any goods for sale in the course of export out of the territory of India or taxable goods or captive power, input tax shall be deducted as provided in Section 14.

(7) tax paid under sub-section (2) of Section 3 on the purchase of fuel;

(8) tax paid under sub-section (2) of Section 3 on the purchase of goods excluding fuel, until output tax is payable on such goods or other goods in which such goods are put to use except when the said goods are exported out of the territory of India;

(9) tax paid on goods purchased by a dealer who is required to be registered under the Act, but has failed to register.

(b) Input tax shall not be deducted by an agent purchasing or selling goods on behalf of any other person other than a non-resident principal.
