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Value Added Tax Act, 2003

Section 12 - Deduction of Input Tax in Respect of Capital Goods

(1) Deduction of input tax shall be allowed to the registered dealer in respect of the purchase of capital goods for use in the business of sale of any goods in the course of export out of the territory of India and in the case of any other dealer in respect of the purchase of capital goods wholly or partly for use in the business of taxable goods.

(2) Deduction of input tax under this Section shall be allowed only after commencement of commercial production, or sale of taxable goods or sale of any goods in the course of export out of the territory of the India by the registered dealer and shall be apportioned over a specified period, as may be prescribed.
