



Tax input of solar power generation company

Can I claim ITC relating to GST paid on solar power plant?

Further, the Applicant would not be eligible to claim ITC relating to GST paid on procurement of solar power plant as the outward supply is exempt from levy of GST as per Section 17 and of the Central Goods and Services Tax Act ("the CGST Act") and Rule 42 and 43 of the Central Goods and Services Tax Rules ("the CGST Rules").

Can a business claim input tax credit for a solar power plant?

Therefore, businesses engaged in Renewable Energy can claim input tax credit subject to such restrictions or reversals. The ARA held that the solar power plant has to be fastened to the rooftop of the building and would require construction/erection of pillars for the same.

Can solar power be taxed on ITC?

Companies utilizing solar power for their factories should carefully assess GST implications, particularly regarding ITC eligibility. The decision underscores the need for clarity in GST regulations concerning renewable energy projects and their tax treatment.

Are solar power generating systems taxable under GST?

Solar power generating systems and related renewable energy devices are taxable at 5% GST under Notification No. 9/2025-Central Tax (Rate). Where such goods are supplied along with construction, engineering, installation or other technical services for setting up a solar power system, a specific deemed valuation mechanism applies.

Consequently, the company is not liable to pay GST on the supply of electricity. However, the company cannot claim Input Tax Credit (ITC) on GST paid for the procurement of the solar power ...

Additionally, the applicant inquired about the eligibility to claim and utilize input tax credit (ITC) for the CGST and SGST paid on the procurement of the solar power plant used for generating ...

It entered an interconnection agreement with the power distribution licensee (Madhya Gujarat Vij Company Ltd) for the captive use of power generated by rooftop solar systems. Recently, ...

The renewable energy industry initially raised concerns about the higher tax burden under GST, particularly regarding the 18% tax rate on services. However, the availability of ITC offers relief to ...

Introduction -- A tax change that brightens the energy bill As part of the renewable energy GST 2025 update, India's GST 2.0 package reduced the GST rate on renewable-energy ...

The input tax credit cannot be availed for goods and services for the construction of an immovable property like an office building. An input tax credit allows an entity to offset the GST ...



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Learn about the GST compliance requirements for the renewable energy sector in India, covering tax rates, exemptions, and incentives for businesses.

1. Background and Scope Solar Power Generation panel is being very commonly being supplied under the DSIC contract, which is a single contract for designing, supplying, installation and ...

In a key development for India's renewable energy and manufacturing sectors, the Tamil Nadu Authority for Advance Ruling (AAR) has determined that Kanishk Steel Industries Limited, a ...

Therefore, ITC on inputs, capital goods, and input services used exclusively for power generation was not permissible under Sections 17 (2) and 17 (3) of the CGST/TNGST Act. The AAR ...

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