

Rule 38 : Claim of credit by a banking company or a financial institution

A banking company or a financial institution, including a non-banking financial company, engaged in supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the following procedure, namely,-

- (a) the said company or institution shall not avail the credit of,-
 - (i) the tax paid on inputs and input services that are used for non-business purposes; and
 - (ii) the credit attributable to the supplies specified in sub-section (5) of section 17, ¹[*****];
 - (b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section 17 and not covered under clause (a);
 - (c) fifty per cent. of the remaining amount of input tax shall be the input tax credit admissible to the company or the institution ²[and the balance amount of input tax credit shall be reversed in **FORM GSTR-3B**];
 - (d) ³[*****]
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¹ The words "in **FORM GSTR-2**" omitted by N. N. 19/2022-Central Tax, dt.28-09-2022 w.e.f. 01-10-2022.

² Substituted for "and shall be furnished in **FORM GSTR- 2**" by [Noti. No. 19/2022-Central Tax, dt. 28-09-2022](#) w.e.f. 01-10-2022.

³ Clause (d) omitted by Noti. No. 19/2022-Central Tax, dt. 28-09-2022 w.e.f. 01-10-2022. Earlier to omission it read as under:

"(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution."