

Manual > GST ITC-02

How can I transfer the matched unutilized Input Tax Credit available in my Electronic Credit Ledger, in case of sale of business / merger / demerger, resulting in change of constitution of business?

A registered taxpayer can apply for transfer the matched Input Tax Credit available in the Electronic Credit Ledger to another business entity in case of transfer of business by way of sale of business / merger / demerger by filing of ITC declaration in FORM GST ITC-02.

However, there are certain pre-requisites for filing this form. These are:

1. In case any registered entity undergo sale, merger, de-merger, amalgamation, lease or transfer, the acquired entity must file ITC declaration for transfer of ITC in the FORM GST ITC-02.
2. The acquired / transferor entity must have matched Input Tax Credit available in the Electronic Credit Ledger, as on effective date of merger/ acquisition/ amalgamation / lease/ transfer.
3. The acquiring entity (transferee) and acquired entity (transferor), both should be registered under the GST regime.
4. The acquired entity (transferor) must have validly filed all the returns for the past periods.
5. All transactions categorized as pending for action of merging entity should be either accepted / rejected / modified, and any liabilities arising out of the returns filed by the transferor must be paid.
6. The transfer of business should be with specific provision of transfer of liabilities which will be the stayed demands of tax, or in respect of litigation /recovery cases. It should be accompanied by the certificate issued by Chartered Accountant or Cost Accountant.

The process of transferring matched unutilized ITC by filing the FORM GST ITC-02 is broadly divided into two steps:

1. The **acquired entity** (transferor) files declaration in FORM GST ITC-02 in the GST portal, specifying the available matched ITC in each major head.
2. The acquiring **entity** (transferee) accepts / rejects the same in GST portal.

This user manual covers both aspects of the whole process.

Steps to be taken by the Acquired Entity (Transferor):

To transfer the matched unutilized ITC by filing the FORM GST ITC-02, please follow the below steps:

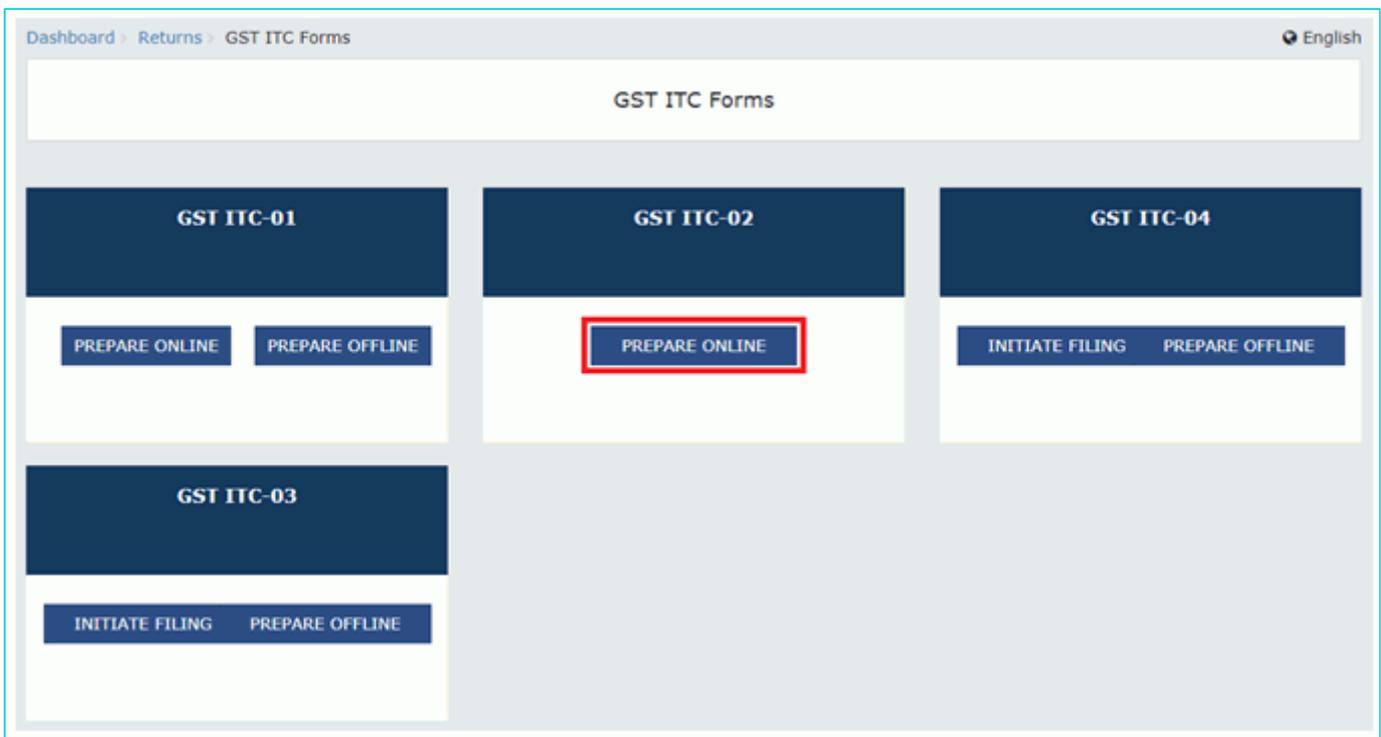
1. Access the GST Portal. The **GST Home** page gets displayed.
2. Using your valid credentials, login to the GST Portal. The Taxpayer's Dashboard (transferor) gets displayed.

The screenshot shows the top navigation bar of the Goods and Services Tax portal. The header includes the Government of India logo and the text "Goods and Services Tax". Below the header is a navigation menu with "Dashboard" (highlighted in teal), "Services" (with a dropdown arrow), "GST Law", "Search Taxpayer" (with a dropdown arrow), and "Help" (with a dropdown arrow). The main content area is titled "Dashboard" and displays the user's login information: "Last logged in on 29/12/2017 15:47". A welcome message reads "Welcome Mukesh Dhanjibhai Karshala to GST Common Portal". A message box states "You can navigate to your chosen page through navigation panel given below". At the bottom, there are three buttons: "RETURN DASHBOARD >", "CREATE CHALLAN >", and "VIEW NOTICE(S) AND ORDER(S) >".

3. Navigate to the **Services > Returns > ITC Forms** option. The **GST ITC Forms** page gets displayed.

The screenshot shows the navigation menu of the Goods and Services Tax portal. The header includes the Government of India logo and the text "Goods and Services Tax". Below the header is a navigation menu with "Dashboard", "Services" (with a dropdown arrow and highlighted with a red box), "GST Law", "Search Taxpayer" (with a dropdown arrow), and "Help" (with a dropdown arrow). The "Services" dropdown menu is open, showing options: "Registration", "Ledgers", "Returns" (highlighted with a red box), "Payments", "User Services", and "Refunds". Below the "Returns" option, there are two sub-options: "Returns Dashboard" and "Track Return Status". At the bottom of the dropdown menu, there is a button labeled "ITC Forms" (highlighted with a red box). To the right of the "Returns Dashboard" and "Track Return Status" options, there are links for "View e-Filed Returns" and "Transition Forms" respectively.

4. Click the **Prepare Online** button on the **GST ITC-02** tile.



Notes:

- The **FORM GST ITC-02** opens-up.
- The amounts of matched unused ITC get auto-filled from the transferor’s Electronic Credit Ledger.
- Transferor may choose to transfer all or partial ITC, as desired. For each major head, the **Amount of matched ITC to be transferred** needs to be filled by the transferor.

5. Enter the **GSTIN** of the transferee.

6. Enter the **Amount of matched ITC to be transferred** for each major head under the **Details of ITC to be transferred** section. The entered amount must be less than or equal to the amount of ITC that is shown as available in the Electronic Credit Ledger.

Dashboard > Returns > ITC Forms > ITC02

English

GSTIN - 37ACXPK3463A4ZD Legal Name - Mukesh Dhanjibhai Karshala Trade Name - Status - **Not Filed**

Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18

• Indicates Mandatory Fields

•

37ACXPK3463A2ZF

Mukesh Dhanjibhai Karshala

Details of ITC to be transferred

Tax	Amount of matched ITC available	Amount of matched ITC to be transferred
Central Tax	1,064.00	₹1,064.00
State/UT Tax	5,382.00	₹5,382.00
Integrated Tax	606.00	₹606.00
CESS	208.00	₹208.00

7. Under the section on **Particulars of certifying Chartered Accountant or Cost Accountant**, the acquired entity (transferor) needs to specify the details of a certificate from a practicing chartered accountant or cost accountant, certifying that the sale / merger / amalgamation / lease or transfer of business has been done with specific provision of the Act and Rules. Enter the following details:

- a). Name of the certifying accounting firm.
- b). Name of the certifying Chartered Accountant / Cost Accountant in the certifying firm.
- c). Membership number of the certifying firm.
- d). Date of certificate issued by the certifying accounting firm.

8. Attach a scanned copy of the certificate.

Notes:

- The attachment should either be in JPEG / PDF format.
- File size of attachment should not exceed 500 KB.

Particulars of certifying Chartered Accountant or Cost Accountant

Name of the Firm issuing certificate *
ICC

Name of the certifying Chartered Accountant/Cost Accountant *
VIKRAM BHILARE

Membership number *
121231

Date of issuance of certificate *
21/12/2014

Attachment (option for uploading certificate) *
• Only JPEG/PDF file format is allowed
• Maximum file size for upload is 500 KB
Choose File No file chosen
Download Attachment

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

9. Click **SAVE** to upload the entered data and the attachment to the GST Portal.

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

BACK SAVE FILE ITC WITH DSC FILE ITC WITH EVC

Notes:

- The system will display a confirmation upon saving.
- You can save your application at any time.
- After saving the FORM GST ITC-02, if you return to this form at a later point in time, all the line items will get auto-populated as they were saved.
- You can also retrieve the saved FORM GST ITC-02 by navigating to **Services** → **User Services** → **My Saved Applications**.

Dashboard > Returns > ITC Forms > ITC02 English

GSTIN - 37ACXPK3463A4ZD Legal Name - Mukesh Dhanjibhai Karshala Trade Name - Status - **Not Filed**

Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18

Details saved successfully. ✕

• Indicates Mandatory Fields

37ACXPK3463A2ZF Mukesh Dhanjibhai Karshala

10. Check the statement box to declare that the furnished information is true and correct.

11. Select an Authorised Signatory from the drop-down, containing a list of authorised signatories that you have configured in the system.

12. File the FORM GST ITC-02 either using the DSC or EVC option.

Notes:

- If you choose the DSC option, make sure to sign with the DSC of selected authorised signatory.
- If you choose the EVC option, the system will send an OTP on the authorised signatory's registered mobile phone number, which you'll be required to enter in a pop-up that appears after selecting this option.
- This user manual has assumed the EVC path for simplicity.

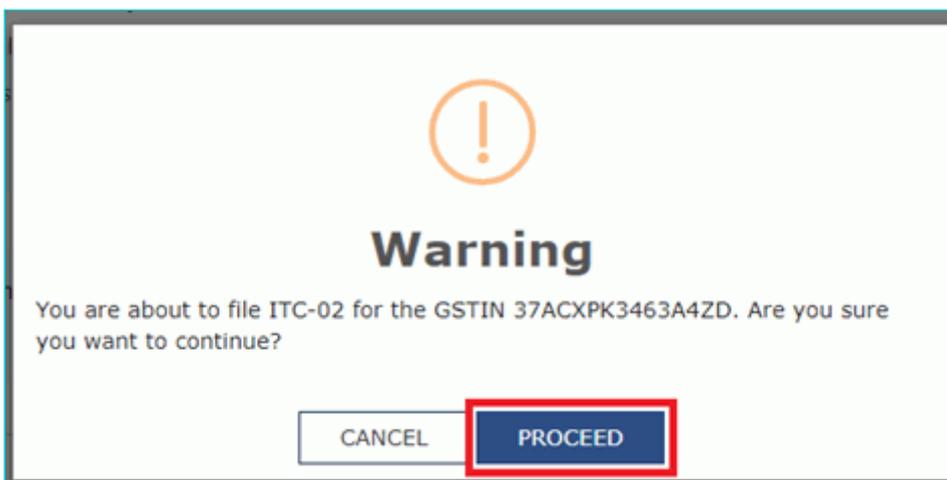
I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

Angad Arora

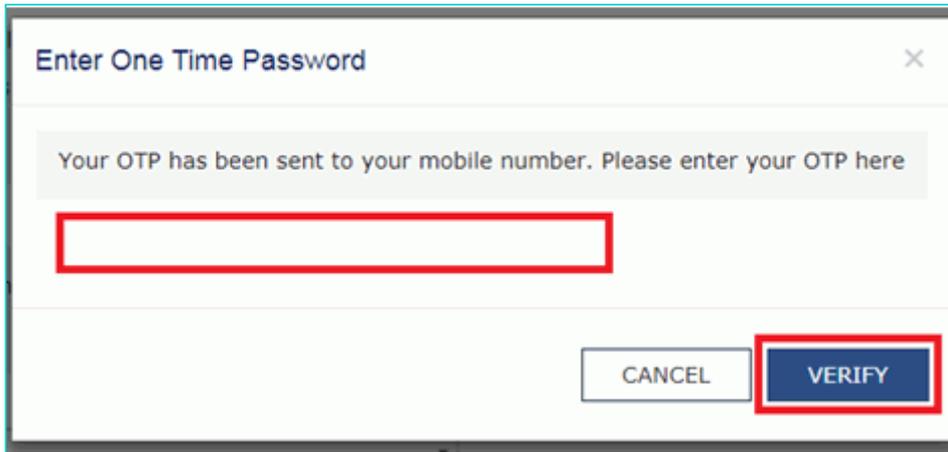
BACK SAVE FILE ITC WITH DSC FILE ITC WITH EVC

13. Click **PROCEED** on the Warning pop-up message.



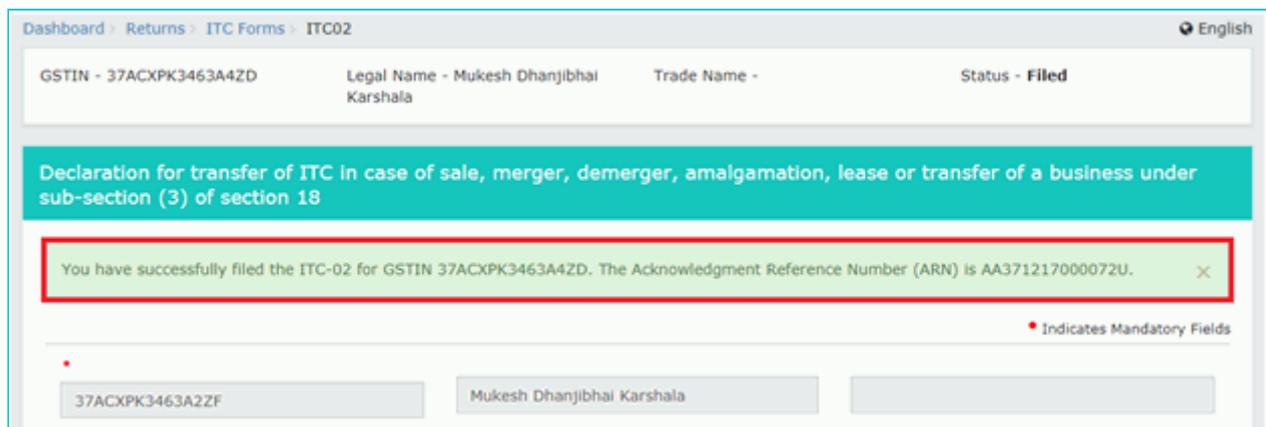
14. Enter the **OTP** as received.

15. Click **VERIFY**.

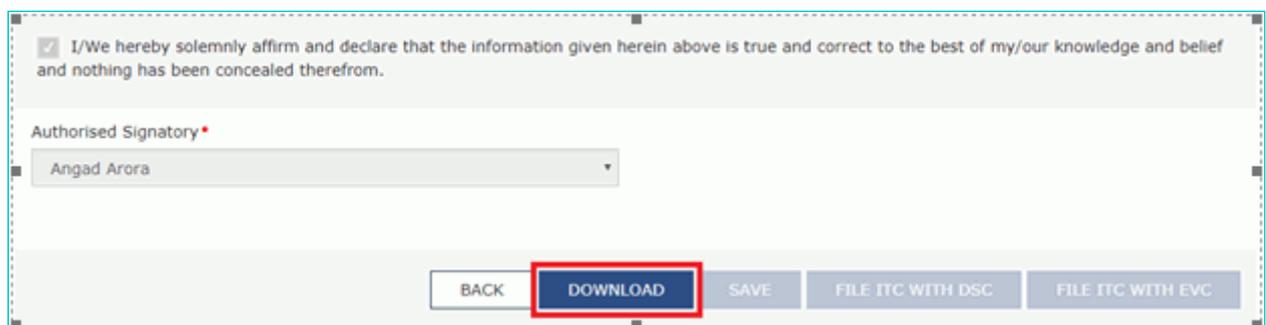


Notes:

- The system will display a confirmation message on successful filing of the FORM GST ITC-02.
- The confirmation message will also contain the system-generated ARN.



- You can download an offline copy of the filed FORM GST ITC-02 in PDF version by clicking the **DOWNLOAD** button.



- In the next stage, the transferee (acquiring unit) of the ITC needs to take an action on your filed FORM GST ITC-02.

Steps to be taken by the Acquiring Entity (Transferee):

After the transferor (or the acquired entity) has filed the FORM GST ITC-02 to transfer the matched unutilized ITC, the transferee (or the acquiring entity) needs to login to the GST Portal and either accept or reject the ITC transfer. To take an action on the transferor's initiated process of ITC transfer, please follow the below steps:

16. Access the GST Portal and login with your valid credentials.

17. Navigate to the **Services > User Services > ITC02 – Pending for actions** option.

The screenshot shows the GST Portal interface. At the top, there is a header with the Government of India logo and the text 'Goods and Services Tax'. Below this is a navigation bar with 'Dashboard', 'Services', 'GST Law', 'Search Taxpayer', and 'Help'. The 'Services' menu is expanded, showing options like 'Registration', 'Ledgers', 'Returns', 'Payments', 'User Services', and 'Refunds'. The 'User Services' sub-menu is further expanded, listing 'My Saved Applications', 'View Notices and Orders', 'Contacts', 'Holiday List', 'Grievance / Complaints', 'Locate GST Practitioner (GSTP)', 'View/Download Certificates', 'View My Submissions', 'Search HSN / SAC', 'Feedback', and 'Generate User Id for Advance Ruling'. The 'ITC02 - Pending for actions' option is highlighted with a red box. At the bottom, there are buttons for 'RETURN DASHBOARD >', 'CREATE CHALLAN >', and 'VIEW NOTICE(S) AND ORDER >'.

Notes:

- The page, listing the FORM GST ITC-02 will open, requiring you to take action.
- The displayed listing shows:
 - A clickable link in the form of ARN.
 - The transferor's GSTIN and Trade Name.
 - Date of filing.
 - Status.

18. Click the **ARN**.

The screenshot shows the 'ITC02-Pending Actions' page. At the top, there is a breadcrumb trail: 'Dashboard > Returns > ITC02-Pending Actions'. Below this, there is a header with 'GSTIN - 37ACXPK3463A22F', 'Legal Name - Mukesh Dhanjibhai Karshala', and 'Trade Name -'. A teal banner contains the text: 'Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18'. Below the banner is a table with the following data:

S. No.	ARN	GSTIN	Legal Name	Date of filing	Status
1	AA371217000072U	37ACXPK3463A4ZD	Mukesh Dhanjibhai Karshala	2017-12-29	Pending for Action

Notes:

- The filed details of ITC to be transferred corresponding to the selected ARN get displayed.
- The details include the amount of matched ITC to be transferred against each of the major heads – Central Tax, State / UT Tax, Integrated Tax, and CESS.

19. Click either **ACCEPT** or **REJECT** based upon the decision that you want to exercise as the transferee.

Dashboard > Returns > ITC02-Pending Actions > Action English

GSTIN - 37ACXPK3463A2ZF Legal Name - Mukesh Dhanjibhai Karshala Trade Name - Status : **Pending for Action**

Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18

Transferor GSTIN/UIN	-	37ACXPK3463A4ZD	Transferor Legal Name	-	Mukesh Dhanjibhai Karshala
ARN	-	AA371217000072U	Date of filing	-	2017-12-29

Details of ITC to be transferred

Tax	Amount of matched ITC to be transferred
Central Tax	₹1,064.00
State/UT Tax	₹5,382.00
Integrated Tax	₹606.00
CESS	₹208.00

ACCEPT **REJECT**

Notes:

- On ACCEPT: The ITC will be transferred to the transferee, and the Electronic Credit Ledger of the acquiring entity (transferee) will get updated.
- On REJECT: The ITC will not be transferred to the transferee, and the Electronic Credit Ledger of the acquired entity will receive back the ITC. The Electronic Credit Ledger of the merged entity (transferee) will not get affected.
- After clicking **ACCEPT** / **REJECT** on this screen, the transferee needs to file his response in the system to complete the process. Simply clicking the **ACCEPT** / **REJECT** button without completing the filing steps does not make any changes to Electronic Credit Ledgers of either transferor or transferee.
- This user manual assumes the acceptance of ITC transfer to show the successful completion of the ITC transfer process.

20. Assuming that we have clicked **ACCEPT**, the system will display a confirmation message, and will prompt the user to proceed with filing the response.

Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18

You have successfully accepted declaration for transfer of ITC in GST ITC-02. Kindly proceed for filing.

Transferor GSTIN/UIN - 37ACXPK3463A4ZD
ARN - AA371217000072U
Transferor Legal Name - Mukesh Dhanjibhai Karshala
Date of filing - 2017-12-29

Details of ITC to be transferred

Tax	Amount of matched ITC to be transferred
Central Tax	₹1,064.00
State/UT Tax	₹5,382.00
Integrated Tax	₹606.00
CESS	₹208.00

ACCEPT REJECT

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

BACK

FILE ITC WITH DSC

FILE ITC WITH EVC

21. Check the declaration to state that the given information is true and correct.

22. Select an Authorised Signatory from the drop-down, containing a list of authorised signatories that you have configured in the system.

Details of ITC to be transferred

Tax	Amount of matched ITC to be transferred
Central Tax	₹1,064.00
State/UT Tax	₹5,382.00
Integrated Tax	₹606.00
CESS	₹208.00

ACCEPT REJECT

I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

Angad Arora

BACK

FILE ITC WITH DSC

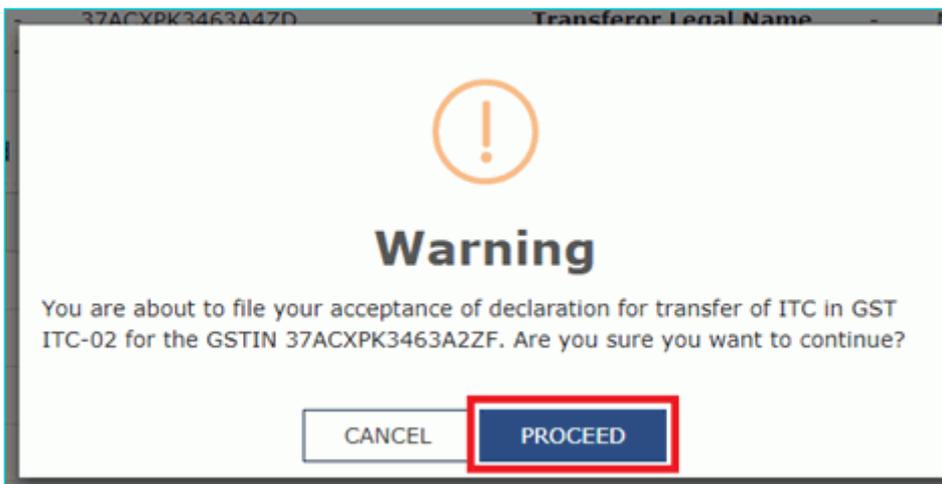
FILE ITC WITH EVC

23. File the form either using the DSC or EVC option.

Notes:

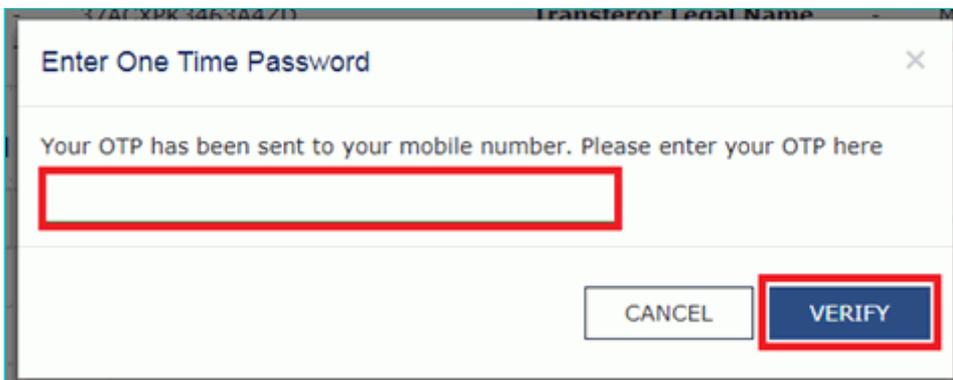
- If you choose the DSC option, make sure to sign with the DSC of selected authorised signatory.
- If you choose the EVC option, the system will send an OTP on the authorised signatory's registered mobile phone number, which you'll be required to enter in a pop-up that appears after selecting this option.
- This user manual has assumed the EVC path for simplicity.

24. Click **PROCEED** on the Warning pop-up message.



25. Enter the **OTP** as received.

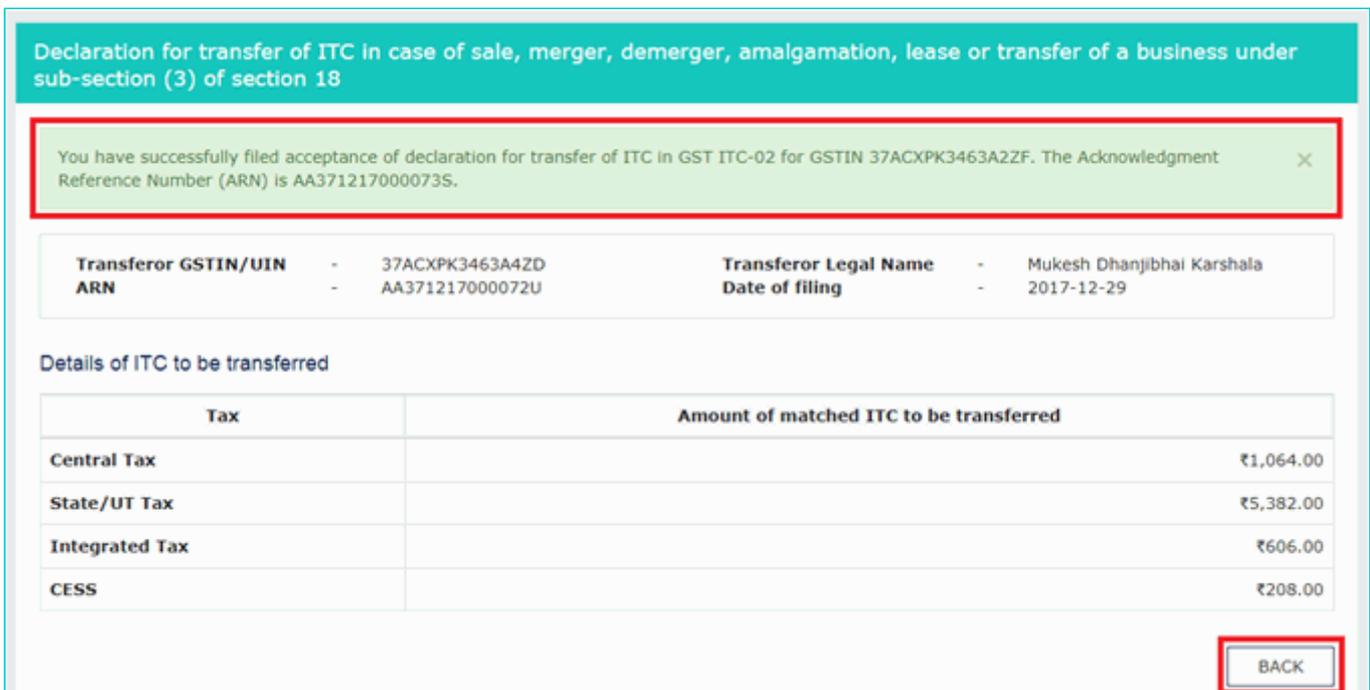
26. Click **VERIFY**.



Notes:

- The system will display a confirmation message on successfully completing the ITC transfer process.
- The confirmation message will also contain the system-generated ARN.

27. Click **BACK** to return to the **ITC-02 – Pending for actions** screen.



28. Notice the status changes to **Accepted**.

Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18					
S. No.	ARN	GSTIN		Date of filing	Status
1	AA371217000072U	37ACXPK3463A4ZD	Mukesh Dhanjibhai Karshala	2017-12-29	Accepted