Reply to Notice for Input Tax Credit (ITC) Reversal Under Rule 37

To,

The ....,

....,

....,

Dear Sir,

Subject: Reply to Notice for Input Tax Credit (ITC) Reversal Under Rule 37

Reference: Your Notice No. .... dated ....

I am writing in response to your notice regarding the reversal of Input Tax Credit (ITC) under Rule 37 of the CGST Rules, 2017, due to non-payment to our suppliers within 180 days. Here are the key points for your consideration:

1. Reason for Delay: We faced an unexpected financial crisis that prevented us from making timely payments to our suppliers. We understand that, according to Rule 37, ITC must be reversed if payments are not made within 180 days.

2. Payments Made: We have now completed all outstanding payments to our suppliers. While these payments were delayed, they were settled as we recovered from our financial difficulties.

3. No Need for ITC Reversal: Since we have made the full payments, we believe that the reversal of ITC is not necessary. Rule 37 allows for ITC to be re-availed once payments are made.

4. Supporting Documents: We have attached the following documents for your review:

• Copies of payment receipts and bank statements.

• A reconciliation statement of the invoices and payments made.

Request for Consideration: We kindly ask you to consider our financial challenges, the payments we have made, and the provisions of Rule 37 that allow for re-availment of ITC. We would greatly appreciate it if the requirement for ITC reversal could be waived in this case.

Please let us know if you need any further information.

Thank you for your understanding and support.

Yours faithfully,
....

e-mail ID: ....

Mobile: ....

Enclosures:

• Copies of payment receipts and bank statements.

• Reconciliation statement of invoices and payments made.

• Other.