GST FREQUENTLY ASKED ISSUES

ITEM 2:
Claiming input tax on business expenses billed to employees

Below are expenses usually billed to employees and not to the businesses, can the businesses claim the input tax and how?

a) Car park and other travelling expenses incurred while visiting customers or on working trips;

b) Mobile phone bill expenses for making business calls on a line registered in their own name;

c) Entertainment meals with existing customers;

d) Hotel accommodation while on outstation business trip

i) A registered person claiming input tax must hold a valid document (tax invoice) under his name which is required to be provided under section 33 GSTA (Goods and Service Tax Act 2014) (refer section 33 GSTA and reg.38(1)(a)(i) GSTR)

ii) Invoice under employees name cannot be used for claiming input tax EXCEPT for mobile phone bill expenses used for business purpose

iii) A registered person can use the mobile phone invoice billed to his employee for claiming input tax as long as the expenses are reimbursed and accounted as business expenses.