

**OFFICE OF THE  
ADDITIONAL GENERAL MANAGER  
SOUTH CENTRAL RAILWAY  
RAIL NILAYAM  
SECUNDERABAD.**

**No.A/GST/Clarification/III.**

**Date: 17.01.2018**

**CAO/CN/SC**

**CWE/SC**

**DRM/ SC, HYB, BZA, GNT, GTL & NED**

Sub: GST Neutralisation - for Existing Contracts-Works and Services.

Ref: (i) Railway Board letter no. 2016/CE-I/CT/12/GST/ Pt.I dated 29.06.2017. (RBA No.83/2017)

(ii) Railway Board letter no. 2017/CE-I/CT/7/GST dated 27.10.2017

(iii) HQ JPO no. W.417/P/GST/2017 dated 30.11.2017

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Your attention is drawn to letter under reference 1 & 2 and JPO of this Railway on the captioned subject. Based on the above instructions, Rider Agreements have to be entered into by the concerned Executives managing the Contracts in Divisions/Workshops/Units.

According to the Railway Board's directions, based on JPO issued difference in GST payable/recoverable treating on case to case basis needs to be worked out. A review therefore is necessary and essential for neutralisation of GST of all existing contracts both services and works.

On one of the Division, few issues were brought to the notice of GST cell at HQ. The issues and clarifications along with modified worksheets are enclosed to facilitate compliance of the GST law.

In respect of new tenders, the instructions vide letter no. W.44/B/Vol.VII dated 06.12.2017 issued by Works Branch that "the tenderer shall quote the rate by taking into account all statutory taxes and duties applicable to work/service and give breakup of the taxes and duties at the time of quoting rates" is to be complied. All invoices both existing and new contracts, shall invariably contain breakup of cost of the work/service and taxes/duties separately

CAO/CWE/DRMs are advised to kindly look into the matter personally and nominate HOD/ADRM to monitor the compliance of Board's instructions contained in letter dated 27.10.2017 and GST Law.

**Encl: As above.**

**Copy to:**

**FA&CAO/CN/SC**

**Dy. FA&CAO/LGD, WAO/RYPs, TPTY**

**Sr. DFM/ SC, HYB, BZA, GNT, GTL & NED**

  
**AGM/SC**

**GST Neutralisation bills - Points noted during  
Review by RPM/SC with DFM/BZA done on 09.01.2018**

<b>Sl.No</b>	<b>Issue discussed</b>	<b>Action proposed</b>
1	A. Liability for payment of GST on services supplied (Sec.13(2)(1) - Time of supply of services) Chapter-III of CGST Act - Submission of returns by contractor like GSTR-1 and GSTR-3B	<i>The liability to pay tax on services arises at the time of supply of service for Railway contracts, which is the date of issue of invoice by the supplier. Therefore, contractors are to be advised that the GST has to be remitted as per the above condition and GSTR-1 uploaded. Accordingly, GST neutralisation claim will be admitted based on documentary evidence.</i>
	B. Documentary evidence/Requirement for admitting GST Neutralisation claims for Services/Works Providers	<i>Board's letter on the subject prescribes that the claim has to be admitted based on documentary evidence, for which a certificate from the Chartered Accountant may be obtained by the contractor and submitted along with the claim, as follows -</i>  <i>"Certified that the ITC claim made in GSTR 3-B includes invoices of Rs.____ pertaining to South Central Railway , GSTIN - _____ against invoice no. ___ dt. ___". (Extract of relevant invoices to be enclosed).</i>  <i>Accordingly, the tax invoice preferred by the contractor has to be admitted in internal check on verification of documentary evidence of original invoices and GSTR-3B/3 Return of the contractor under GST, as certified by the Chartered Accountant.</i>
3	Separate working sheet for works and service contracts	<i>Modified Model worksheet for works contracts and Model worksheet for Service contracts are enclosed, duly deleting the row "Less CENVAT(pre-GST).</i>
4	a. Certifications to be done by the contractor on the GST neutralisation work sheet.	<i>The following certificates are to be furnished by the contractor in the GST neutralisation worksheet.</i> <i>1. The quantities being claimed for ITC have not been/will not be claimed for refund of GST.</i> <i>2. The material being consumed is for this work and the same invoices have not been/will not be used for any other work to claim ITC.</i> <i>3. No refund claims of GST are pending settlement with GST authorities.</i>
	b. Certifications to be done by Chartered Accountant on the GST neutralisation work sheet	<i>Chartered Accountant will certify arithmetic calculations, GST applicability and eligibility of ITC as per the enclosed Material statement in the worksheet in addition to certification under Sl.No.1(B) above.</i>

<b>Sl.No</b>	<b>Issue discussed</b>	<b>Action proposed</b>
c.	Treatment of ITC for items like metal/ ballast, pebbles, sand, boulders etc. purchased from unregistered suppliers	<i>The applicable GST will be adopted proforma without insisting for documentary evidence, on certification by Executive officer in-charge.</i>
5	Where the submission of original invoice by the contractor is not possible (as a proof of material consumed in a particular work) if the invoiced material is used for multiple works	<i>In such cases, if approved, Executive will be advised to obtain copy of the invoice duly attested by the officer in-charge of the work.</i>
6	Applicability of tax rates in pre-GST/post-GST calculations in the worksheet.	<i>The applicability of tax rates in pre-GST/post-GST calculations will be as applicable to the work as per the agreement.</i>
7	Allocation of GST neutralisation amount	<i>The expenditure is to be allocated to the Final Heads for which the expenditure on the work is charged.</i>
8	Whether TDS on Income Tax needs to be recovered on neutralisation amount	<i>TDS on Income Tax is to be recovered on neutralisation amount as the same is paid to the contractor in addition to the original bill amount.</i>
9	Admissibility of GST neutralisation where extension of the currency of contract is given on contractor's account	<i>If the work is to be completed before 30.06.2017, but extension was granted on Contractor's account, in such case GST Neutralisation need not be done. However, the Executive will prepare the working sheet to check if the neutralization will amount to recovery and effect the recovery, if due.</i>
10	Tax Rates for each work to be specified	<i>PCE has been advised to indicate GST applicable to each of the works undertaken by Engg. Branch.</i>
11	Whether ITC availed in the previous bills executed after 01.07.17 should be taken for post-GST calculations in the worksheet	<i>The entire ITC including the credit received through GSTR Tran-1(Transitional Credit) availed by the contractor against the agreement from 01.07.17 till the calculation GST neutralisation amount should be taken into account in the worksheet.</i>



**MODEL WORKSHEET FOR SERVICE CONTRACTS**

Name of work:.....

Name of the Agency :

Agreement No. and Date:

Agreement Value in Rs:

Invoice No.

Date

Gross Bill Value in Rs:

GSTIN..... TIN.....STRN.....

Particulars	GST Rate		Amount (Rs)
Bill No.....			CC Bill
Gross Value of Bill			1,00,000
Service Tax on Gross Value(Pre-GST)	15%	Gross Value of Bill x 15/100	15,000
(A) Tax Liability (Pre-GST)			15,000
Post-GST	18%	Gross Value of Bill x 18/118	15,254
Less: Input Tax Credit/Refund (Post-GST) (Assuming it as Rs.200/-)			200
(B) Net Tax Liability (Post-GST)			15,054
( C ) Difference Payable/To be recovered = [B] - (A)			54

Certified that the worksheet including GST applicability is correct and the GSTR-1 has been uploaded and that the ITC claim made in GSTR 3-B includes invoices of Rs. \_\_\_\_\_ pertaining to South Central Railway , GSTIN No. \_\_\_\_\_ PAN No. \_\_\_\_\_ against invoice no. \_\_\_\_\_ dt. \_\_\_\_\_. Extract of relevant invoices is enclosed. The ITC availed through GSTR TRAN-1 pertaining to the above agreement is passed on to Railways. The quantities for which ITC is claimed is as per Material Statement enclosed to the bill.

**Signature with seal of Chartered Accountant**

Certified that:

- 1) The quantities being claimed for ITC have not been/will not be claimed for refund of GST. In case, there is refund eligible, then refund amount will be deducted from the compensation to the contractor.
- 2) The material being consumed is for this work and the same invoices have not been/will not be used for any otherwork to claim ITC.
- 3) No refund claim is pending settlement with GST authorities.

**Signature of the contractor**