



SOUTH CENTRAL RAILWAY
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Dt. 22.03.2022

No. A/GST/ITC/VOL.II

FA&CAO/Con/SC, FA&CAO/S&W/SC
Sr.DFMs- SC, HYB, BZA, GNT, GTL, NED
Dy.FA&CAO/WS/LGD, WAO/RYPs, WAO/CRS/TPTY,
Sr.AFA/C/SC, BZA, TPTY, AFA/C/NED

Sub: Insisting for GST Payment by Contractors for purchase transactions and compliance of Vigilance Branch's advise- reg

Ref: 1) Vigilance Branch Letter No:G.265/c/2021/06/01209/GA/G/SC dated 17/01/2022
2) PFA's Letter No:A/GST/GSTR-2A Recon dated 29/01/2021.

Vigilance Branch vide their letter cited under ref(1), has suggested the following system improvement to protect the financial interest of the Government.

"The Executive should insist upon production of the documentary proof of filing of GST returns of the previous quarter by the Contractor at the time of submitting the bills and the Accounts Department should ensure such documentary evidence is enclosed with the physical bills forwarded by the Executive".

This office endorses the same view and advises Accounting Units to insist for documentary proof of filing/remittance of GST of previous bills, while submitting the subsequent bills in case of regular contractor/supplier. And in case of random bills, Units may insist on filing/remittance of GST before accepting the same. This helps in IPAS/GSTR2A/GSTR2B reconciliation and will enable Railway to avail ITC.

PFA/SCR vide letter dated 29/01/2021 cited in ref(2), addressed to all DRMs and PHODs individually, has already issued detailed guidelines in connection with acceptance and passing of bills in backdrop of reconciliation of IPAS/GSTR-2A for availing ITC. The same procedure is reiterated for compliance.

Encl: As above

Keshav Kaplush
(Keshav Kaplush)
Dy.FA&CAO/F&B
for PFA/SC

Copy to : Dy.CE/Works/HQ for information with ref to Letter No.W.417/GST/2019 dt 08/02/2022.

~~Dy.CVO/Accounts for information please.~~

AFA/EXP/HQ for information and necessary action please.

AFA/BOOKS/HQ for information and necessary action please.

Keshav Kaplush
for PFA/SC

Measures to be taken for availing eligible ITC by Reconciliation of Invoices with GSTR-2A

The following measures are advised for availing ITC on eligible invoices (Category T4 & C2):

1. The invoice of a service provider/contractor/vendor (hereafter referred to as party) is to be admitted in future in the Executive Office only if it is submitted along with a printout of the Tax Invoice uploaded under B2B Table in GSTR-1, if the invoice is dated in the current month. If the invoice pertains to previous months, a copy of the GSTR-1 should also accompany the invoice along with a print out of B2B table. This should become one of the standard requirements for submission of bill (At this stage Railways will not insist for a filed GSTR-1 return).

In the Accounts Office, bills are to be passed only if they are appearing in GSTR-2A and the details are matching. Bills for Utilities like telephone/mobile bills etc. may be passed to avoid inconvenience to railways, but the aspect of mismatch, if any, may be brought to the notice of those organisations.

2. At the time of submission of the next bill by the party in the Executive Office, the GSTR-1 return (with invoice-wise details under B2B Table) for previous invoice (if the previous invoice was passed on the basis of uploaded details in B2B Table) should be attached without fail. The filed details of the invoice should tally with passed bill. If there is any mismatch, necessary amendments shall have to be carried out by the party in his next GSTR-1. A copy of the amendment made in GSTR-1 should be submitted by the Party to the Executive Office, which shall be forwarded to the Accounts Office.
3. There may be some cases where some minor variations are there in the details which are permitted for modification in the Invoice Modification facility in IPAS. These may be modified by the Accounts Office, so that the ITC on the transaction could be claimed by Hqrs.
4. There may be some cases where the party is yet to file his GSTR-1 for his previous bill or make amendments in his GSTR-1 but the next bill will have to be passed. In such unavoidable circumstances like safety works or safety supplies or quarterly filing of GST returns etc, the GST amount may be withheld and kept in deposit and the basic amount can be sent for release by the Executive. The GST amount kept under deposit can be released by the Executive by sending a pay order, when that party submits relevant proof of filing of GST returns to the Executive Office. Where the party fails to submit the filed GST returns by end of the FY (i.e. 31st March), the GST amount kept in Deposit Expenditure may be cleared by debiting the Deposit EXP head and crediting the MAR/MAC-GST head, under advice to the concerned Executive Office. This is in tune with Railway Board instructions received in every March to clear the MAR/MAC-GST [where eligible ITC (GST) on each transaction is kept in MAR/MAC-GST by default by the IPAS system] balances completely in March Accounts. In the event of any party submitting his proof of GST filing after March of that financial year but before September of the following year, then a fresh pay order may be generated by the Executive Office debiting the GST PUs of the concerned final head in the current year.
5. If a party has not filed his GST returns or filed returns with incorrect information which is not matching with the invoice which he had submitted and passed by the railways, the GST amounts already paid shall have to be recovered from his next bill. If there is no next bill, the GST amount already paid shall have to be recovered from his security deposit or by encashing his Performance Guarantee. By losing the eligible ITC on the GST paid to the parties, the cost of services/works contracts actually goes up significantly for railways. This may be considered as an important negative factor affecting the financial interests of railways while evaluating the future tenders submitted by such party.

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प्रमुख वित्तीय सलाहकार
Brajendra Kumar IRAS
Principal Financial Advisor



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रेलवे भा.१. ४६/२१ बी.एस.एन.एल: (०४०) २७३३३३३
फैक्स Fax: (०४०) २७३३३६४

No.A/GST/GSTR-2A Recon

Date : January 29, 2021

DRM/GTL

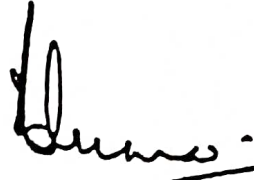
Sub : Reconciliation of IPAS transactions with GSTR-2A for claiming
Input Tax Credit - reg.

Due to amendments in GST rules (Rule 36(4)) effective from 01-10-2019, all tax payers were restricted from availing input tax credit (ITC) i.e., GST paid to suppliers of Goods and Services to the invoices uploaded by them in their returns. Further, it was stipulated that the invoices uploaded should match with various parameters to enable the Regular Tax payer to avail ITC.

It is noticed that Railways have not been able to avail ITC due to non-filing of returns or mismatch in the invoices submitted by the suppliers. As a result of this, the element of ITC had to be debited to the final head of Expenditure leading to avoidable expenditure.

In order to rectify this situation, it is suggested that recoveries of GST paid in un-reconciled invoices may be made from on hand bills and kept in deposit for further action in future. This may be looked into on priority.

Encl: Annexure - Procedure of recoveries to be made.


(Brajendra Kumar) 29.01.2021