

EAST COAST RAILWAY

Office of the
Principal Chief Commercial Manager
1st Floor, Rail Sadan
C.S.Pur, Bhubaneswar-17
Date: 13.01.2023

Commercial Circular No. 08(GC)/2023

Sub: Guidelines for implementation of GST implications on recovery of liquidated damages.

Ref: (i) PFA/ECOR's letter No. ECoR/Accts/BBS/GST/Circular/02/3066 dated. 09.01.2023.

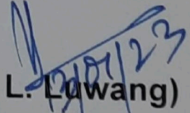
(ii) Railway Board's letter No. 2017/AC-II/1/6/GST/Main/Vol.IV dtd.28.12.2022 (GST Circular No.17/2022, RBA No.57/2022)

Enclosed please find herewith a copy of PFA/ECOR's letter No.ECoR/Accts/BBS/GST/Circular/02/3066 dated.09.01.2023 regarding "**Guidelines for implementation of GST implications on recovery of liquidated damages**", which is self explanatory for information and necessary action at your end.

All concerned to note and act accordingly.

Authority: PFA/ECOR's letter No. ECoR/Accts/BBS/GST/Circular/02/3066 dated. 09.01.2023

Encl: As above (03 Pages).


(H. L. Luwang)
Chief Commercial Manager (FS)

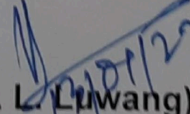
No. PCCM/443/GST/Pt.I

Date:13.01.2023

All Station Managers/ Goods and Parcel Supervisors/Commercial Supervisors /Siding Clerks / Booking Clerk in Charges / Weigh Bridge Clerks / Clerk in Charges / City Booking Agencies / Out Agencies.

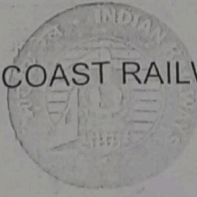
Copy for information and necessary action to the:-

PCOM: ECoR/SER/SECR/NR/NFR/ER/SR/SCR/WR/NER/CR/SWR/NCR/NWR/WCR/ECR/KRly. **SDGM/E** CoR/BBS, **Chairman/RCT/BBS**, **Dy.CVO/ECoR/BBS**, **Dy.COM(FOIS)/ECoR/BBS**, **PO/RCT/BBS**, **CAO(FOIS)/NDLS,Audit officer/BBS**. Rates Section /CCM/ECoR/BBS -10 sets
DRM: KUR,WAT,SBP/ECoR, **Sr.DOM-** KUR,WAT,SBP/ECoR, **CAO(FOIS)**, CRIS/NDLS, **Sr.DCM** :KUR,WAT/SBP/ECoR. **Dy.CCM(Claims)/E.Co.Rly**, **FA & CAO:E.Co.Rly**, **FA & CAO(T)/ECoR/BBS**
Traffic Manager: VZP, Paradeep Port Trust / Paradeep.


(H. L. Luwang)
Chief Commercial Manager (FS)



EAST COAST RAILWAY



Dy CEO/FS
12/1/23

Office of the
Principal Financial Advisor
Bhubaneswar

No.ECoR/Accts/BBS/ GST/Circular/02/ 3011

Dt.09/01/2023

To
PCCM, CAO/Con, PCE, PCEE, PCSTE, PCME, PCPO, PCSC, PCMD, PCMM,
CWM/MCS, FA&CAO(Con)
DRM/KUR, SBP, WAT
Sr.DFM/KUR, SBP, WAT
Sr.DCM/KUR, WAT & SBP
Dy.FA&CAO(F&B), Dy.FA&CAO(Con)/BBS, Dy.FA&CAO(S&W)/BBS ,
Dy.FA&CAO(Con)/VSKP
Sr.AFA(CRW)/MCS, Sr.AFA(RE)/BBS, Sr.AFA(Con)/SBP

Sub: Guidelines for implementation of GST implications on recovery of
Liquidated Damages.

Ref: Railway Board's Lr.No.2017/AC-II/1/6/GST/Main/Vol.IV Dt.28.12.2022
(RBA No.57/2022)

Please find enclosed herewith the Railway Board's Lr.No. 2017/AC-II/1/6/GST/Main/Vol.IV Dt.28.12.2022 (RBA No.57/2022) in connection with guidelines for implementation of GST implications on recovery of Liquidated Damages.

This may please be treated as "Most Urgent"

Encl: As above

09/01/2023

AFA(T-II)
For PFA/ECoR

भारतसरकार Government of India
रेलमंत्रालय Ministry of Railways
रेलवेबोर्ड(Railway Board)

7/12/22
अमल संकेतः

RBA No. 57 /2022

GST Circular No. 17 /2022.

No. 2017/AC-II/1/6/GST/Main/Vol. IV

New Delhi, dated 28.12.2022

Principal Financial Advisers,
All Zonal Railways/Production Units

Sub:-Guidelines for implementation of GST implications
on recovery of Liquidated Damages
Ref:- Board's letter No. 2017/AC-II/1/6/GST/Main/Vol. III
dated 10.08.2022 (RBA No. 41/2022 dated 10.08.20 22)

Please connect Board's letter ibid on the above subject wherein an illustration was also provided to explain the GST implications on recovery of Liquidated Damages. In the said illustration, the amount of liquidated damages was calculated at the taxable value i.e., excluding GST amount. In this connection, a few vendors and Zonal Railways have sought clarification regarding the taxability of GST on gross value of supply. The matter has been examined. It is clarified that amount of Liquidated damages shall depend upon the terms of the contract (i.e., it may be calculated on the gross value of supply, i.e., inclusive of GST OR on basic value of supply excluding GST as provided for in the contract). Accordingly, the illustration may be read, as under:

Existing Illustration	May be read as under
Assuming, vendor 'A' raised invoice for INR 118 (INR 100 taxable value + INR 18 GST). However, owing to certain non-performance, liquidated damage of INR 10 (10% of the taxable value) is recoverable by Railways from such vendor. In the instant illustration,	Assuming, vendor raised invoice for INR 118 (INR 100 taxable value + INR 18 GST), however, owing to certain non-performance, liquidated damages recoverable from such vendor as per the contract terms is, say -



peem

Indian Railways, in net, needs to pay INR 108 to 'A' (value of supply with GST: 118 less amount of liquidated damages without GST: 10). Please note that such payment would also be subject to other deductions such as GST-TDS.

- 10% of the gross invoice amount

In such case, liquidated damages of INR 11.8 (10% of INR 118) are recoverable by Railways and payment of INR 106.2 shall be made to the vendor (value of supply with GST: INR 118 less the amount of liquidated damages without any GST thereon: INR 11.8).

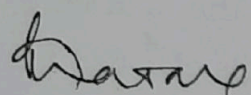
- 10% of the taxable amount

In such case, liquidated damages of INR 10 (10% of INR 100) are recoverable by Railways and payment of INR 108 shall be made to the vendor (value of supply with GST: INR 118 less amount of liquidated damages without any GST thereon: INR 10).

In the above examples, INR 11.8 or INR 10, as the case may be, represents the actual liquidated damages amount without any GST thereon.

Other deductions such as GST-TDS etc shall be deducted as applicable.

Railways/Units may take note of the above for necessary action.


(Sanjeev Sharma)
OSD/Accounts
Railway Board

Copy to:-

1. General Manager, All Zonal Railways and Production Units
2. All EDs of the ED level Empowered Committee in Railway Board
3. All Directors of GST Cell, Railway Board
4. Managing Director, Centre for Railway Information Systems, Chanakyapuri, New Delhi
5. WGM/GST, GM/AIMS, CRIS, New Delhi