

पूर्व तट रेलवे / EAST COAST RAILWAY

Office of the
Pr. Chief Commercial Manager
1st Floor, North Block, Rail Sadan
Bhubaneswar – 751017

Commercial Circular No:177(GC)/2023

Date: 22.06.2023

Sub: Applicability of GST on Deposit Works.

Ref:(i) Finance Department/ECOR's No. ECoR/Accts/BBS/GST/Circular/02/917 dtd. 12.06.2023.

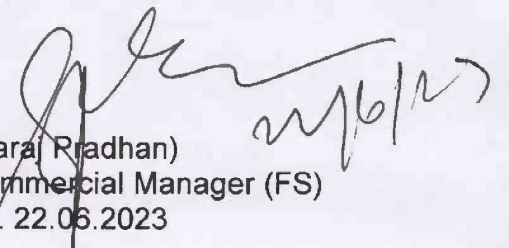
(ii) Railway Board's letter No.2017/AC-II/1/6/GST main/Vol.IV dtd.26.05.2023(RBA No.19/2023 dtd.26.05.2023)

Enclosed please find herewith a copy of the Railway Board's letter No.2017/ACII/1/6/GST main/Vol.IV dtd.26.05.2023(RBA No.19/2023 dtd.26.05.2023) regarding "Applicability of GST on Deposit Works", which is self explanatory for information and necessary action.

All concerned to please note and act accordingly

Encls: As above (05 Pages)

Authority: Finance Department/ECOR's No. ECoR/Accts/BBS/GST/Circular/02/917 dtd. 12.06.2023.


(Swaraj Pradhan)
Dy. Chief Commercial Manager (FS)
Date: 22.06.2023

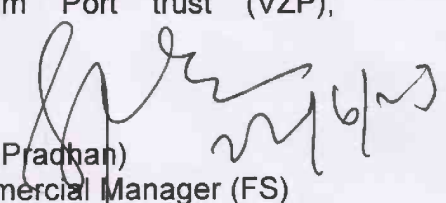
No.PCCM/443 /GST/Pt./Policy

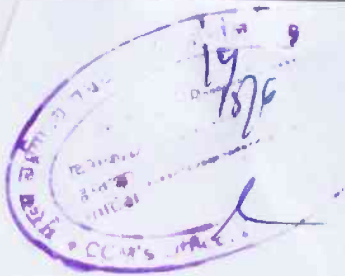
Copy to:-

All SMs/Goods Supervisors/ Comml. Supervisors/Siding clerks/Booking Clerk in charges/Parcel Clerk/ weigh Bridge clerks/City Booking Agencies.

Copy for information and necessary action to the:-

PCOM, PFA, CFTM, SDGM, FA & CAO(T), Chairman/RCT, Dy CVO(T), DY CCO, Dy COM(FOIS), PO/RCT, Audit Officer/ECOR/BBS. Rates Section/CCM/ECOR/BBS, DRM/KUR, WAT& SBP/ECOR, Sr DOM/KUR, WAT&SBP/ECOR, SrDCM/KUR, WAT&SBP/ECOR, Traffic Manager/Visakhapatnam Port trust (VZP), Paradeep Port Trust/PRDP.


(Swaraj Pradhan)
Dy. Chief Commercial Manager (FS)



EAST COAST RAILWAY



ccm/Es
[Signature]

Office of the
Principal Financial Advisor
Bhubaneswar

No.ECoR/Accts/BBS/ GST/Circular/02/ 917

Dt.12/06/2023

To

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

ccm/Es
[Signature]
15/6/23

Sub: Applicability of GST on Deposit Works.

Ref: Railway Board's Lr.No.2017/AC-II/1/6/GST Main/Vol.IV Dt.26.05.2023
(RBA No.19/2023)

Please find enclosed herewith the Railway Board's Lr.No. 2017/AC-II/1/6/GST Main/Vol.IV Dt.26.05.2023 (RBA No.19/2023) in connection with applicability of GST on Deposit Works for information and necessary action.

Encl: As above

[Signature] 12/6/2023

AFA(T-II)
For PFA/ECoR



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आज़ादी का
अमृत महोत्सव

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

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आज़ादी का
अमृत महोत्सव

RBA No. 19/2023
GST Circular No. 05/2023

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

New Delhi, dated 26.05.2023

Principal Financial Advisers,
All Zonal Railways/Production Units

Sub:- Applicability of GST on Deposit Works.

Ref:- NR's letter no. 2021/Taxation/GST/Misc.Corresdt18.04.2023

A reference from Northern Railway has been received on the applicability of GST and treatment of ITC on Deposit Works executed by Railways and with respect to similar works executed by other Governments/PSUs for Railways against advances paid to them. The matter has been examined. The clarification on the queries is as follows:

	ISSUE	CLARIFICATION
1	Taxability of the Transaction	Vide S. No. 6, 7 and 8 of notification no.12/2017 - Central Tax Rate, supply of works contract service by IR is liable to GST, except when provided to the following persons i.e., supply of works contract service by IR to the following persons is exempt from levy of GST- • Another Central Government, State Government, Union territory or local authority • Non- business entities • Business entity with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from GST registration. Further, vide S. No. 5 of notification no. 13/2017 - Central Tax (Rate), supply of works contract service by IR is liable to GST under reverse charge mechanism (RCM). The supply of works contract services by IR on Deposit Work basis is liable to GST under reverse charge unless exempted from levy of GST (i.e., where the depositing firm falls in the above list of recipients).

	ISSUE	
2	Raising of tax invoice to the Depositing firm: Time of issue of invoice	Wherever the supply of works contract services in the manner as at (1) above, is taxable, IR will be required to issue a Tax Invoice. Time of issue of invoice shall be based on the contractual conditions. The issue of invoice shall be on the due date of payment wherever the due date of payment is ascertainable from the contract. However, where the due date of payment is not ascertainable from the contract, the tax invoice shall be issued at the time of receipt of payment by IR. Further, in case the works contract services are exempt, IR will be required to issue a Bill of Supply. However, it may be noted that on receipt of deposit in advance from the depositing firm, IR will be required to issue an advance receipt voucher having prescribed particulars as laid down under the GST law, wherever the issuance of tax invoice/bill of supply is not immediately due. Depositing firm would be liable to pay GST under RCM on such advance paid to IR. If the advance paid is toward GST exempt supply, no GST on the advance needs to be discharged by the depositing firm.
3	Raising of tax invoice to the Depositing firm: RCM flagging	The supply of works contract services by IR to the depositing firm is liable to GST under reverse charge unless exempted from levy of GST i.e. when such services are being supplied to another Central Government, State Government, Union territory or local authority, non-business entities and to the business entity with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from GST registration.



	ISSUE	CLARIFICATION
		IR will be required to issue a Tax Invoice in the CRIS GST manual utility, based on the contractual conditions with RCM as 'Yes' (in case of taxable) or Bill of Supply (in case of exemption), as the case may be, containing all the prescribed particulars.
4	ITC flagging of expenditure incurred for execution of work (payment made to contractor)	Since expenditure incurred by IR is to be used exclusively for supplying works contract service ITC of the same shall not be available. As such outward supply of IR is liable to GST under RCM it is treated as an exempt supply for the purpose of ITC eligibility. ITC flagging of such expenditure shall be T2.
5	Passing of credit to depositing party against above.	Since no ITC is available to IR hence question of passing credit to Depositing Party does not arise.
6	Applicability of GST when IR is Depositing party with Central/State government	Vide S. No. 8 of notification no.12/2017 - Central Tax Rate, supply of services by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority is exempt from GST. Such exemption has the following exceptions- • Service by Department of Posts • Service in relation to an aircraft or a vessel • Service of transport of goods or passengers Based on the above exemption entry, it can be said works contract service supplied by Central Government (except Dept. of Post) or State Government to IR is exempt from GST.
7	ITC flagging for payment of GST on such Deposits with Central/State government	Work contract service by Central/State government is exempt from GST. GST not being involved the question of ITC flagging does not arise.
8	Applicability of GST when IR is Depositing party with a PSU	Such supply is liable to GST under forward charge mechanism. IR is recipient.
9	ITC flagging for payment of GST on	ITC of works contract services procured for construction of an immovable property is specifically

ISSUE	CLARIFICATION
such Deposits with a PSU	restricted under GST laws except in case the immovable property is in the nature of 'plant and machinery'. The term 'plant and machinery' has been defined to mean apparatus, equipment and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods and/or services and includes such foundation and structural supports but excludes - • Land, building or any other civil structures; • Telecommunication towers; and • Pipelines laid outside the factory premises. Flagging of GST paid by IR would depend on whether the resultant asset is plant or machinery or not. If the asset is plant and machinery then flagging will be C2, if not then T3.

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

Vipul Tripathi
(Vipul Tripathi)
Director/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. EDFX
5. EDCE(G)
6. Managing Director, Centre for Railway Information Systems, Chanakyapuri, New Delhi
7. WGM/GST, GM/AIMS, CRIS, New Delhi

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