



सत्यमेव जयते

Controller General of Defence Accounts
Ulan Batar Road, Palam, Delhi Cantt – 110010
Ph No. 011 – 25665577 FAX No. 011- 25674806.
(IAW-9)
E-Mail : cgdanewdelhi@nic.in



GST Cell/9504/GST/Pt. file-II

Dated:21.08.2017

To,

The PCsDA/CsDA/PIFAs/IFAs

Sub: Implementation of Goods & Services Tax (GST), 2017 - compilations of information on impact of increase/decrease in tax liabilities of the contractors in the existing contracts after introduction of GST.

Please find enclosed a copy of letters bearing no. 30(10)/GS-II/2017 dt. 02.08.2017 and F.11/15/2017-PPD dt. 25.08.2017 received from Gol, MoD(Fin) for necessary action at your end please.

2. It is requested that kindly furnish your views/response on the same to this Office latest by 28.08.2017 positively.


ACGDA(GST)

Copy to:-

EDP Cell(Local)

For uploading on CGDA website.

— — —
Sr. AO(GST Cell)



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
(रेलवे बोर्ड) (Railway Board)

No.2017/CE-I/CT/4/GST

New Delhi, dated 23.06 2017

As per list attached

विषय: Compliance with the GST Act, 2017-Change in para (a) of Clause 6, Part I of Indian Railways Standard General Conditions of Contract, July 2014.

Subsequent to the enactment of GST Act, Board (ME) has approved modification to para (a) of Clause 6, Part-I of Indian Railways Standard General Conditions of Contract, July 2014. The revised para (a) of clause 6 shall be read as under :

6. Care In Submission Of Tenders:

(a)(i) Before submitting a tender, the tenderer will be deemed to have satisfied himself by actual inspection of the site and locality of the works, that all conditions liable to be encountered during the execution of the works are taken into account and that the rates he enters in the tender forms are adequate and all inclusive to accord with the provisions in Clause-37 of the Standard General Conditions of Contract for the completion of works to the entire satisfaction of the Engineer

(ii) Tenderers will examine the various provisions of The Central Goods and Services Tax Act, 2017(CGST)/ Integrated Goods and Services Tax Act, 2017(IGST)/ Union Territory Goods and Services Tax Act 2017(UTGST)/ respective state's State Goods and Services Tax Act (SGST) also as notified by Central/State Govt & as amended from time to time and applicable taxes before bidding. Tenderers will ensure that full benefit of Input Tax Credit (ITC), likely to be availed by them is duly considered while quoting rates

(iii) The successful tenderer who is liable to be registered under CGST/IGST/UTGST/SGST Act shall submit GSTIN along with other details required under CGST/IGST/UTGST/SGST Act to railway immediately after the award of contract, without which no payment shall be released to the contractor. The contractor shall be responsible for deposition of applicable GST to the concerned authority.

(iv) In case the successful tenderer is not liable to be registered under CGST/IGST/UTGST/SGST Act, the railway shall deduct the applicable GST from his/their bills under reverse charge mechanism (RCM) and deposit the same to the concerned authority.

Railways/PUs should modify their tender documents accordingly in the tenders to be invited now onward.

This issues with the concurrence of Accounts and Finance Directorates of Ministry of Railways.

अनिल कुमार
23/06/2017

(अनिल कुमार)

निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

[Phone : Rly: 030-47598, MTNL011-23047598

e-mail address padcegrb@gmail.com]

No.2017/CE-I/CT/4/GST

New Delhi, dated 23.06.2017

Coy forwarded for information to.

- 1 The FA & CAOs all Indian Railways
- 2 The Deputy Comptroller and Auditor General of Indian (Railways), New Delhi

अनिल कुमार

For Financial Commissioner / Railways

LIST FOR DISTRIBUTION

1. General Managers, All Indian Railways & Production Units.
- 1a. General Manager (Con), N.F. Railway, Guwahati
- 1b. General Manager /CORE, Allahabad.
2. Principal Chief Engineers, All Indian Railways.
3. Chief Administrative Officers (Con), All Indian Railways.(Except N.F. Railway)
4. FA&CAOs/ All Indian Railways.
5. Chief Vigilance Officers, All Indian Railways.

Copy to:

(A)

1. CAO/CAO(R), COFMOW, Tilak Bridge, New Delhi.
2. CAO/CAO(R), Diesel Locomotive Works, Patiala(Punjab).
3. CAO, Rail Coach Factory/Rae Bareilly Project, Kishanganj, Delhi -110007.

(B)

1. Director General, RDSO, Manak Nagar, Lucknow.
2. Director General, Railway Staff College, Vadodara
3. Director, IRICEN, Rail Path, Pune - 411 001 (Maharashtra).
4. Chief Commissioner of Railway Safety, Ashoka Road, Lucknow.

(C)

- 1 MD, DMRC, Metro Bhawan, 13, Fire Bridge Lane, Barakhamba Road, New Delhi- 110 001,
- 2 MD, CONCOR, Concor Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi- 110076
- 3 IRCON International Limited, C-4, District Centre, Saket, New Delhi- 110017
- 4 MD, RITES Ltd., RITES Bhawan, Plot No.1, Sector-29, Gurgaon.
- 5 MD, RVNL, August Kranti Bhawan,Plot No.25, 1st Floor, Bhikaji Cama Place, New Delhi.
- 6 MD, MRVC Ltd., Churchgate Station Bldg, Mumbai- 400020
- 7 MD, KONKAN Railway Corporation Ltd, Rail Bhawan, New Delhi-110001.
- 8 MD, DFCCIL, 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi-110001
- 9 MD, RLDA, Near Safdarjung Railway Station, Moti Bagh, Phase-I, New Delhi- 110021
- 10 MD, CRIS, Chanakyapur, New Delhi.
11. CMD, RailTel Corporation of India Ltd. Plot No. 143, Institutional Area, Sector-44, Gurgaon - 122003.
- 12 RCF, Rae Bareilly, Kishan Ganj, Delhi-110007.
13. CME, IROAF, 12th Floor, Core-1, Scope Minar, Distt. Centre, Laxmi Nagar, Delhi- 110092
14. CAO (Workshop Projects), Chamber Bhawan, Judge's Court Road, Anta Ghat, Patna-800001, Bihar.

Copy to:

ME, M(Tr.), M(RS), FC, DG(S&T), DG(RS), AM(CE), AM(Works), AM(B), AM(Elec.), AM(RS), Adv(Projects), Adv.(L&A), Adv(Bridges), EDCE(G), EDCE(P), EDTK(M), EDTK(MC), EDTK(P), EDCE(B&S)-I, EDCE(B&S)-II, EDF(X)-I, EDF(X)-II, ED(Works), EDW(Plg.), ED/Project(Mon.), ED(L&A)-I, ED(L&A)-II, ED(L&A)-III, ED(PSU).

1. Supplier Name
2. Supplier GSTIN
3. Invoice No.
4. Invoice Issue Date
5. Total Value
6. Taxable Value
7. Goods A/c HSN, Service Accounting Code
8. Goods and Services Description
9. Unit Qty Code
10. Quantity
11. Rate
12. Whether eligible for ITC. — *Partial/Full/NIL*
13. IGST Rate
14. IGST Charged Amt.
15. CGST Rate
16. CGST Charged Amt.
17. SGST/ UGST Rate
18. SGST Charged Amount
19. Cess Rate
20. Cess Charged Amt.
21. Name/Recipient of Service/Goods
22. Place of Supply
23. Recipient GSTIN
24. Tax Payable on Reverse Charge Basis(Y/N)
25. TDS

R = Percentage rate of GST for that goods/service code

Then, $Z = X+Y$, $Y = X*R/100$

- (iv) Percentage rate of GST for various types of goods/services as finalised by GST council can be downloaded from the website www.cbec.gov.in.
- (B) (i) Once the 'on account / final contract certificate' is prepared by railway and communicated to contractor, the contractor shall submit invoice (bill) on his Letter head duly segregating the 'Amount of work executed excluding GST amount' and 'GST amount' (i.e. "X" & "Y" as mentioned in para 3(A)(iii) above) along with Invoice No. (bill No.) and all other details required under GST act. The sample GST compliant invoice is annexed herewith.
- (ii) In case contractor is liable to be registered under GST Act, Railway shall pay to the Contractor 'Gross amount of work executed' (i.e. "Z" as mentioned in para 3A(iii) above) duly deducting all other leviabale taxes like I/Tax, labour cess, royalty etc. as applicable. Contractor shall be liable to pay 'GST amount' to respective authority himself. Whereas, railway shall deposit all other taxes deducted to concerned authority as is being done presently.
- (iii) In case contractor is not liable to be registered under GST Act, contractor shall be paid "Amount of work executed excluding GST amount" (i.e. "X" as mentioned in para 3A(iii) above) duly deducting all other leviabale taxes like I/Tax, labour cess, royalty etc. as applicable. Railway shall deposit 'GST amount' as well as all other taxes deducted to concerned authority.
- (iv) In case any need arises to modify the Invoice (Bill) due to any reason, contractor shall submit amended fresh invoice for processing the payment.

This is issued with the concurrence of Accounts directorate and approval of Board (ME).

Please acknowledge receipt.

Enclosure- as Above

अनिल कुमार
२९/६/१७

(अनिल कुमार)

निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड
[Phone : 011-23047598, e-mail address: padcegrb@gmail.com]



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
(रेलवे बोर्ड) (Railway Board)

No. 2016/CE-I/CT/12/GST/Pt.I

Dated: 29.06.2017

As per list attached

Sub: Implementation of GST Act, 2017- Procedure for payment of Contractual bill.

On Indian Railways presently 'work executed by contractor' is recorded in measurement books by railway, duly accepted by contractor. Railway prepares 'on account / final contract certificate' for the payable amount based on the work executed and the rates quoted by the contractor duly deducting various statutory taxes like - work contract tax/ service tax/royalties/income tax etc. as per applicable rates. Further, railways deposit the statutory deductions themselves to the concerned authorities.

2. With GST act in force, it will be the responsibility of service providers (i.e. contractors) to submit the invoice (bill) duly segregating the GST component from the Gross amount of work executed.

3. Railways are therefore advised to follow the procedure as mentioned below while dealing with contractor's payment, once GST is applicable:

(A) (i) All works contracts are to be provided with goods/service code based on the type of contract. In case contract consists of both goods & service, then interpretation regarding nature of contract shall be done as per clause 8, Chapter III of CGST Act, 2017. The goods/service code is notified by Ministry of Finance and can be downloaded from the website www.cbec.gov.in.

(ii) The 'on account / final contract certificate' shall be prepared by the Railway on the basis of quantity of work executed and agreemental rates, duly segregating the GST component as detailed in para (iii) below.

(iii) Since the agreemental rates of contracts are inclusive of all taxes as per clause 37 of GCC-2014, the calculation of 'Gross amount of work executed', 'Amount of work executed excluding GST amount' and 'GST amount' in the 'on account / final contract certificate' shall be done as under:

Let Z = Gross amount of work executed on the basis of quantum of work executed and agreemental rates.

X = Amount of work executed excluding GST amount.

Y = GST amount as per applicable GST rate for that goods/service code.



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
(रेलवे बोर्ड) (Railway Board)

No.2017/CE-I/CT/5/GST

New Delhi, dated 06.07.2017

To,
Principal Chief Engineers
CR, NR, NWR, SER, SWR & WR

विषय: Implication of introduction of Goods & Services Tax (GST)
on the ongoing contracts

This office has received a number of representations from railways and contractors regarding increase in tax liability in contracts awarded before 01st July 2017 due to implementation of GST.

In order to examine the issue, you are requested to carry out GST impact assessment to determine approximate percentage increase/ decrease in the tax liabilities in such contract for following types of work:

- (a) Track related works
- (b) Supply, unloading and spreading of ballast

The GST impact assessment report for the above duly vetted by associate finance may be submitted in the Board's office latest by 15th July, 2017.

This May be Treated as "Most Urgent"

अनिल कुमार
06/07/17

(अनिल कुमार)

निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

[Phone : Rly: 030-47598, MTNL011-23047598,

e-mail address: padcegrb@gmail.com]

Copy to:- Copy to:-

- (i) PCEs/All Indian Railways except CR, NR, NWR, SER, SWR & WR to work out similar impact analysis & submission to Railway board.
- (ii) FA & CAOs / CR, NR, NWR, SER, SWR & WR- For Information & necessary action please.
- (iii) Adv./ (Accounts)/Railway board for information please.



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
(रेलवे बोर्ड) (Railway Board)

No.2017/CE-I/CT/5/GST

New Delhi, dated 06.07.2017

To,
Chief Administrative Officers (Con)
CR, NR, NWR, SER, SWR & WR

बिषय: Implication of introduction of Goods & Services Tax (GST)
on the ongoing contracts

This office has received a number of representations from railways and contractors regarding increase in tax liability in contracts awarded before 01st July 2017 due to implementation of GST.

In order to examine the issue, you are requested to carry out GST impact assessment to determine approximate percentage increase/ decrease in the tax liabilities in such contract for following types of work:

- (a) Earthwork in embankment
- (b) Construction of Bridges and
- (c) Construction of Buildings & other civil structures

The GST impact assessment report for the above duly vetted by associate finance may be submitted in the Board's office latest by 15th July, 2017.

This May be Treated as "Most Urgent"

(अनिल कुमार)
(अनिल कुमार)

निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

[Phone : Rly: 030-47598, MTNL011-23047598,
e-mail address: padcearb@gmail.com]

Copy to:-

- (i) CAO/(C)s/All Indian Railways except CR, NR, NWR, SER, SWR & WR to work out similar impact analysis & submission to Railway board.
- (ii) FA & CAOs/CR, NR, NWR, SER, SWR & WR- For Information & necessary action please.
- (iii) Adv/(Accounts)/Railway board for information please.

- (iv) a civil structure or any other original works pertaining to the "Beneficiary-led individual house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;"
- (v) a building owned by an entity registered under section 12 AA of the Income tax Act, 1961(43 of 1961) and meant predominantly for religious use by general public;
- (vi) a pollution control or effluent treatment plant, except located as a part of a factory; or a structure meant for funeral, burial or cremation of deceased;

(c) Services by way of construction, erection, commissioning, or installation of original works pertaining to:-

(a) railways, excluding monorail and metro;

(b) a single residential unit otherwise than as a part of a residential complex;

(c) low- cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

(ca) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under:

(i) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;

(ii) any housing scheme of a State Government."

(d) post- harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or

(e) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;

List of services which were exempt in pre-GST period,
but which are now taxable

(a) Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of:-

(i) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);

(ii) canal, dam or other irrigation works;

(iii) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal: or

(b) Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation. or alteration of:-

(i) a road, bridge, tunnel, or terminal for road transportation for use by general public;

(ii) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;

(iii) a civil structure or any other original works pertaining to the "In-situ rehabilitation of existing slum dwellers using land as a resource through private participation" under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers.

new contract price may have to be re-fixed. It is my suggestion that Secretary (Expenditure) may like to issue such an advisory to all the Ministries and Departments of Government of India as well as to State Governments.


(Hasmukh Adhia)
Secretary
17.07.2017

Shri Ashok Lavasa,
Secretary,
Department of Expenditure,
New Delhi.

~~IS (18)~~
18/7

~~IS (18)~~

DEPARTMENT OF REVENUE
MINISTRY OF FINANCE

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nterp
18/7



In the Service Tax regime, the services as given in Annexure were exempted, while in the GST regime, these exemptions have been removed.

2. The reason why the Service Tax exemption was removed is that in GST, there is no pure service, which is being taxed, but it is a composite contract of goods and services on which 18% rate of tax is being charged. Unlike the earlier regime in which Service Tax was charged at an abated rate of 6%, now it is 18% GST, but the works contractor can now take Input Tax Credit of the tax paid by him on all the goods used by him (including capital goods) as Input Tax Credit and reduce that much amount from his liability to pay output tax. In the Service Tax regime, Input Tax Credit of input goods was not allowed to be availed by the works contractor. This change, which has been brought about in GST regime, is likely to result into more number of goods being purchased by banking transactions rather than in cash. The incentive to avail Input Tax Credit will bring about this conversion of cash economy into formal sector.

OS
18-7-17
US (18/17)
19/7/17

3. If we continue tax exemption of GST on the Government contracts, then there is no incentive for Government contractors to buy all the material from formal sources along with tax paid bills. This would mean that parallel cash economy in billing the material will continue, which will defeat the main reform of GST. Therefore, it is not a good idea to exempt GST on works contract given by Governments or Government Authorities such as National Authorities of India. However, this will mean that all the contracts, which are given by the Central or State Governments or statutory authorities or municipal local bodies, will have to be renegotiated and, depending on the Input Tax Credit availability for the remaining part of the contract and after calculating the new rate of tax, the

Statistical Advisor

No.F.11/15/2017-PPD
Government of India
Ministry of Finance
Department of Expenditure
PP Division

O/o AS & FA (ACU)
Diary No. 1086
Date: 1/8/17

Be dhan

A 2/9

R.No.516, Lok Nayak Bhawan,
New Delhi the 25th July, 2017.

FA(DS) - In meeting.

Add. FA (AN) R/S

A
25/7

OFFICE MEMORANDUM

DFA (15)

Subject:-Implementation of Goods & Services Tax (GST), 2017.

The undersigned is directed to refer Secretary, Ministry of Finance, Department of Revenue note dated 17.07.2017 (copy enclosed) on the subject referred above. In this regard, Ministries/ Departments are requested to send their responses latest by 30.07.2017 on:

6/MS
25/7

आचार्य
25/7/17
विनयकिशोर

- (a) Impact of increase/decrease in tax liabilities of the contractors in the existing contracts after introduction of Goods & Services Tax (GST).
- (b) If variation in tax liabilities can be paid as per contract conditions or in view of clause 64A of Sale of Goods Act, 1930. Legal opinion, if required, may also be taken in this regard.
- (c) Whether there are any class of contracts not covered under (b) as above.
- (d) Action being taken in all such cases and as to whether any issue requires clarification from the Procurement Policy Division (PPD) of the Department of Expenditure.

2. This issues with the approval of JS(PF C-II).

(Signature)

(Vinayak T. Likhar)

Under Secretary to the Govt. Of India

Tel.No.24621305

Email : vinayak.likhar@nic.in

To

- (i) The Secretary, Ministry of Road Transport & Highway, Transport Bhawan, New Delhi. secy-road@nic.in Tel: 24366171, 24360402
- (ii) The Secretary, Ministry of Urban Development, Nirman Bhawan, New Delhi. Email:- secyurban@nic.in
- (iii) The Secretary, Ministry of Defence, South Block, New Delhi.
- (iv) The Chairman, Ministry of Railway, Rail Bhawan, New Delhi. Email:- crb@rb.railnet.gov.in

25/7/17

25/7/17

Received today.

This is not related to facilitation cell. This relates to Fin. Div. May kindly see before it is sent to FA(DS).
01. collati info. for the Sec. Varim stakeholders.

~~AS & FA (Acq)~~

Add FA (AN) & JS

1/8

01.08.2017.

CGDA, Ullan Batar Road, New Delhi
1133
7/8/17

No. 30(10)/GS-II/2017

Government of India

MOD (Finance)

South Block, New Delhi
Dated: 2nd August, 2017

Subject: Implementation of Goods & Services Tax (GST), 2017- compilations of information on impact of increase/decrease in tax liabilities of the contractors in the existing contracts after introduction of GST.

Please circulate.

Please find enclosed a copy of Department of Expenditure's O.M. No.11/15/2017-PPD dated 25th July, 2017 requesting for inputs/ response on following points:

- (a) Impact of increase/decrease in tax liabilities of the contractors in the existing contracts after introduction of Goods & Services Tax (GST).
 - (b) If variation in tax liabilities can be paid as per contract conditions or in view of clause 64A of Sale of Goods Act, 1930. Legal opinion, if required, may also be taken in this regard.
 - (c) Whether there are any class of contracts not covered under (b) as above.
 - (d) Action being taken in all such cases and as to whether any issue requires clarification from the Procurement Policy Division (PPD) of the Department of Expenditure.
2. It is requested that inputs/response on the above said points may please be sent to the undersigned immediately and the latest by 9th August, 2017 to enable MoD (Finance) to send the consolidated response to Department of Expenditure.
3. This may please be accorded top most priority.
4. This issues with the approval of AS & FA (Acq.).



(S.P.S. Tomar)
DFA (GS)

Dated: 02.08.2017

To,

- (i) All Joint Secretaries/ Acquisition Managers in the Ministry of Defence.
- (ii) All Addl. FAs & JSs and Financial Managers in MoD (Finance).
- (iii) Joint Secretary (Coord.), Department of Defence Production.
- (iv) FA Directorates of Army, Navy, Air Force, Coast Guards/ DRDO.

Copy for information to:

- (i) CGDA, Ullan Batar Road, New Delhi.
- (ii) PPS to FA (DS)/ PPS to DG (Acq.)/ PPS to AS & FA (Acq.).