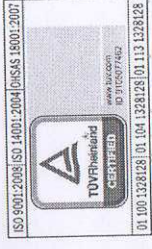




**CENTRAL WAREHOUSING CORPORATION**  
**(A GOVT. OF INDIA UNDERTAKING)**



**Warehousing for everyone**

No. CWC/FD- Taxation/GST/2017-18

Dated: 8<sup>th</sup> August, 2017

**GST CIRCULAR-5 (REVISED)**

- 1. All the Regional Managers of CWC**
- 2. All the Executive Engineers in-charge of Construction Cells of CWC**
- 3. All the AGMs / Managers / (Sr.) Asstt.Manager(Accts.) In-charge of Finance & Accounts Wings of all Regional Offices & Construction Cells of CWC**

Sub: Undertaking from the vendor / suppliers and anti-profiteering measures

The Circular No.5 issued on 27.07.2017 may please be treated as withdrawn and revised instructions are as under:

1.0 It has come to the notice that some of the suppliers have intimated the Corporation that they shall be charging GST on the price quoted by them and as a result Corporation will have to pay higher amount than what was payable before implementation of GST.

The prices are generally expected to come down as a result of implementation of GST. The Government and our depositors expect from the Corporation that there should be reduction in storage charges due to availability of additional input tax credit which was not available before. This can be possible only when we get advantage from our suppliers/vendors of goods and services in terms of reduction in their prices including taxes.

2.0 Keeping in view the above, the following guidelines may please be followed:

- (a) As already stated vide GST Circular No.2 dated 20<sup>th</sup> June, 2017, for all existing contracts, RMs including Construction Cells in the Region may write to all their existing vendors / suppliers for reduction in the price and call them for discussions on the same so as to obtain reduction in the overall price.
- (b) For all contracts for supply of goods and services, the effort should be made to get the price reduced. In case the vendor / supplier does not agree for reduction in the price and it is expected that after retendering the rates may go up, in that case an undertaking may be obtained from the vendor/supplier on a stamp paper stating that he is not in a position to reduce the price at this stage as he has not received any benefit of input tax credit due to implementation of GST. In such cases further action as per para (f) can also be considered.

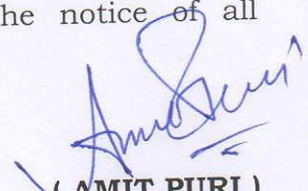
C.Q.: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.  
Tele. No. 26515148; Email ID : grover@cewacor.nic.in

Additionally, an undertaking on stamp paper as per the performa enclosed may also be obtained from all the vendors/suppliers stating that they shall be extending the benefit of reduction of price to CWC as per the provisions of anti-profiteering u/s 171 of the Central Goods & Service Tax Act, 2017.

- (c) Where the price agreed in the agreement is inclusive of taxes and duties, it may please be ensured that the total amount charged by the supplier inclusive of GST should not exceed the price agreed.
- (d) Wherever the price agreed in the agreement is exclusive of taxes and duties and GST is now going to be charged, the price exclusive of GST should generally come down. GST can be paid on the negotiated/agreed price in place of taxes applicable earlier i.e. Excise Duty, Central Sales Tax / VAT and Service Tax
- (e) In case of agreements for hiring of godown on rent, the godown owner is supposed to raise the tax invoice charging GST if his turnover exceeds Rs.20 Lakh and also put his registration no. in the tax invoice. Our GST number should also be informed to him so that he can mention the same in the tax invoice. Where the godown owner is unregistered i.e. his turnover does not exceed Rs.20 lakh, CWC is required to pay the GST on Reverse Charge Mechanism and input tax credit for the same can be claimed. The godown owner should raise the bill of supply in this case. In case they do not issue the bill of supply to us i.e. the self-invoice is to be created and payment of GST is to be made under Reverse Charge Mechanism. If the rent agreed is inclusive of taxes, then GST component should be reduced from his rent. Where CWC has taken over godowns under PEG Scheme on behalf of FCI, the payment of GST is to be borne by the Godown Owner as per terms agreed with FCI.
- (f) Where the vendor is not ready to reduce the price and price is becoming very high and it is expected that we may get better prices if retendered, the contract may be cancelled after making alternate arrangement with reduced price and a new agreement may be entered into by following the prescribed procedure.

The above instructions may please be brought to the notice of all concerned.

This issues with the approval of competent authority.



( AMIT PURI )

Deputy General Manager(TAX)

**Copies for information to:**

1. PPS to Managing Director, CWC, CO, New Delhi
2. AM to Director(Finance) / SAM to Director(Personnel) / PS to Director(MCP), CWC, CO, New Delhi
3. PS to CVO / PPS to GGM(A/cs), CWC, CO, New Delhi
4. All HODs at CWC, Corporate Office, New Delhi

5. All DGMs/AGMs/Managers / (Sr.) Asstt. Managers / Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi
6. PPS to GM(Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website
7. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.

<<On the letterhead of CWC (Concerned Regional Office)>>

Dated: -----

To

<<Name of the Supplier of goods / services>>

**Sub: Passing on the benefit of reduction in tax rate or benefit of input tax credit accruing under GST Law**

Dear Sir,

As you are aware that the Goods and Services Tax is implemented from 01<sup>st</sup> July, 2017. You have been a partner with us for supply of Goods/Services.

Section 171 of the Central Goods and Service Tax Act, 2017 read with Anti-Profiteering Rule, 2017 mandates that any reduction (i) in rate of tax on any supply of goods/services **OR** (ii) any benefit of input tax credit accruing to supplier under GST regime, shall be passed on to the recipient of Goods/Services by the way of commensurate reduction in prices.

Hence, you are requested to provide us the calculation of amount to be passed on to us due to (i) reduction in rate of tax on any supply of goods/services OR (ii) any benefit of ITC accruing to you under GST regime and also pass on such amount to us by the way of reduction in price of goods/services to be supplied by you, so as to be in compliance with the above mentioned provisions of GST Law.

Yours truly,

**(Regional Manager/Section Head)**

**TO WHOM SO EVER IT MAY CONCERN**

This has with reference to the Purchase Order /Tender No ..... against the NIT No ..... (Material /Service Description), which have been awarded / issued by Central Warehousing Corporation(CWC) to us.

After implementation of GST w.e.f. from July 1st 2017, and as per provisions of Section 164 read with and Section 171 of GST Act 2017 on Anti Profiteering measure " reads as follows:-

Sub section (1) any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.

Further, we \_\_\_\_\_ (name of representative of the Company), \_\_\_\_\_ (designation of this person) working with \_\_\_\_\_ (name of the organization), hereby declare that the benefit of input tax credit available on the \_\_\_\_\_ (goods/services) having HSN/SAC \_\_\_\_\_ supplied to CWC after introduction of Goods and Service Tax w.e.f. July 1,2017, the said input tax credit have been or will be passed to CWC ( please tick whichever is applicable).

Further, it is also confirmed that in case \_\_\_\_\_ (name of the organization) will receive any kind of benefit by way of input credit in future after 1 July, 2017 which were not allowed earlier / to be availed before 1 July, 2017 or reduction in tax rates or in any other manner which results in reduction of cost of the \_\_\_\_\_ goods/ services supplied to CWC, then we \_\_\_\_\_ (name of concerned person vendor) will pass that benefit to CWC also.

It is further confirmed that all the bills raised to Central Warehousing Corporation w.e.f. 1<sup>st</sup> July, 2017 shall be in compliance with section 171 of GST Act, 2017 on Anti profiteering measures.

Hence the revised rates are attached in Annexure 1.

Signature of the person

Name of the person  
Designation  
Name of the organisation