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Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No. CWC/FD-Taxation/GST/2021-22

11th November, 2021

CORRIGENDUM - GST CIRCULAR NO. 25

Sub: Clarification on mechanism to be followed for calculation of Monthly/yearly reversal ratio for reversal of Input Tax at those places of business of CWC where both taxable/exempted services are rendered

**Ref: i. GST circular # 25 dated 14.05.2020
ii. GST circular #11 dated 19.06.2018
iii. Sec 17(2) of CGST Act, 2017- Apportionment of credit
iv. Rule 42(1) of CG & ST Rules, 2017 on manner of determination of ITC and reversal thereof**

During the recent Regional Managers' conference held on 27th & 28th October, 2021, it was noticed that regions are not clear on the mechanism to be followed for reversal of Input Tax Credit (ITC) at those places of business where both taxable and exempted services are rendered by CWC.

2. The above referred circulars in this regard were again examined in consultation with the GST consultants of the Corporation and following is clarified:

- (i) At the places of business, where both taxable/exempted services are provided (warehouses/ICD/CFS/ICP), the ITC portion which pertains exclusively to the taxable services provided is to be fully availed (Denoted as T4) and no reversal is required to be done for such Input Tax Credit.
- (ii) The remaining ITC is to be first booked under the common ITC ledgers i.e. 29542, 29552 and 29562 (respectively for CGST, SGST and IGST). Thereafter, as per the mechanism prescribed in GST Circular No- 25, due reversal as per reversal ratio is to be done. The unutilized GST is to be expensed out under ledger No. 49137.

3. The above is explained by way of example as under:

E.g. Assume RO Bangalore is having 3 place of business:

- (i) Centre 1 is providing 100% taxable services
- (ii) Centre 2 is providing fully exempted services
- (iii) Centre 3 is providing both taxable and exempted services.

Total turnover of RO, Bangalore (as per books-a+b+c)	Rs.1,05,000/-
a. Total taxable services provided by RO Bangalore	Rs. 30,000/-
b. Total exempted services provided by RO Bangalore	Rs. 70,000/-
c. Interest income & Income heads with No GST Implication	Rs. 5,000/-

Total turnover as per GST for calculation of reversal ratio (excluding interest) Rs. 1,00,000/-

Reversal ratio for RO Bangalore shall be 70,000/1,00,000=70%

निगमित कार्यालय: 4/1, सीरी इंस्टीट्यूशनल एरिया, अगस्त क्रांति मार्ग, हौज़ खास, नई दिल्ली-110016.

CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.

टेलिफोन/Landline:011-40810544, ई-मेल/Email: puri.amit@cewacor.nic.in



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Centre	Centre 1	Centre 2	Centre 3
Nature of services	100% taxable services	Fully exempted services	Both taxable and exempted services
Total ITC	Rs. 6000/-	Rs. 3000/-	Rs. 30,000/-(Rs. 10,000/- is w.r.t. output services which are fully taxable and Rs. 20,000/- is w.r.t. output services which are taxable as well as exempt)
Amount of Availment	Rs. 6,000/- shall be booked under fully taxable ledgers no. 29541, 29551 and 29561 for CGST, SGST and IGST respectively.	Rs. 3,000/- shall be debited to respective expenditure heads	Rs.10,000/- shall be booked under fully taxable ledgers no. 29541, 29551 and 29561 for CGST, SGST and IGST and Rs.20,000/- and shall be booked in ledger code 29542,29552 and 29562(Common ITC). Out of Rs 20,000/- booked under Common ITC Ledger , Rs. 14,000/- (70% of 20,000) shall be reversed to ledger no. 49137 un-utilized GST input credit expense account.
Total reversal	NIL	Rs. 3000/-	Rs. 14,000/-

4. For the above purposes, the total turnover shall be the total value of exempted supplies and taxable supplies as per GST provisions. Thus the income heads on which there is no GST implication, for example- interest income, excess provisions write back etc. shall not be included.
5. It is again advised that the data with respect to ITC availed, ITC reversed (as per the reversal formula), ITC utilized and closing balance of ITC is to be maintained by the Region in line with Section 35 of the CGST Act, 2017.

(Amit Puri)
GM (Tax & A/Cs)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers /Accountants in Finance, Accounts & Internal Audit Wings of all ROs.

Copy for information to:

1. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers /Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
2. GGM (F&A), CWC, CO, New Delhi
3. Dir.(Fin.), CWC, CO, New Delhi
4. MD, CWC, CO, New Delhi
5. PPS to GGM (Systems), CWC, CO, New Delhi with the request to place this Circular on CWC's website under GST circulars.
6. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this circular

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