



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



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

Dated: 11th August, 2017

GST CIRCULAR-6

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

Sub: Clarifications on GST

Based on the queries raised by the Units, the following clarifications are issued:

- 1. Consolidated Self invoice for purchases from unregistered vendor**

It is clarified that Consolidated self invoice is to be issued for all payments under RCM whether from unregistered vendor or for services covered under Reverse Charge e.g. legal services, sponsorship services etc.

- 2. Payment of Hotel Bills**

In GST Circular 4 dated 20.07.2017, the following instructions have been issued:

"The place of supply for services being provided by hotel is a place where the hotel is located. So, for employees going on tours to other States, the hotel bill should be collected in the name and address of the Regional Office in that State with their GST No. The employees going on tour may please book their hotel through the respective Regional Office so that the payment can also be made by the same Regional Office and they can avail the Input Tax Credit. The travelling expenses on account of hotel charges and car billing shall be borne by the Regional Office of a State where Hotel is located."

It is further clarified as under:

It may happen that an official goes on tour to another state and hotel has not been booked through the respective Regional Office in that State but by himself. In such a case, the official concerned is required to obtain the hotel bill in the name and address and registration number of CWC's Regional Office in that State. The

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payment can also be made by the officials directly and he may claim the same in his TA bill from his reporting office. The reporting office after settling the TA bill will debit the amount of hotel bill paid to the respective Region where the hotel is situated. The expenses shall be booked by the Regional Office in the State where the hotel is situated i.e. by the concerned Regional Office and input credit can be taken by them.

3. GST on Custom cost recovery charges

As per **Notification No. 13/2017- Central Tax (Rate)** dated 28th June, 2017 Services supplied by the Central Government, State Government, Union territory or local authority to a business entity are covered under Reverse Charge and person receiving such services are required to deposit GST under Reverse Charge Mechanism (RCM).

As per above notification, CWC is liable to discharge GST liability under Reverse Charge on payment of Customs cost recovery charges to the custom authorities. Separate payment voucher is to be prepared for payment under Reverse Charge.

4. Input Tax Credit on payment of bills / invoices of vendors

(a) As per section 16 of CGST Act, 2017, where the amount towards the value of supply along with tax payable thereon is not paid to the supplier within period of 180 days from the date of issue of invoice by the supplier, an amount equal to input tax credit availed by the recipient shall be added to his output tax liability along with interest thereon.

Therefore, it is advised that input tax credit be availed only after making the payment of bill / invoice of the vendor.

(b) Further as per Section 16(4) "A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note after the due date of furnishing of the return for the month of September following the end of financial year to which such invoice pertain or furnishing of the relevant annual return whichever is earlier.

Also as per Section 18(2) "A registered person shall not be entitled to take input tax credit in respect of any supply of goods or services or both after expiry of one year from the date of issue of tax invoice relating to such supply.

Therefore, it is advised to make the payment of the invoice within stipulated time i.e. before filing of annual return, or within 12 months from the date of invoice, or before date of filing of return

for the month of September in next year whichever is earlier. Failure to do so, the input credit for tax charged in the bill cannot be availed.

5. Intimation to supplier/vendor in case of deduction of amount from invoices

If any deduction is made from the invoice of the supplier for whatever reason, the section / division buying the goods or service must intimate the details of the same to the supplier giving details of deduction with a copy to Accounts Section. Supplier is also to be requested to issue the credit note for the deduction made by CWC so that there is no mismatch between our Return and his Return.

6. GST paid on procurement of Capital goods

With regard to purchase of capital goods, it has been principally decided that Corporation shall claim the depreciation on the value of capital goods including GST and not avail the input credit on GST.

The above decision has been taken on the advice of our GST Consultant M/s Deloitte in view of the fact that as per CGST rule 43, where capital goods procured are used for providing taxable as well as exempted services, the input tax credit attributable to exempted services is required to be added to the output tax liability along with applicable interest during every tax period of the useful life of the concerned capital goods. Keeping in view the overall ratio of taxable and exempted services of the Corporation, interest liability would be higher than the benefit accruing by way of input tax credit.

7. Applicability of Works Contract Tax (WCT) and labour cess on construction works contract in GST Regime

As WCT has been replaced by GST, WCT is not to be deducted/ deposited on the bills received from the contractors which are dated 1.7.2017 and thereafter. However, the Labour Cess shall continue to be deducted from the contractor's bill and the same is to be deposited with the Construction Workers Welfare Board of the State.

8. Identification of supplier/vendor under Composition scheme

As per CGST Rules, 2017 any supplier/vendor registered in composition scheme is required to mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the "bill of supply" issued by him.

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9. Mentioning of GST no. while booking Rail Tickets

All officials and staff are advised to mention the GST registration no. of their reporting office while booking railway and air tickets for official tour and training. This will enable the concerned office to avail input tax credit of GST paid on ticket booking. If GST no. is mentioned in ticket Input Credit cannot be availed.

N.K. Grover

(N.K. GROVER)

Group General Manager(F&A)

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
(Commercial Division may please take action on para No.3 & 4 and Personnel Division may please take necessary action on point No. 8 & 9 and make required amendments in the Policy)
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.