



No. CWC/GST Circular/20-21

6thMay, 2020

GST CIRCULAR No.#23

Sub: Mechanism to be followed where the income is accounted / billed by one GST registered unit of CWC but the job is executed / expenditure is incurred by another GST registered unit of CWC

1. There have been cases where one Regional Office has been awarded the contract for execution of any job and the job is getting executed by another regional office. In such cases, it is seen that income is booked and the GST compliant Tax invoice / Bill of supply is issued by the Region who has been awarded the contract whereas the expenditure is being accounted by the Region executing the work and is also availing the ITC of the GST paid on expenditure booked by it .
2. Following mechanism is advised to be followed with respect to above:
 - a. As per GST law, for rendering taxable services, the Region which has been awarded the contract under its GST number shall raise tax invoice along with applicable GST on the customer and shall include the same while filing its GST returns. In no case, this income is to be transferred to the region which is executing the work. Income shall only be booked by the region raising the invoice/bill of supply.
 - b. The region executing the work shall book the expenditure incurred first in its books and also shall avail the ITC of the expenditure so booked/paid. Thereafter, the region executing the job shall charge/transfer the same by raising a tax invoice along with applicable GST to the region on whose behalf the job was executed, so that income and expense lies at one place only.
 - c. There can be some expenditure incurred by the region executing the job for which no separate invoice is paid, for example, if the Region is executing the work using the chemicals out of the stock available, then the cost of this expenditure shall be charged based on the cost of chemical consumed while executing the job. For this also, procedure as per (b) above be followed.

For example, for a particular PCS work which has been awarded to RO, Bangalore, the job of which is executed by RO, Mumbai, RO, Mumbai

shall raise a tax invoice on RO, Bangalore. In no case, income is to be transferred by RO, Bangalore.

- d. The Region where the expenditure is transferred i.e the region where the income is ultimately booked, shall avail the input tax credit of the GST while charging its output tax liability(subject to reversal rules if such services is utilized for both taxable and exempt services)
- e. In cases, where the exempted services are rendered by the region booking the income, same process as above shall be followed, with the exception that the region transferring the expenditure for the jobs executed by him shall not charge GST and transfer the expenditure by way of Bill of Supply only.

No deviation in the above mentioned procedure shall be accepted.

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Distribution:

- 1. All Regional Managers of CWC**
- 2. All the DGMs/AGMs/Managers/Sr. Asstt. Managers (Accounts)-Incharges of Finance & Accounts wings of all Regional offices.**

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