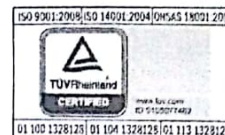




CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



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

Dated: 05.04.2018

GST FAQs-6

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

Sr. No.	Queries	Clarifications
1.	CWC is providing post retirement medical benefits to its retired employees and for that participating retired employees are required to make annual contribution ranging from Rs. 600/- p.a. to Rs.1500/- p.a. Whether GST will be levied on the amount recovered from ex-employees?	<p>The Supply under CGST act, 2017 is defined as;</p> <p>7. (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;”</p> <p>Therefore, the amount recovered from ex-employees would be liable to GST and CWC is also required to issue invoice for the same & charge GST @ 18%. HSN Code 997133 is to be used while raising invoice.</p> <p>Please note that the amount of annual contribution recovered from ex-employees is inclusive of GST as clarified by Personnel Division Circular No. CWC/MS-7/PRMCS/Admn. Dated 27.03.2018.</p>
2.	Common errors in Tax Invoices issued by CWC.	CWC should mention in the tax invoice “whether tax is payable on reverse charge or not” (Yes/No) as required in terms of Rule No. 46(p) of GST Rules 2017.
3.	Use of the term “Accounting code of service”(SAC).	Use of the term “Accounting code of service” (SAC) should be substituted with HSN (Harmonized system of Nomenclature) as the

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		term SAC is not provided in GST Law.
4.	There are cases, where hotel charges bill of an officer for official tour is restricted to his/her entitlement. What should be treatment for GST charged by hotel in invoice and ITC claimed by CWC? For e.g. hotel bill submitted by officer is for Rs. 3200/- (including 18% GST i.e. Rs. 488/-) whereas his entitlement is only Rs. 2600/- and Rs. 2600/- (including 18% GST i.e. 397/-) passed for payment. CWC can avail ITC for Rs. 397/- only and would account for Rs. 397/- only. Whereas in GSTR-2A ITC of Rs. 488/- will be available. How to reconcile the mismatch with GSTR-2A in such cases?	<p>As per section 42 of CGST Act 2017, mismatch report shall be generated in two cases:</p> <ol style="list-style-type: none"> 1. In case of duplication of claims of ITC; and 2. In case ITC claimed by recipient is in excess of tax declared by supplier in his returns. <p>However, in the given case, CWC is always going to avail either reduced ITC or exact ITC compared to the tax declared by supplier. Thus no mismatch report shall be generated for non-compliance and CWC should avail ITC for the amount of GST reimbursed only, i.e. INR 397/-</p>
5.	One of the vendor provided services for Goa State and raise the invoice with GSTN of Maharashtra State. Vendor also filed GSTR-1 and credit is available in Maharashtra GSTR-2A and not in GSTR-2A of Goa. How to avail the credit in Goa State?	CWC-Maharashtra should ask vendor to raise a credit note on Maharashtra GSTIN and further raise a fresh invoice with CWC-Goa GSTIN.
6.	GST is paid as IGST in GSTR-3B for a particular month. However, later on it is realized that CGST and SGST(UTGST) need to be paid. How to correct the wrong tax paid?	<p>Section 19 of the IGST Act 2017,</p> <p><i>“(1) A registered person who has paid integrated tax on a supply considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall be granted refund of the amount of integrated tax so paid</i></p>

		<p>Section 77 of CGST Act, 2017</p> <p><i>2) A registered person who has paid integrated tax on a transaction considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall not be required to pay any interest on the amount of Central tax and State tax or, as the case may be, the Central tax and Union territory tax payable”</i></p> <p><u>Option - I</u></p> <p>In the next month’s GSTR-3B, pay CGST and SGST (UTGST) on such particular transaction again without any interest. File a refund application for wrongly IGST paid in GSTR-3B within 2 years from the date of payment of tax.</p> <p>As per Circular No. 26/26/2017-GST dated 29/12/2017, on Page 7, a similar case was provided where tax was deposited under wrong head in previous month’s GSTR-3B, where it was suggested that excess paid tax in wrong head may be utilised for payment of future liability. But due to lack of clarity in reconciliation mechanism, as to whether such amount will be credited back to electronic cash/ credit ledger, or how such amount can be adjusted for payment of future liabilities we should go for refund route only.</p> <p><u>Option - II</u></p> <p>CWC can issue a credit note for IGST (the taxes wrongly charged) providing reason for issuing credit note as ‘Change in POS’ in its GSTR-1.</p> <p>Thereafter, issue a fresh tax invoice by reporting supply as intra-state supply and charge CGST and SGST (UTGST).</p> <p>Out of above mentioned two options, option II is preferable.</p> <p>For instance, Corporation has raised an invoice by charging IGST of Rs. 180/- instead</p>
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		<p>of CGST of Rs. 90/- and SGST of Rs. 90/- each. In such a case, issue a credit note for wrong tax charged (with IGST of Rs. 180/-) and issue a fresh invoice by charging CGST and SGST of Rs. 90/ each.</p>
7.	<p>GST is paid as CGST and SGST(UTGST) in GSTR-3B for a particular month. However, later on it is realized that IGST need to be paid. How to correct the wrong tax paid?</p>	<p>Section 19 of the IGST Act 2017,</p> <p><i>(2) A registered person who has paid central tax and State tax or Union territory tax, as the case may be, on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable”</i></p> <p>Section 77 of CGST Act, 2017,</p> <p><i>“(1) A registered person who has paid the Central tax and State tax or, as the case may be, the Central and the Union territory tax on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall be granted refund of the amount of taxes so paid</i></p> <p><u>Option - I</u></p> <p>In the next month’s GSTR-3B, pay IGST on such particular transaction again without any interest. File a refund application for excess CGST and SGST(UTGST) paid in GSTR-3B within 2 years from the date of payment of tax.</p> <p>As per Circular No. 26/26/2017-GST dated 29/12/2017, on Page 7, a similar case was provided where tax was deposited under wrong head in previous month’s GSTR-3B, where it was suggested that excess paid tax in wrong head may be utilised for payment of future liability. But due to lack of clarity in reconciliation mechanism, as to whether such amount will be credited back to electronic cash/ credit ledger, or how such amount can be adjusted for payment of future liabilities we should go for refund route only.</p>

		<p><u>Option - II</u></p> <p>CWC can issue a credit note for CGST and SGST (UTGST) (the taxes wrongly charged) providing reason for issuing credit note as 'Change in POS' in its GSTR-1.</p> <p>Thereafter, issue a fresh tax invoice by reporting supply as inter-state supply and charge IGST.</p> <p>Out of above mentioned two options, option II is preferable.</p> <p>For instance on a bill of Rs. 1000/- Corporation has charged CGST of Rs. 90/- and SGST of Rs. 90/- instead of IGST of Rs. 180/-. It is suggested to issue a credit note for wrong tax charged (with CGST and SGST of Rs. 90/- each) and issue a fresh tax invoice by charging IGST of Rs. 180/-.</p>																								
<p>8.</p>	<p>Services were provided prior to June 2011, when service tax was payable on realization basis. However, it is now noticed that certain amounts recognised as receivable earlier will not be recovered from customer. What would be the GST implications on the same?</p>	<p>Service tax was neither collected from the customer nor deposited to Government. Further, following journal entry would had been passed when the services were provided originally prior to 2011:</p> <table border="1" data-bbox="742 1220 1300 1444"> <thead> <tr> <th>Particulars</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>Debtor A/c</td> <td>112</td> <td></td> </tr> <tr> <td>To Sales A/c</td> <td></td> <td>100</td> </tr> <tr> <td>To Service Tax Control A/c</td> <td></td> <td>12</td> </tr> </tbody> </table> <p>Assuming the entire amount will not be received from customer, a commercial credit note can be issued on the customer and following entry can be passed in books of accounts with the approval of competent authority.</p> <table border="1" data-bbox="742 1736 1300 1982"> <thead> <tr> <th>Particulars</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>P/L account</td> <td>100</td> <td></td> </tr> <tr> <td>Service Tax Control A/c</td> <td>12</td> <td></td> </tr> <tr> <td>To Debtor A/c</td> <td></td> <td>112</td> </tr> </tbody> </table>	Particulars	Dr.	Cr.	Debtor A/c	112		To Sales A/c		100	To Service Tax Control A/c		12	Particulars	Dr.	Cr.	P/L account	100		Service Tax Control A/c	12		To Debtor A/c		112
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	There should not be any treatment under the provisions of GST on the same, since neither service tax was collected from the customer nor deposited to Government.
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This issues with the approval of GGM(F&A).



(Amit Puri)
Deputy General Manager(Tax)

Copies for information to:

1. PPS to Managing Director, CWC, CO, New Delhi
2. PS to Director(MCP), CWC, CO, New Delhi
3. 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.