

EAST CENTRAL RAILWAY

GST CELL

No. Books/GST/17-18/Pt-1

Dt. 26/7/17

Sub: Tax applicable on Bills for Expenditure and Earnings

A number of references have been received regarding tax applicable on bills received on or after 1st July, 2017. The matter has been discussed with our Consultant and the principles given below should be followed for bill passing:

1. **Work/Supply done on or after 1st July 2017 and bill raised thereafter-** Applicable tax will be GST.
 2. **For Service Contracts including Works Contract-**
 - i. For Service Contracts, the liability of the Contractor to pay the Service tax arose on the earlier of the following events:
 - a) Date of receipt of payment/Advance, whether in part or full
 - b) Date of issue of invoice/Bill
 - c) Date of completion of service, if invoice is not issued within 30 days of completion of service.
 - ii. Flowing from the above, the following rules will be applicable for Service Contracts including Works Contract:
 - a) Where any advance payment has been made even before completion of work:
 - In case payment has been made by 30/6/2017- Tax as per old law.
 - In case payment is made on or after 1/7/2017- GST
 - b) Where Bill has been raised within 30 days of completion of work:
 - If the bill has been raised by 30/6/2017, tax applicable- Tax as per old law
 - If the bill is raised on or after 1/7/2017 – GST
- Note- Bill refers to Bill prepared by Executive Deptt. Based on MB for this purpose.
- c) Where the Bill has not been raised within 30 days of completion of work, the date of completion of work will be used to determine the tax liability. Hence if work has been completed by 30/6/2017, the applicable tax will be Tax as per old law.

3. Rules for Bill passing for Supply Contracts-

Sl No	Activity	Tax Applicable
i.	Supplier preferred the bill by 30/06/2017 but sent for passing on or after 1/07/2017	Tax as per old law
ii.	Material received on or before 30/06/2017 and bill prepared and preferred on or after 1/07/2017.	GST
iii.	Material received by 30/6/2017 but Receipt Note prepared on or after	GST

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	1/7/2017 so that bill was prepared on or after 1/7/2017.	
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4. Revision of Rates:

Sl No.	Taxable Event	Tax applicable
1	There is a revision in the rates of Works Contract/Supply due to price escalation, for supplies/work done upto 30/6/2017, subject revision and payment being effected on or after 1/7/2017.	Debit Note to be issued and GST applicable.

5. Tax applicable on Bills/license fee related to earnings:

i. Cases where payment made as per Agreement without raising any bill

Sl No.	Taxable Event	Tax applicable
1	Party has already deposited the payment, including for the period on or after 1/7/2017, on or before 30/6/2017.	Tax as per old law
2	Party was supposed to deposit the fee for the period upto 30/6/2017 on or before 30/6/2017 but wants to deposit it on or after 1/7/2017. The payments may be for period upto 30/6/2017 or may also include period after 1/7/2017.	Portion of payment upto 30/6/2017 will be as per old law and thereafter as per GST
3	Party is required to deposit additional fee for the period upto 30/6/2017, due to revision, on or after 1/7/2017.	Debit note to be issued and GST applicable
4	Party is required to deposit additional fee for the period upto 30/6/2017 and period thereafter, due to revision, on or after 1/7/2017.	As above.

ii. Earnings Contract where bill is raised:

Sl No.	Taxable Event	Tax applicable
1	Railway raised the invoice for payment upto 30/6/2017 on or before 30/6/2017 but payment is being made on or after 1/7/2017	Tax as per old law
2	Railway raised the invoice for payment upto 30/6/2017 and period thereafter on or before	As above

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	30/6/2017 but payment is being made on or after 1/7/2017.	
3	Railway raised the invoice for payment upto 30/6/2017 on or after 1/7/2017	GST
4	Railway raised the invoice for payment upto 30/6/2017 and period thereafter on or after 1/7/2017.	GST
5	Railway raises additional demand for payment upto period 30/6/2017 due to revision of license fee, on or after 2017	Debit note to be issued and GST applicable
6	Railway raises additional demand for payment upto period 30/6/2017 and period thereafter due to revision of license fee, on or after 2017.	As above

Adh.
(NARENDRA)
FA&CAO/WST

AGM
CAO/Con North & South
All PHODs , SDGM
DRM DNR/DHN/MGS/SPJ/SEE
CMM/E, CCM (FM), CESE, CE(TSP), CSTE (W)
Dy. FA&CAO/T, Dy. FA& CAO/G, Dy. FA&CAO/S&W
Sr. EDPM for uploading
Sr. DFM/ Sr. DCM : DNR/DHN/MGS/SPJ/SEE