

(भारतसरकार) GOVERNMENT OF INDIA
(रेलमंत्रालय) MINISTRY OF RAILWAYS
(रेलवेबोर्ड) RAILWAY BOARD

GST Matter
GST Circular No. 22
RBA No. 48/2017

No. 2017/AC-II/1/6

New Delhi, the 22nd June, 2017

**General Managers,
All Zonal Railways and Production Units**

Sub:- GST-Accounting procedure- Input Tax Credits

Kindly refer to Board's letters of even No. dated 7th June, 2017 (RBA No. 67/2017) addressed to all Production Units and Zonal Railways regarding accounting procedure for output liability under GST on Railways. In continuation to these instructions, following directives are issued relating to accounting procedure for claiming ITC under GST provisions:

(i) Accounting of GST payments on Goods and Services received:

- (a) Under GST provisions, the ITC shall be claimed by the Recipient of services/ goods.
- (b) The concerned executive department on receipt of tax invoice for services/ goods received, shall see that all the essential details given below are available therein:
 - (i) Name, address and GST Identification Number (GSTIN) of the supplier for each state.
 - (ii) Date of issue of the Invoice,
 - (iii) Name, address and GSTIN, of the recipient (IR)
 - (iv) Address of the delivery,
 - (v) HSN code (for goods) or Accounting Code of service,
 - (vi) Description of goods or services along with Contract Reference No. and/or Bill No.
 - (vii) Quantity and unit,
 - (viii) Total value of Supply of goods and/or services,
 - (ix) Taxable value of supply of goods and/or services taking into account discount or abatement, if any,
 - (x) Rate of tax (Central GST, State GST, Inter State GST, Union Territory GST or cess),
 - (xi) Amount of tax charged in respect of taxable goods or services (CGST, SGST, IGST, UTGST or cess),

- (xii) Place of supply along with the name of State (in case of a supply in the course of inter-State trade or Commerce),
 - (xiii) Whether the tax is payable on reverse charge basis? This field must separately be identified as the recipient of services/Goods supplied is liable to pay taxes without adjustments. Credit can be claimed later on. (This list is already in public domain).
 - (xiv) Signature or digital signature of the supplier or his authorized representative.
- (c) Following fields to capture vital information has been created in IPAS. It must be ensured that these fields are entered without fail, in order to enable Railways to avail Input Tax Credit. The fields are:-
1. Supplier Name
 2. Supplier GSTIN
 3. Invoice No.
 4. Invoice Issue Date
 5. Total Value
 6. Taxable Value
 7. Goods A/c HSN, Service Accounting Code
 8. Goods and Services Description
 9. Unit Qty Code
 10. Quantity
 11. Rate
 12. Whether eligible for ITC
 13. IGST Rate
 14. IGST Charged Amt:
 15. CGST Rate
 16. CGST Charged Amt.
 17. SGST/ UGST Rate
 18. SGST Charged Amount
 19. Cess Rate
 20. Cess Charged Amt.
 21. Name/Recipient of Service/Goods
 22. Place of Supply
 23. Recipient GSTIN
 24. Tax Payable on Reverse Charge Basis(Y/N)
 25. TDS
- (d) No invoice, on which tax is to be paid by IR, should be accepted by the Executive department without the above details, as this will prevent claiming Input Tax Credit. Accounts department on receipt thereof for payment shall also check this aspect along with other usual internal checks.
- (e) In order to avail credit of GST paid on tax invoices, the tax details shall be captured separately for each state at the time of passing the same for payment under IPAS / other FMIS as detailed below:
- 1) The tax paid on supplies received can fall under the following categories:
 - (i) Where tax credit is not available; and
 - (ii) Where tax credit is available
 - 2) The supplies under (i) above may fall under following categories:

- Tax paid on non-business supplies of goods and services- as covered under section 17(1) of CGST Act) (denoted as T1 under ITC Rules)
 - Tax paid for supplies used exclusively for exempt operations- e.g., exclusive maintenance contract for non-AC coaches (denoted as T 2 under ITC Rules)
 - Tax paid for supplies for which credits are restricted under GST law (under Section 17(5) of CGST Act);e.g., construction of bridge(denoted as T 3 under ITC Rules)
- 3) The supplies under (ii) above may fall under following categories:
- Tax paid for supplies used exclusively for taxable operations- e.g., Maintenance contract of services and goods for AC coaches; (denoted as T 4 under ITC Rules)- full credit shall be available in respect of these supplies.
 - Tax paid for supplies used for both taxable and non-taxable operations shall be treated as common credit (denoted as C 2 under ITC Rules) e.g. Taxable expenses related to office administration such as communication, professional consultancy charges, AMC contracts etc. will fall under this category of common credits. Tax Credit in proportion of Revenues from Taxable Supplies to Total supplies shall be available in these cases.
- 4) At the time of passing of bill / tax invoice, the options (scroll down options) to classify tax in above categories shall be available in IPAS. (Units which are using other FMIS shall ensure necessary modification in the program to make available above options)
- 5) Further, the units where IPAS is not implemented shall submit the invoice data in the format attached to CRIS on a daily basis for collation and upload on GSTN.
- 6) The responsibility to identify input services under aforesaid criterion as well as proving the same to GST authorities (as and when need arises) shall be on the respective offices, responsible for making such vendor payments.
- 7) The respective offices should consult their GST consultants to ensure correct recording/capturing of information in accordance with above mentioned criterion.
- 8) For smooth implementation, each Railway shall make an exhaustive list of services and goods procured, duly bifurcated in the aforementioned categories in consultation with their Tax Consultant and make the same available to the staff handling tax invoices of such services/ goods.
- 9) Forward Charge: GST laws in general provide for liability for GST payment on part of registered Suppliers (forward charge mechanism).
- (i) In such cases, eligible ITC shall be treated as Receivables and the Railways at the time of passing the payments against Tax Invoices for services/ goods received shall classify expenditure as under:

Item of expenditure	Dr	Cr
Cost of Material/ Service	Relevant Expenditure Head and PU	
GST Paid- where ITC available	Misc Advance- GST (Under separate PUs for IGST/CGST/SGST/UTGST as per	

Item of expenditure	Dr	Cr
	RBA No. 52/2017)	
GST Paid- where ITC is not available	Relevant Expenditure Head only	
Payment made to supplier		Cheques & Bills

(ii) This will facilitate easy identification of credit of input being accounted for under relevant expenditure heads by concerned Railways/ Units, instantly.

10) Reverse Charge: GST law provides for reverse charge mechanism/liability (RCM) in following cases:-

(i) Specified categories wherein registered person shall not charge GST on outward supplies but recipient is liable to pay (e.g. presently reverse charge is applicable on services provided by advocates)

(ii) Inward supplies from unregistered persons

(iii) In such cases, MOR shall be required to pay tax under reverse charge (self-assessment basis).

(iv) Since input tax credit cannot be used for payment of the Reverse charge liability, the same will have to be first discharged in cash. Therefore, separate recording of RCM liability will be made to ensure Tax compliance as detailed below:

Item of expenditure	Dr	Cr
Cost of Material/ Service	Relevant Expenditure Head and PU	
GST Paid- where ITC available	Misc Advance- GST (Under separate PUs for IGST/CGST/SGST/UTGST as per RBA No. 52/2017)	
GST Paid- where ITC is not available	Relevant Expenditure Head	
Payment made to supplier		Cheques & Bills
Payment liability towards GST under RCM		Deposit Misc/ GST (IGST,CGST, SGST, UTGST)

(v) The associate railways will transfer the payment liability under RCM to the Principal Railway through Transfer Other Railway by contra credit to Deposit Misc (GST)/ RCM

(ii) Payment of net GST liability (i.e., Output liability- available ITC):

Based on the credit ledger records, the Principle Railway shall arrange payment of net tax liability as under:

Item	Dr	Cr
Output Tax Liability and RCM Tax liability	Deposit Misc (GST) & RCM- (will include both	

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Item	Dr	Cr
	Output liability as well as tax liability under RCM)	
To transfer ITC availed to associate railways concerned (Invoice -wise details shall be provided)		Transfer Other Railways
To transfer ITC availed to Accounting Unit concerned of Principal Railway (Invoice -wise details shall be provided)		Transfer Divisional
Payment of Net amount		Cheques & Bills
The Accounting Unit concerned of Principal Railway shall clear their suspense head Misc. Advance (GST)- IGST/CGST/SGST/UTGST, by contra clearance of Transfer Other Railways/ Transfer Divisional. (Invoice -wise details shall be provided by Principal railway for this purpose)		
In case of partial ITC (in proportionate of Exempt/Total Services), the remaining amount under Misc. Advance (GST) of concerned invoice shall be debited to Expenditure head concerned.		

(iii) Accounting of ITC:

- 1) The Principal Railway shall provide Invoice-wise details of credit availed to the respective associate railways/ accounting units of principal railway, as the case may be through Transfer Other Railway/ Transfer Divisional.
- 2) On receipt of the credit TC, the respective accounting units shall clear their Misc. Adv (GST) operated at the time of passing of tax invoice. (Misc Adv-GST shall be operated for tax paid in case where ITC is available).
- 3) Since ITC on input services shall be set off in proportion of Taxable vis a vis Exempted Services input, the non-eligible portion of relevant invoices shall be debited to the relevant expenditure head by contra clearance of Misc. Adv (GST).

(iv) Recording, matching & reversal of tax credits:

- 1) If a vendor/supplier doesn't deposit GST charged to MOR, MOR shall be denied such credit & if already availed, and such credit shall be added to output liability of MOR in subsequent month (with applicable interest).
- 2) However, in cases where MOR has not availed such credit on procurement, the default of non-payment of GST by the vendor will not be added to output liability of MOR.

3) Accounting of reversed ITC:

- (i) On receipt of communication, the Principal Railway shall credit Deposit Misc (GST) and Deposit Misc (Interest) by contra debit to Transfer Other Railway (whose credit has been rejected).

Item	Dr	Cr
ITC rejected by GSTN		Deposit Misc (GST) (IGST/CGST/SGST/UTGST)
Transfer of rejected ITC to concerned Railways/ accounting Unit of Principal Railway,	Transfer Other Railways/ Transfer Divisional	

(ii) The respective Accounting Unit shall debit Vendor's account (Misc. Advance by contra clearance of Transfer Other Railways/ Transfer Divisional), with ITC claimed and interest and follow up with concerned vendors for the tax payment to Government exchequer.

(iii) On payment by vendor, GSTN will re-credit the ITC electronic credit ledger of MOR on their portal and make payment of the interest to Principal Railway separately.

(iv) The Principal office shall account for re-credited ITC as under:

Item	Dr	Cr
ITC reallocated by GSTN	Deposit Misc	
Transfer of reallocated ITC credit to concerned Railways/ accounting Unit of Principal Railway, who on receipt of credit TC shall clear the suspense head Misc. Advance in their books		Transfer Other Railways/ Transfer Divisional

(v) The Principal Railway shall be account for interest received as under:

Item	Dr	Cr
Interest amount paid by GSTN	RIB	
Transfer of interest received to concerned railway/ Accounting Unit of Principal Railway, who on receipt of credit TC shall credit it to Misc Receipt/Sundry earnings as the case may be		Transfer Other Railways/ Transfer Divisional

Kindly acknowledge receipt and ensure compliance.


(Anjali Goyal)
Adviser Accounts

Copy to:-

1. PSOs of all Board Members;
2. EDs of ED level Empowered Committee of GST;
3. Directors of GST Cell of Railway Board;
4. FA&CAOs of all Zonal Railways and Production Units

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