



(भारत सरकार) GOVERNMENT OF INDIA
(रेल मंत्रालय) MINISTRY OF RAILWAYS
(रेलवे बोर्ड) RAILWAY BOARD

RBA No. ¹⁴²7/2017
GST Circular No. 62/2017

No. 2017/AC II/1/6/Main/Vol.II

6th October, 2017

General Managers
All Zonal Railways/Production Units

Sub :- Availing of Input Tax Credit.

Kindly connect Railway Board's GST circular issued vide RBA No. 78/2017 dated 22nd June, 2017, wherein detailed guidelines were brought out for capturing Input Tax Credit (ITC) to be offset with output tax liability. Provisions were made in Integrated Payroll and Accounting System (IPAS) for indicating category for ITC for each transaction. Further, vide RBA No. 107/2017 dated 3th August, 2017, it was also mentioned that all the Zonal Railways and Production units should with the help of consultants engaged by them, avail the ITC with due diligence.

Section 42 (10) of the CGST Act, 2017 stipulates that interest shall be levied in case of reversal of input tax credit. Further section 50 (3) stipulates where a taxable person makes undue or excess reduction of output tax liability or undue or excess claim of input tax credit, interest @ 24% is payable. Therefore, utmost importance should be given for availing correct ITC. Given the statutory requirement of correctly availing the ITC as per the GST Rules and proving before the GST authorities during GST audit, all the Zonal Railways and Production Units may have a system in place to ensure that there is no default in GST compliances.

In respect of the services rendered by Indian Railways for Transportation of Passenger and Goods by rail, ITC is available for GST paid relating to **procurement of services only**. For supply of Goods, etc ITC is available for both procurement of Goods and Services. In this regard may kindly refer to the detailed instruction issued under para (e) of RBA No. 78/2017, where categorization of tax paid has been categorized as (i) where ITC is available and (ii) where ITC is not available. The same is brought out again in Table below:-

Where ITC not available	<ul style="list-style-type: none">• Tax paid on non-business supplies of goods and services as covered under section 17 (1) of the CGST Act, 2017 (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 T2 under ITC rules);• Tax paid for supplies for which credits are restricted under GST law (under section 17(5) of the CGST Act, 2017) e.g., works contract relating to construction of bridges (denoted as T3 under ITC rules);
Where ITC is available	<ul style="list-style-type: none">• Tax paid for supplies used exclusively for taxable operations e.g., maintenance contract for AC coaches (denoted as T4 under ITC rules);• Tax paid for supplies used both for taxable and non-taxable operations to be treated as common credit (denoted as C2 under ITC rules)

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As already mentioned in para 6 of RBA No. 78/2017, **it shall be the responsibility of respective offices** who are making vendor payment to correctly identify the appropriate ITC to be taken as per above mentioned criteria and prove it to the GST authorities (if need arises). Therefore, the respective offices shall ensure recording/capturing of information relating to ITC as per above mentioned criteria. In para 8 of RBA No. 78/2017, all the units were required to make an exhaustive list of services and goods procured and identify the ITC applicability as per the above mentioned criteria, so that ITC is availed properly without any ambiguity.

This is brought to your kind attention for urgent compliance.

(Anjali Goyal)
Principal Executive Director / Accounts

6/10/18

Copy to :-

1. PSOs all Board Members,
2. CCMs, COMs, COSs, CEEs, CSTE, PCEs, CMEs, CAO/Const all Zonal Railways;
3. All PHoDs, PUs
4. PFAs All Zonal Railways/PU
5. All EDs of ED level Empowered Committee in Railway Board
6. All Directors of GST Cell, Railway Board
7. MD, CRIS, Chanakyapuri, New Delhi.

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