

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

RBA No. 65 /2020
GST Circular No. 37 /2020

No. 2018/AC-II/1/57

21st August, 2020

General Managers,
Zonal Railways/Production Units

Sub: Machinery & Plant (M&P) flagging for procurements under EBR-IF funded projects.

Ref: Railway Board letter of even number dated 23.04.2020 (RBA No. 41/2020).

Instructions issued vide letter under reference mandate that in the case of projects funded by IRFC, claims raised by contractors must bear the GSTIN of IRFC. Further, while processing claims, the tag of "Plant & Machinery" need to be indicated for material and equipment procured, excluding civil works like buildings and embankment. This tag of "Plant & Machinery" enables IRFC to claim input tax credit for project related contracts, funded by IRFC.


Data captured in IPAS for the month of May'2020 and June'2020 indicates that the flagging of transactions as "Plant & Machinery" is not being carried out properly. This will create loss of input tax credit for IRFC and enhance IR's lease repayment burden.

In order to further facilitate the exercise of flagging transactions correctly, changes have been made in the data entry screen in IPAS where claims are processed by concerned executive officers. These pertain only to EBR-IF funded projects. This functionality in IPAS encompasses pointers and drop-downs to select the appropriate options coupled with directives for following course of action.

The process is explained in the annexure enclosed, along with relevant screenshots of the functionality.

It is requested that all officers and staff handling Contracts and claims for EBR IF projects must be asked to adhere to correct flagging of transaction as per enclosed guidelines. **NAIR is organizing a webinar on this issue on 27.8.2020. It is requested that Officers and Staff handling EBRIF projects to participate in the Webinar.**

This issues with the approval of competent authority,
DA:- As above.


(V.Prakash)
Joint Director/Accounts
Railway Board

Copy to:-

1. All EDs, ED level empowered Committee, Railway Board
2. All Directors, Director level GST Cell, Railway Board
3. All PFAs, Zonal Railways and Production Units
4. MD/IRFC, GM/Finance/GSTM, GM/AIMS, CRIS

Annexure to RBA No. 65/2020

1. The flagging exercise is undertaken to support availment of Input Tax Credit (ITC) by IRFC. Under GST, ITC in respect of procurement of goods or services including works contract service for construction of an immovable property is blocked except if such immovable property is in the nature of 'plant and machinery'. As majority of the EBR-IF funded procurements are in respect of immovable property, hence, it becomes imperative to correctly flag whether such immovable property qualifies as 'plant and machinery' or otherwise.
2. Vide this circular, detailed directives are being issued with respect to such flagging. Such mechanism has been developed considering all the possible scenarios and thus is reasonably exhaustive. Any additional response, apart from the drop-down options, to be captured shall require prior approval of the Railway Board.
3. The process is explained in the following paras along with the relevant screenshots of the mechanism-

Stage I: Ensuring IRFC funded projects

Selecting "IRFC funded" is selected as 'Yes' from the drop-down menu.

The screenshot shows a 'Bill Registration' form with several fields. The 'Is IRFC Funded?' field is highlighted with a red box and has 'Yes' selected from its dropdown menu. Other visible fields include 'Section*' (N-1), 'Contract Type*' (Agreement), 'Sub Type*' (Select One), 'Bill Type*' (Select One), 'Bill category *' (Others L&P), 'Contract related to Plant & Machinery *' (Select One), and 'SPG *' (Spending Unit).

Upon selecting 'Yes', a popup window will be available to Executive for proceeding to further step i.e. Stage-II, otherwise, the field "Contract related to Plant & Machinery" shall be blocked and general mechanism for bill passing shall be followed.

StageII: Identifying& validating amount for M&P

Step-1: Capture Unique Work Id

Step-2: Select "Nature of Project" from the following drop-down options

1. New railway line
2. Gauge conversion
3. Doubling
4. Electrification projects
5. Traffic facilities
6. Workshops including PUs
7. Others

Upon selection of any of the options from 1 to 6, user shall be allowed to proceed to Step-3. However, upon selecting option 7 “Others”, a pop-up window displaying user to contact Railway Board shall be displayed and invoice booking will terminate.

Details for Identification of Items to qualify under M&P

Bill Number: 01111900076

Unique Work Id: 010011151002

Nature Of Project: New railway line

Message from webpage

Post 1991: Funded source for Payment. Please contact Railway Board along with a description of nature of the project.

OK

Step-3: User to choose “Procurement Type” from the following drop-down options-

1. Bill entirely pertains to procurement of goods
2. Bill entirely pertains to procurement of services
3. Bill pertains to procurement services as well as goods

Details for Identification of Items to qualify under M&P

Bill Number: 01111900076

Unique Work Id: 010011151002

Nature Of Project: New railway line

Procurement Type: Bill Entirely pertains to Procurement of Goods

Step-4: Depending upon selection in Step-3, options under Step-4 shall change. In case, user selects “**Bill entirely pertains to procurement of goods**” in Step-3, user will have to choose the “Nature of Procurement” from the following drop-down options.

1. Ballast
2. Rails
3. Sleeper
4. Track fittings
5. Electric Masts along with fittings
6. Contact wire
7. Transformer
8. S&T cable
9. S&T Relays
10. Other station S&T equipment

11. Electric systems like SCADA
12. S&T Train Management System & other related equipment
13. S&T interlocking panels
14. Others, please specify the nature of goods

Upon selection of any of the above options from 1 to 13, M&P flag shall be auto-filled as 'Yes' without any right to modify.

Details for Identification of Items to qualify under M&P

Bill Number: 0111900070
 Unique Work Id: 01001151002
 Nature Of Project: new railway line
 Procurement Type: Bill Entirely pertains to Procurement of Goods

Procurement Of Goods

Nature of Procurement: Ballast

M&P Details

M&P Flag: Yes

However, upon selection of option 14 i.e. 'Others', a field namely 'Brief Descriptions' shall be enabled wherein user has to briefly capture the nature of procurement. Also, the user will have to answer "Purpose of Use" from the following drop-down-

1. Construction of Building or Civil/Earth work
2. Other than Construction of Building or Civil/Earth work

Upon selecting "Construction of Building or Civil/Earth work" M&P flag shall be blocked to as 'No'. In the other case, i.e., upon selecting "Other than Construction of Building or Civil/Earth work", M&P flag shall be blocked to as 'Yes'.

Case: User selects – "Construction of Building or Civil/Earth work"

Details for Identification of Items to qualify under M&P

Bill Number: 01012001070
 Unique Work Id: 04001171001
 Nature Of Project: new railway line
 Procurement Type: Bill Entirely pertains to Procurement of Goods

Procurement Of Goods

Nature of Procurement: Others
 Brief Description: TESTING
 Purpose Of Use: Construction of Building or Civil/Earth work

M&P Details

M&P Flag: No

Case: User selects – "Other than Construction of Building or Civil/Earth work"

Details for Identification of Items to qualify under M&P

Bill Number: 31012001070
 Unique Work Id: 040011171001
 Nature Of Project: New railway line
 Procurement Type: Bill Entirely pertains to Procurement of Goods

Procurement of Goods

Nature of Procurement: Others
 Brief Description: TESTING
 Purpose Of Use: Other than Construction of Building or Civil/Earth work

M&P Details

M&P Flag: Yes

Step-4: Continued

In case, user selects “**Bill entirely pertains to procurement of services**” in Step-3, user will have to choose the “Nature of Procurement” from the following drop-down options.

1. Civil works/earth works
2. Other than civil works/earth works
3. Civil works/earth works as well as other services

Upon selection of option 1, M&P flag shall be auto-filled as ‘No’ without any right to modify, as under-

Details for Identification of Items to qualify under M&P

Bill Number: 01111900076
 Unique Work Id: 010011151002
 Nature Of Project: New railway line
 Procurement Type: Bill Entirely pertains to Procurement of services

Procurement of Services

Nature of Procurement: civil works/earth work

M&P Details

M&P Flag: No

Upon selection of option 2, M&P flag shall be auto-filled as ‘Yes’ without any right to modify.

Details for Identification of Items to qualify under M&P

Bill Number: 01111900076
 Unique Work Id: 010011151002
 Nature Of Project: new railway line
 Procurement Type: Bill Entirely pertains to Procurement of services

Procurement of Services

Nature of Procurement: Other than civil works/earth work

M&P Details

M&P Flag: Yes

Upon selection of option 3, a new shall be enabled to capture amounts with respect to 'Civil/earth work' vis-à-vis amounts 'Other than civil/earth work' and the system will automatically flag M&P as 'Yes' for the amount 'Other than civil/earth work'

Details for Identification of Items to qualify under M&P

Bill Number	01111900076
Unique Work Id	010011151002
Nature Of Project	New railway line
Procurement Type	Bill Entirely pertains to Procurement of services
Procurement of Services	
Nature of Procurement	civil works/earth work as well as other services
Amount of Civil/Earth Work	1000
Amount Other than Civil/Earth Work	7000
M&P Details	
M&P Flag	Yes
M&P Amount	7000

Step-4: Continued

In case, user selects "Bill pertains to procurement of services as well as goods" in Step-3, a filed shall be enabled wherein user shall capture amounts with respect to 'Goods' and 'Services' as under and repeat Step 4 for 'Goods' and 'Services' respectively.

Details for Identification of Items to qualify under M&P

Bill Number	01111900076
Unique Work Id	010011151002
Nature Of Project	New railway line
Procurement Type	Bill pertains to Procurement of services as well as Goods
Taxable Amount of Goods	7000
Taxable Amount of Services	9000
Procurement of Goods	
Nature of Procurement	Ballast
Procurement of Services	
Nature of Procurement	civil works/earth work
M&P Details	
M&P Flag	Yes
M&P Amount	7000