

OFFICE OF PRINCIPAL FINANCIAL ADVISOR
SECOND FLOOR, G.M CORE BUILDING, INDIRA MARKET
WEST CENTRAL RAILWAY, JABALPUR (M.P) – 482001
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NO. HQ/AC/GA/GST/02/2017-18

DATED:27-03-2018

PCME, PCE,PCOM,PCCM, PCEE,PCSTE,
PCMM, CMD, CPO, CSC,CSO,
DRM/JBP,BPL,Kota, CWM/BPL, KTT
Sr.DFM/JBP, BPL, KOTA,
Dy.FA&CAO(C)/JBP,BPL,KOTA
Dy.FA&CAO(S&W),Dy.FA&CAO(T),
WAO/BPL,KOTA
AFA(Exp.),
AFA (Stores)

Sub: Review of Input Tax Credit(ITC)

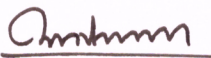
Ref: Railway Board letter No.2018/AC-II/1/14

Dated:26.03.2018.(RBA No.27/2018)

The letter under reference is enclosed herewith for kind perusal and necessary action at your end. **This may please be treated as most urgent.**

Encl: As above

Copy to- AGM


Sr.AFA(GST)
/PFA/WCR

Sr.AFA(GST)
/PFA/WCR



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

GST Circular No. 11/2018
RBA No. 27/2018

No. 2018/AC-II/1/14

26th March, 2018

**General Managers
All Zonal Railways/Production Units**

Sub :- Review of Input Tax Credit (ITC).

In order to determine the extent of availment of ITC, a field was provided in the IPAS and standalone software in Production Units to capture the credit viz., T4 (Full credit), C2 (Partial credit), T3 (Credit Restrictions) T1 and T2 (No credit) for services rendered towards exempted output services and credit restrictions respectively. A test check of the flagging done by Zonal Railways and Production Units was carried out by a working group comprising of GST Consultants and Northern Railway officials, using the January 2018 expenditure data, pertaining to both Zonal Railways and Production Units. Based upon the review, a check list has been prepared and is enclosed (Annexure-A) for information and compliance of all the Zonal Railways and Production Units. It may be noted that the above said checklist is only illustrative and not exhaustive. If the respective user department come across any other missing scenarios / transactions not covered in the above-mentioned checklist, they can include the same and inform Railway Board so that the checklist can be updated periodically in the system itself.

2. While reviewing the expenditure data for January 2018, it is seen that some of the Zonal Railways/Production units have left the field of HSN/SAC Code blank. Moreover the "description of services/goods" procured is also not very clear. Therefore relying upon the allocation code of the expenditure, a tentative flagging has been done by the aforesaid working group in the month of Jan'2018. CRIS is being requested to simulate a similar exercise in respect of all the months starting from Feb'2018 backwards and also for March 2018 (as and when data for March 2018 is made available). Zonal Railway/Production unit data will be placed in the manual utility portal for each of the unit, by 27th March, 2018 (evening). One blank column will be provided alongside the suggested flagging done by the working group. Zonal Railway/Principal Office-wise data can be downloaded by each Zonal Railway from the GST manual utility portal hosted in CRIS's web-site, by using the supervisory login/password issued by CRIS. AGMs/CMEs of the Zonal Railways and Production Units may kindly direct all the nodal officers in the GST Cell to undertake a quick exercise to complete the revised flagging on the basis of the check list provided in consultation with the local GST Consultants engaged by them. Since the check list is only illustrative and not exhaustive and prepared in the absence of actual copy of the tax invoice in hand and merely based on limited description of the services/supplies available in the expenditure data, the concerned Department is in a better condition to ascertain whether full/partial ITC or no ITC is available. A conscious decision must be undertaken to flag the availability of ITC correctly. It shall be the responsibility of all the Zonal Railways/Production Units to correctly complete the revised flagging to be done as per the GST Rules.

3. This exercise may be completed by 31.3.2018 and the consolidated data of each Zonal Railway may be re-submitted to CRIS. Journal entry must be passed accordingly, after checking the data as per revised flagging done by each of the Railways and Production Units so that Misc. Advance can be cleared and proper accounting has been completed under the the Misc. Advance [Capital or Revenue] (Full/Partial GST credit) and final expenditure head.

Encl:- As above

(Anjali Goyal)
PEO/Accounts

Copy to:-

1. EDs of Empowered Committee;
2. Directors of GST Cell;
3. PFAs all Zonal Railways and Production Units
4. Managing Director, CRIS, Chanakyapuri (for taking necessary action as mentioned above)

Appendix - A

Copy of this Form should be submitted to the concerned authority.

Input Tax Credit

Indian Railways receives various goods and services at different location for further use in its business of both passenger and goods transportation services in general and for further use in the manufacture of finished goods like coaches, wagons, locomotives, etc., by various production units (Pus) located in different States. The nature of goods and services received and used by IR at various locations along with the corresponding status of eligibility of Input Tax Credit (ITC) for the purpose of availment and utilization of ITC are tabulated as under:

Sl.No.	Nature of goods / services	Recipient	ITC Flagging	Availment ITC (Y / N)	Utilization ITC (Y/N)	Remarks
1.	Goods procured for capital works such as manufacturing of coaches, wagons, locomotives for sale to IRFC	Respective production units viz., RCF, Kapurthala; CLW, West Bengal DLW, Benares, UP ICF, Chennai, TN RCF, Rai Bareilly	T4 – full Credit	Y	Y	To be utilized only for discharging GST liability on outward supply of finished goods to IRFC on payment of 5% GST and not to be utilised for discharging GST liability on Goods and Passenger transportation services by respective GSTIN.
2.	Services provided by various contractors for capital works such as manufacturing of coaches, wagons, locomotives for sale to IRFC	Respective production units viz., RCF, Kapurthala; CLW, West Bengal DLW, Benares, UP ICF, Chennai, TN RCF, Rai Bareilly	T4 – full Credit	Y	Y	No restriction. Note: If some of the finished goods manufactured at these locations are supplied to Indian Railways then all eligible line items pertaining to both goods and services must be flagged as C2.
3.	Goods procured for use in repairing wagons, coaches, locomotives etc.,	Respective Repair Workshop	C2 – Partial Credit	Y	N	ITC pertains to these purchases to be accumulated in respective GSTIN and not to be utilised for discharging GST liability on Goods and Passenger transportation services by respective GSTIN.
4.	Services received at workshop in relation to procurement of goods	Respective workshop	C2 – Partial Credit	Y	Y	No restriction

Sl.No.	Nature of goods / services	Recipient	ITC Flagging	Availment ITC (Y / N)	Utilization ITC (Y/N)	Remarks
	for repair of coaches, wagons, locomotives, etc.,					
5.	Services provided by various contractors in relation to repair of wagons, coaches, locomotives, etc.	Respective workshop	C2 - Partial Credit	Y	Y	No restriction
6.	Procurement of goods and services for creation of new assets which are in the nature of Immovable Property (other than plant and machinery) like Bridges, Tunnels, Roads, Buildings etc.	Respective GSTIN	T3- No Credit	N	N	Not to be availed. Respective accounting codes can be mapped as T3 - No credit in order to avoid wrong availment of credit on these line items.
7.	Procurement of goods relating to Plant and Machinery like Railway track, Signalling and Telecommunication equipments, sleepers made of concrete, wooden and iron & steel, lathe machines, cranes.	Respective GSTIN	C2 - Partial Credit	Y	N	To be accumulated in credit account and not be utilized for discharging GST liability on Goods and Passenger transportation services by respective GSTIN
8.	Procurement of services relating to Plant and Machinery like Railway track, Signalling and Telecommunication equipments, sleepers made of concrete, wooden and iron & steel, lathe	Respective GSTIN	C2- Partial Credit	Y	Y	Can be utilized for discharging GST liability on Goods and Passenger transportation services by respective GSTIN

Sl.No.	Nature of goods / services	Recipient	ITC Flagging	Availment ITC (Y / N)	Utilization ITC (Y/N)	Remarks
9.	machines, cranes. GTA services received for both inward and outward transportation of goods used in workshop.	Respective GSTIN	C2 - Partial Credit	Y	Y	In this case both the consignor and consignee being Indian Railways, GST on GTA services to be discharged by Consignor IR. If the GTA service provider discharges GST under forward charge (12%), then IR is not liable to pay GST but in any case, tax paid can be availed as credit.
10.	Inter-State movement of own goods by IR. For e.g. Stock items moved from Stores Depot at Jagadhari (Haryana) to Repair workshop at Bhopal (MP)	Respective GSTIN				Movements of goods between two GSTIN of IR is considered as Exempt supply as per supply (Ref. RBI No.97, GST Circular No.40 dated 11.07.2017). Therefore, in the said example Haryana GSTIN must raise a Bill of Supply as per the GST Rules. Further IR must identify transaction of this nature on India basis and reckon these types of supplies as exempted turnover, which will have an impact on computation of ration of exempted verses taxable turnover.
11.	Taxi hire by IR at different locations by the staff / officers for any use.	Respective GSTIN	T3 - No Credit	N	N	ITC on Rent-a-cab service is covered under the negative list as per Section 17(5) of CGST Act, 2017 and hence no credit is available on this service. Respective accounting codes can be mapped as T3 - No credit in order to avoid wrong availment of credit on these line items.