

POWERGRID's CLARIFICATION NO.-04 ON TRANSITIONAL ISSUES DUE TO GST IMPLEMENTATION

Sl. No.	Contractor's query on issues due to GST Implementation	POWERGRID's Clarification																
1.0	<p>1. We refer to the meeting of vendors called on 19-July-17, our representative Mr. ...xxx.... attended the same on our behalf to get clarify/understand post GST implications on the ongoing contracts.</p> <p>2. At present we are executing 2 orders</p> <p>a) Package for (Deemed Export Project)</p> <p>b) Package..... (on NIL CST).</p> <p>c) However, the outcomes of meetings were informed via mail on 20.07.2017. In the said clarification, for the specific transactions for the supplies from tax exempted area, Deemed Export supplies are not addressed and which shall be looked in to case-to-case basis by Power Grid.</p> <p>3. We would like to inform our concerns as below,</p> <p>a) Package (Deemed Export Project) :</p> <p>i) PAC was to be issued before commencement of supplies, but till date the same has not been issued.</p> <p>.....</p> <p>4. We request to immediately issue the PAC for Deemed Export project and revise the contracts as per new tax regime.</p>	<p>a. This has reference to POWERGRID's Clarification No.-03 dated 19.07.2017 vide which operating procedure for facilitating dispatches of goods under GST was issued. This clarification was however, for normal transactions of items (and which were subject to 18% GST only) and it was also clarified therein that operating procedures for specific transactions viz. supplies from tax exemption area, Deemed Export transactions or items subject to 28% GST (Cables etc.) etc. shall be looked into on case to case basis by POWERGRID for its operability under such procedure.</p> <p>b. Against the above, the matter of operating procedure during the intervening period, for Deemed Export transactions has been deliberated with various contractors by POWERGRID in the meeting held on 19.07.2017 in the context of GST implementation. It has been noted that prior to GST, Deemed Export Benefits allowing exemption of Excise Duty on domestic supplies were available for projects financed by multilateral funding agencies as notified by Gol. However, as per GST Act and subsequent rules notified till date, supplies under Deemed Export shall also attract GST and refund procedures are yet to be notified by the Government.</p> <p>Therefore, pending notification in regard to refund procedure and also considering the position as emerged on incidence of GST even on Deemed Export supplies, for supply under these transactions in the intervening period, following operating procedure, may be adopted:</p> <p>- The GSTN Invoice for supplies under <u>Deemed Export</u>, may be raised on the basis of following prices:</p> <p style="text-align: center;">TABLE-1</p> <table border="1" data-bbox="735 1458 1554 1942"> <thead> <tr> <th data-bbox="735 1458 802 1704">Sl. No.</th> <th data-bbox="802 1458 1070 1704">Type of pre-GST Transaction as identified in the contract</th> <th data-bbox="1070 1458 1305 1704">Post-GST price expressed as percentage of pre-GST contract price for items attracting GST@18%*</th> <th data-bbox="1305 1458 1554 1704">Post-GST price expressed as percentage of pre-GST contract price for items attracting GST@28%*</th> </tr> </thead> <tbody> <tr> <td data-bbox="735 1704 802 1738">1.</td> <td data-bbox="802 1704 1070 1738">Direct Transaction</td> <td data-bbox="1070 1704 1305 1738">97.25%</td> <td data-bbox="1305 1704 1554 1738">89.65%</td> </tr> <tr> <td data-bbox="735 1738 802 1809">2.</td> <td data-bbox="802 1738 1070 1809">Bought-out Transaction</td> <td data-bbox="1070 1738 1305 1809">95.34%</td> <td data-bbox="1305 1738 1554 1809">87.89%</td> </tr> <tr> <td data-bbox="735 1809 802 1942">3.</td> <td data-bbox="802 1809 1070 1942">Installation including Civil works (if prices are inclusive of taxes)</td> <td data-bbox="1070 1809 1305 1942">84.75%</td> <td data-bbox="1305 1809 1554 1942">78.13%</td> </tr> </tbody> </table>	Sl. No.	Type of pre-GST Transaction as identified in the contract	Post-GST price expressed as percentage of pre-GST contract price for items attracting GST@18%*	Post-GST price expressed as percentage of pre-GST contract price for items attracting GST@28%*	1.	Direct Transaction	97.25%	89.65%	2.	Bought-out Transaction	95.34%	87.89%	3.	Installation including Civil works (if prices are inclusive of taxes)	84.75%	78.13%
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		<p>*Note:</p> <ol style="list-style-type: none"> 1. The basis as above has been worked-out for Deemed Export Transactions for items which are subject to 18% and 28% GST respectively. The applicable factor as per the table be accordingly used based on applicable GST @18% and GST@28% respectively. 2. The prices derived as above are excluding incidence of GST thereon. 3. Project Authority Certificate for Deemed Export Transactions may be issued on the basis of the Import content as per the contract, however, the GST reimbursement shall be kept on hold by POWERGRID till better clarity on the same emerges. <p>c. Apart from Deemed Export supplies, following operating procedure, may be adopted for supply of goods and services (on or after 01.07.2017) in the intervening period for items under normal transactions and which are subject to 28% GST:</p> <p>The GSTN Invoice may be raised on basis of the following prices:</p> <p style="text-align: center;">TABLE-2</p> <table border="1" data-bbox="751 1131 1513 1480"> <thead> <tr> <th>Sl. No.</th> <th>Type of pre-GST Transaction as identified in the contract</th> <th>Post-GST price expressed as percentage of pre-GST contract price**</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Direct Transaction</td> <td>89.65%</td> </tr> <tr> <td>2.</td> <td>Bought-out Transaction</td> <td>78.13%</td> </tr> <tr> <td>3.</td> <td>Installation including Civil works (if prices are inclusive of taxes)</td> <td>78.13%</td> </tr> </tbody> </table> <p>**The prices derived as above are excluding incidence of GST thereon. In addition, GST is applicable/ reimbursable based on GST invoice raised by the contractor.</p> <ol style="list-style-type: none"> d. The above formulation(s) as per Table-1 and 2 is for the purpose of facilitating dispatches and GST related compliances. As such, the same be resorted to only for meeting project requirements. e. Consequent to the aforesaid, once the adjustment to the pre-GST contract price is agreed for arriving at the price net of GST, the contractor shall be required to issue credit/debit note depending on the agreed prices so arrived. All endeavors shall be made by the contractor for early finalization of price as above. The liability 	Sl. No.	Type of pre-GST Transaction as identified in the contract	Post-GST price expressed as percentage of pre-GST contract price**	1.	Direct Transaction	89.65%	2.	Bought-out Transaction	78.13%	3.	Installation including Civil works (if prices are inclusive of taxes)	78.13%
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		<p>of interest on additional tax incidence, if any, on account of issuance of such notes shall be to the account of the contractor and POWERGRID shall not bear any liability on such account.</p> <p>f. For the purpose of raising the invoice, state-wise GST Registration no. of POWERGRID has been provided on POWERGRID's website. The contractors are advised to raise the invoice for supplies against POWERGRID's GST Registrations no. of respective state where the goods are to be supplied/work is to be executed.</p> <p>g. Specific transactions viz. supplies from tax exemption area, etc. shall, however, be looked into on case to case basis by POWERGRID for its operability under such procedure.</p> <p>h. It is also clarified that POWERGRID will make all efforts to release the payment against the invoices issued as above, except where specifically mentioned otherwise, pending agreement on adjustment to the pre-GST contract and issuance of amendment to the contract. The contractors are, however, requested to take expeditious action for the same to avoid delays as already deliberated in the meeting held on 19.07.2017. The above shall also be applicable under Clarification No.-03 dated 19.07.2017 which shall stand modified to that extent.</p>

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