

Record notes of Meeting held on 12.10.2017 at CC-Gurgaon with the Contractors on various GST issues

During the meeting, various issues related to GST implementation were discussed. Based on discussions, the deliberations and outcome thereof are indicated herein below:

1. Solution to issue single invoice for each items as per LOA against each lot of supply like in Pre- GST period to save the time and to avoid delay in release of payment to vendors.

Contractors may raise the GST Invoice from a single point for Supply of Goods/Services. During deliberations, it was noted that GE and SIEMENS have adopted the said mechanism for raising the invoices. Under this, GE has proposed to raise the Supply of Goods Invoice basis the GSTIN of their Noida Office for all the transactions and for Supply of Services, they are raising the Invoice basis the GSTIN of the state wherein the work is getting executed. Similarly, SIEMENS is raising all the Invoices based on GSTIN of the respective state wherein the work is being executed.

As such, for Supply of Goods, it emerged that Contractor may raise the GST Invoice either from their GSTIN of the state wherein the work is being executed or from a location they choose for the purpose. Similarly, for Supply of Services, they have to raise the Invoice from the respective state wherein the project is getting executed. In this context, it was also explained that since any specific PO in SAP system contains a particular vendor code with a specific GSTIN, the contractors may raise the invoices for all transactions of that particular PO basis such vendor code. The vendor code for Supply of Goods and Supply of Services may however be different as there are separate POs maintained in the SAP system. Moreover, for Supply of Services, as the scope of work may cover different states with different GSTIN, the contractor shall raise invoice with the GSTIN of their respective states.

2. Raising of single invoice for each items as per LOA to be dispatched in various lots/consignments.

It was discussed in this regard that for a BoQ item which is dispatched in various lots/consignments, many contractors are raising invoices lot wise. This result in multiple invoicing which in turn causes unnecessary delay in processing of invoices.

Against this, it emerged that the contractors may choose to club and raise a single invoice for various lots/consignments to be dispatched under the contract for better contract administration. In this case, it was suggested that the contractor have to discharge the GST liability for total clubbed quantity with first lot. While dispatching, each lot may carry copy of such invoice with original to be carried with the last lot/consignment. Otherwise, the contractor may choose to raise the single invoice against different lots/consignments as per methodology suggested at sl. No. 1 above. It is agreed to raised only one invoice by Vendors to POWERGRID, irrespective materials are transported in multiple trucks/ lots/consignments

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3. Clarification / Discussion regarding GST on F&I for equipment supplies.

During deliberations, it was explained that the as per the extant provisions of the Bidding Documents/Contracts post GST, transactions covering supply of goods is on EXW/Ex-warehouse basis with supply of services covering F&I therefrom. The structure of the contracts/bidding documents specify the aforesaid transaction with stipulations of 'Transfer of Title' specified accordingly. It is POWERGRID's understanding that as per extant provisions, on the charges for supply of services related to Inland transportation, In-transit insurance, loading and unloading by the Contractor to POWERGRID (the Employer), GST is not payable.

Against the above some of the contractors raised that GST is payable on F&I. Some of the contractors explained that they are considering the supply of goods along with F&I as composite supply while some of them explained it as separate service offered under the contract.

In this context it was explained that as per POWERGRID's understanding, basis the contractual provisions as specified, the transaction of Supply of Goods and F&I are not a composite supply. The position as above is based on POWERGRID's understanding that as per legal position prevailing under Service Tax is being continued by GoI under the GST regime as per which the services of transportation of goods by road (except services of GTA) continue to be exempt even under the GST regime. Notwithstanding above, it was suggested by POWERGRID that irrespective of the understanding of different stakeholders, it is the contractor who has to check their position on applicability of GST or otherwise. It was also explained that the Contractor is, however, advised to check the position from their own sources and if payable, the same shall be to the Contractor's account. The contractor may, however, opt for advance ruling on the matter for better clarity. In case, as per Advance Ruling/ Judgement of High Court, Supply of Goods alongwith F&I is held to be a Composite Supply under the Contracts awarded by POWERGRID, the same shall prevail for the purpose of payment of GST on F&I Component after removing pre-GST applicable Service Tax.

4. Difference in HSN codes

In cases wherein there is difference in HSN codes between contractor and POWERGRID, it was discussed that if the rates for corresponding HSN codes are same, POWERGRID will process all invoices and update the HSN at the time of payment, keeping its master data unchanged.

However, if there is difference in GST rates then the contractor will share the opinion from tax consultant for arriving at the consensus. Based on such deliberations, if POWERGRID considers it appropriate, will update its master data. But if the difference still persists, POWERGRID will limit the liability to the tax rate as per its HSN code of POWERGRID and will process the invoice accordingly.

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