

No.2018/CE-I/CT/30

New Delhi, Dated 04.01.2023

MD, CRIS,  
Chanakyapur, New Delhi.

**Sub: Implementation of Increased GST rates in Works Contracts**

Ref.: Railway Board's letter No.2017/AC-II/1/6/GST/Main/Vol.III, dated 22.07.2022 (copy enclosed)

The guidelines in relation to changes in rates of GST have been issued vide Board's letter under reference.

2. Further, the Clause 37 of General Condition of Contract-2022 states that –

*'..... However, if rates of existing GST or cess on GST for Works Contract is increased or any new tax /cess on Works Contract is imposed by Statute after the date of opening of tender but within the original date of completion/date of completion extended under clause 17 & 17A and the Contractor thereupon properly pays such taxes/cess, the Contractor shall be reimbursed the amount so paid.*

*Further, if rates of existing GST or cess on GST for Works Contract is decreased or any tax/cess on Works Contract is decreased / removed by Statute after the date of opening of tender, the reduction in tax amount shall be recovered from Contractor's bills/Security Deposit or any other dues of Contractor with the Government of India'.*

3. In view of above, Board (MI, MF) has approved that a GST module may be provided in the Web portal **IRWCMS** for the reimbursement/recovery of amount because of change in GST rates, without affecting the Agreement value of the Contract.
4. This issues with the concurrence of Finance Directorate of Ministry of Railways.

*04.01.23*  
(गौरव)

**निदेशक सिविल इंजी.(जी)/रेलवे बोर्ड**  
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No.2018/CE-I/CT/30

New Delhi, Dated 04.01.2023

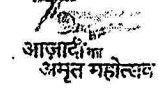
Copy forwarded for information to :

1. The PFAs, All Indian Railways
2. Dy. Comptroller and Auditor General of India(Railways), Room No.224, Rail Bhawan, New Delhi

*Re Singh*  
**For Member Finance**



भारतसरकार Government of India  
रेलमंत्रालय Ministry of Railways  
रेलवेबोर्ड(Railway Board)



RBA No.36/2022  
GST Circular No.10/2022

No.2017/AC-II/ 1/6/ GST/ Main/ Vol.III

Dated 22.7.2022

General Managers,  
All Zonal Railway/Production Units

Sub: - Guidelines in relation to changes in rates of GST and Withdrawal of exemptions

Ref: - RBA No.33/2022 GST Circular No. 08/2022 dated 5th July 2022

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Railway Board vide circular cited under reference circulated the recommendations made by the 47th GST Council Meeting, particularly increase in the GST rates and withdrawal of GST exemptions. These recommendations have been notified vide N. No. 03/2022 Central Tax (Rate) and 04/2022-Central Tax (Rate), both dated 13th of July,2022. Subsequently, a video conference was conducted on July 15, 2022, to apprise Railways about the GST changes, wherein certain queries were raised by the Railways concerning the implementation of these amendments. Pursuant to such queries, amendment-wise detailed guidelines on the practice to be followed by Railways are as under-

**I. Applicable GST rate on the existing Work Contract Services**

Pursuant to an increase in the GST rates w.e.f. 18th July 2022 e.g., 12% to 18% on supply of works contract services for railways, reference needs to be made to Section 14 of CGST Act, 2017 which deals with the time of supply provisions where there is a change in GST rate for determination of applicable GST rate on such amended GST rate services procured by Railways. Relevant extract of the said section is reproduced hereunder-

*"14. Change in rate of tax in respect of supply of goods or services.*

*... the time of supply, where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely:-*

*(a) in case the goods or services or both have been supplied before the change in rate of tax,-*

*(i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or*

*(ii) where the invoice has been issued prior to the change in rate of tax but payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or*

*(iii) where the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;*

(b) in case the goods or services or both have been supplied after the change in rate of tax,-

(i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or

(ii) where the invoice has been issued and payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or

(iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice:

... "

For the sake of brevity, the rate determination mechanism is hereunder explained wherein works contract service has been procured by Railways on which GST rate has been increased to 18% from 12% w.e.f. 18<sup>th</sup> July 2022-

- case where service has been supplied before change in GST rate (i.e., before 18.07.2022)
  - where invoice has been issued and the payment is also received after the change in GST rate, new rate i.e., 18% in the present example, shall be applicable
  - where either the invoice has been issued or payment has been received before the change in GST rate, old rate i.e., 12% in the present example shall be applicable
- case where service has been supplied after change in GST rate (i.e., on or after 18.07.2022)
  - where invoice has been issued and payment is also received before change in GST rate, old rate i.e., 12% in the present example, shall be applicable
  - where either invoice is issued or payment is received after the change in the GST rate, the new rate i.e., 18% in the present example shall be applicable

Determination of which case out of the above two is to be referred to determine GST rate i.e., whether the case of supply made before or the case of supply made after change in GST rate, shall be supply specific i.e., shall depend upon the agreed terms of provision of supply such as when service provider is obliged to provide service to Railways and receive payment; when is Railways obliged to pay to the service provider. For ready reference on the determination of applicable GST rate, refer to the below table -

Service Supplied before 18 <sup>th</sup> Jul'22	Invoice Issued before 18 <sup>th</sup> Jul'22	Payment Received before 18 <sup>th</sup> Jul'22	Applicable GST Rate
Yes	No	No	18%
Yes	Yes	No	12%
Yes	No	Yes	12%
No	Yes	Yes	12%
No	Yes	No	18%
No	No	Yes	18%

## II. Withdrawal of GST exemption on rail transportation of railway equipment and material (RMC)

Pursuant to the withdrawal of such GST exemption, now GST shall be applicable on the intra-railways rail transportation of railway equipment and materials. GST implications on such transportation shall be similar to the transportation of other goods by rail i.e., @5%. CRIS shall undertake necessary system modifications to ensure automatic capturing of GST in the railway receipt being issued in respect of such transportation without entailing involvement of Railways in preparation of railway receipt for such supply. Here it is imperative to note that where supply of such transportation service is between same GSTIN i.e., supplier GSTIN is same as that of recipient GSTIN even if such GSTIN falls under two Zonal Railways, no GST shall be applicable on such intra-GSTIN self-supply.

Reporting of RMC transportation service in the GST return shall be done as under:

**Outward Supply Reporting/GST Liability:** Details of such railway receipts shall be considered by CRIS for reporting in FORM GSTR-1 and FORM GSTR-3B of the supplier Railways GSTIN.

**Inward Supply Reporting/ITC:** ITC pertaining to all such railway receipts in the hands of the recipient Railway shall, by default, be flagged as 'C2'. A list of such ITC shall be shared with the recipient Railways latest by the 12<sup>th</sup> of the next tax period giving them an option to review such flag depending upon the end use. If changed within the stipulated timeline, such revised ITC flagging will be taken into consideration by CRIS for ITC availment else ITC will be availed basis the default 'C2' flag, post GSTR-2B reconciliations thereof.

## III. Withdrawal of GST exemption from the supply of retiring room having declared tariff of a unit up to Rs.1000-

Renting of retiring rooms wherein the value of supply of a unit of accommodation is below or equal to Rs.1000/- per day or equivalent is now liable to GST. However, it is imperative to note that vide S.No. 9 of the Notification No. 12/2017-Central Tax (Rate), any supply of service of Indian Railways, except supply of service by way of transportation of goods or passengers, where consideration for such supply does not exceed Rs. 5,000/-, is exempt from levy of GST.

Tariff slabs for determination of GST rate on retiring room renting w.e.f. 18<sup>th</sup> Jul'22 are as under-

Tariff -- per unit per day or equivalent	GST Rate
Less than or equal to Rs. 7,500/-	12%
Above 7,500/-	18%

Examples to clarify the GST rate applicable on renting of retiring rooms post withdrawal of such Rs.1,000/- per day or equivalent exemption read with the existing threshold of Rs. 5,000/-, are as follows -

### Example-1

Tariff - Rs. 900/- per unit per day or equivalent

Duration of Stay - 2 days

Total value of supply - Rs. 1,800/-

GST implications w.e.f 18th Jul 2022 - Exempt, as even if tariff i.e., Rs. 900/- falls under the taxable slab (less than or equal to Rs. 7,500/-), the value of supply i.e., Rs. 1,800/- does not exceed Rs. 5,000/- exemption threshold.

### Example-2

Tariff - Rs. 900/- per unit per day or equivalent

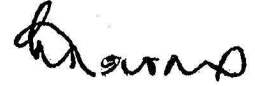
Duration of Stay - 6 days

Total value of supply - Rs. 5,400/-

GST implications w.e.f 18th Jul 2022 - Taxable @ 12% as tariff i.e., Rs. 900/- falls under the 12% GST slab (less than or equal to Rs. 7,500/-) and the value of supply i.e., Rs. 5,400/- exceed Rs. 5,000/- exemption threshold.

From the above explanation and examples, it is concluded that no GST shall be applicable on renting of retiring rooms where value of supply does not exceed Rs. 5,000/- irrespective of per unit per day tariff. In case the same exceeds such threshold, GST shall be applicable at the GST rate as per tariff slabs mentioned above.

It is desired that all the Railways and Units must immediately apprise themselves of the aforementioned guidelines and ensure adherence to the same in consultation with their GST consultants.

  
(Sanjeev Sharma)  
OSD/Accounts  
Railway Board

Copy to:

1. PFAs All Zonal Railways/Production Units
2. All EDs, ED level empowered Committee in Railway Board
3. All Directors of GST Cell, Railway Board
4. MD, CRIS, Chanakyapuri New Delhi
5. Director/Finance, Director/PS, Director/Operations, CRIS, Chanakyapuri, New Delhi
6. GM/Finance and GSTM, GM/FOIS, GM/PRS, GM/EPS, GM/UTS, GM/Parcel, CRIS, NDLS