

DIESEL LOCOMOTIVES WORKS/VARANASI

No.32-SI75/GST/DLW

Dated: 12.03.2020

Joint procedure order for implementation of change in GST structure due to-Government notification

Recently, GST rates for goods falling under HSN code classified under chapter 86 which includes rolling stock and parts thereof, has been revised from 5% to 12% w.e.f 01.10.2019, vide gazette notification no 14/2019 dated 30.09.2019. The impact of revision of GST rate on the different stages of material procurement process has been analyzed in consultation with Finance and it has been decided with the concurrence of Finance and approval of GM/DLW to take following actions in different situations, mentioned as under:-

**A. Situation-1: In existing contracts (placed against the tenders opened on or before 30.09.19) issued with 5% GST where original DP is available beyond 30.09.2019:**

**Action :-** Enhanced rate of GST @ 12% for the supply made on or after 01.10.2019 will be paid under SVC, if SVC clause is stipulated in PO on specific request of supplier for such increase, after getting following confirmation/certification from the supplier-

*The declaration shall be submitted with each Bill for the supplies made on or after 01.10.2019 as under:*

*"We hereby declare that the financial gain/benefit on account of additional set offs/Input tax credits utilization to the tune of Rs .....has accrued due to enhanced rate of GST from 5% to 12% under chapter 86 of HSN vide notification no. 14/2019 CT(Tax) dated 30.9.2019 (effective from 01.10.2019) and accordingly, the same is being passed on to the purchaser, and, to that effect, the payable amount may be adjusted In this regard, the necessary certificate from the Statutory auditor, or cost auditor of the company (in case of companies) or practicing cost accountant or practicing chartered accountant is enclosed".*

*We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same. "*

An amendment to purchase order will be issued duly vetted by finance for enabling payment as per enhanced rate of GST in the deserving situation, mentioned above on specific request of the supplier for such increase.

**B. Situation-2: In existing contracts issued with 5% GST where original DP has expired on or before 30.09.2019 and denial clause is applicable:**

**Action :-** Supplier will be paid 5% GST as per original contract by Railways and the amount of GST over and above 5% (i.e. balance 7%) shall be borne by supplier in view of applicability of denial clause.

**C. Situation-3: Tenders opened on or before 30.09.2019 including those where negotiation has been conducted and where LOA/Counter offer/Purchase order are to be issued.**

**Action: -** In such cases, acceptance will be issued as per the (original tax structure (5% GST) quoted by the firm. Though it cannot be said in certainty but it is possible that firms might have taken into account any anticipated benefit due to any additional ITC at negotiation taken place on or after 01.10.2019.

Dy C.M. / Dy. Secy. II

Dy. Secy. CAO / G