

**North Central Railway  
FAQ on GST**

<b>A) QUERIES RELATED TO EXISTING CREDITS:</b>	<b>Reply</b>
<p><b>1.</b> Detailed procedure for claiming taking credit for existing CENVAT credit may be specified. In this context it may be clarified whether this credit is of use given that for output services by NCR, Input tax credit on only GST paid on services is now available? In this context what are the items for which NCR may claim input tax credit? Kindly note that NCR is paying ED, CST/VAT and Entry Tax on purchase of stores, VAT on sale of scrap, and service tax on certain items under Reverse charge. The segregation of credits under CGST, SGST and IGST may also be clarified.</p>	<p><b>1-</b>Credit balance available as on 30-06-17 in Service Tax return will be carried forward through Train -1( Sec 140(1) CGST Act.  <b>2-</b> Input Tax Credit of in respect of Production /Manufacturing establishments such as RWP Beta and other workshop/depot etc will be taken as inputs lying in stock, inputs contained in semi finished goods and finished products on strength of central Excise Invoice and Tax Invoice at VAT through TRAN-1. No Credit is available for CST. Credit of duty paid on Central Excise duty and service tax will be available as CGST and tax paid on vat will be available as SGST.  <b>3-</b> Credit will be automatically credited in electronic credit ledger in GSTN on filling Train 1. No need to categorise credit claim.  <b>4-</b> Credit is to be segregated for taxable, Non Business Exempt and Zero rated Supply.</p>
<p><b>2.</b> With reference to the above, what is the last date by which such credit can be claimed under GST?</p>	<p>28<sup>th</sup> September 2017.</p>
<p><b>3.</b> Further, whether the credit for taxes paid on Capital Goods in 2016-17 can be taken for Input tax credit and if so against what output tax liability?</p>	<p>No Credit for taxes paid on Capital Goods in 2016-17 is available.</p>
<p><b>B)-QUERIES RELATED TO INPUT TAX CREDIT (ITC):</b></p>	
<p><b>4.</b> Please explain in detail how the input tax credit is to be calculated under GST and how these are to be shown separately under IGST, CGST and SGST?</p>	<p><b>1-</b>There is no need to calculated and seprate input tax credit it will be auto populated in GSTR-2A on Common Portal.  <b>2-</b>It is to be matched with purchases supply received upto 15<sup>th</sup> of following month.  <b>3-</b> Credit is to be segregated for taxable, Non Business Exempt and Zero rated Supply.</p>
<p><b>5.</b> In continuation of the above, we would like to know the methodology of calculating ITC, after factoring in exempt/ 0 rated supplies? NCR also takes supplies for facilities such as</p>	<p>Credit in input of all purchases will be available auto populated GSTR-2 A apportionment of credit will be done as per provision of sec 17(1) &amp; (2) read with input Tax Credit Rule (7) &amp;(8).</p>

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<p>medical, staff quarters, railway schools etc. Whether any ITC for inputs for the same can be taken or not? You are requested to discuss with the NCR officers to identify such activities and furnish your comments.</p>	
<p><b>6.</b> The bulk of Input tax credit is now available by way of GST paid on Service contracts for NCR. However, for manufacturing activities, credit on purchase of stores is also permitted? How is NCR going to segregate the two different credit schemes for using ITC on services for its GST on earnings and ITC on stores for GST on manufacturing. In this context, are we required to segregate the GST paid on Stores purchased for manufacturing units only or can entire ITC for stores purchased by NCR be used against GST for manufacturing units and other Workshops of NCR, already highlighted in Para 1 above.</p>	<p><b>1-</b>All inward supply of goods or services received in state of Bihar shall be taken for GST. <b>2-</b>Segregation will be needed for exempt/Zero rated outward supply and Non business entity taxable supply made by Railway in Bihar for apportionment of ITC.</p>
<p><b>7.</b> What will be the scheme for claiming ITC for Capital Goods and what is the formula?</p>	<p>Full ITC will be admissible on Capital Goods in GST apportionment will be made in accordance with formula given in Rule- 8 of ITC Rule.</p>
<p><b>8.</b> Under Passenger services , NCR will pay GST on AC class but not sleeper and unreserved. Will ITC from GST on services have to be segregated for his. If yes, please suggest a suitable formula for this?</p>	<p>No The supply made for taxable and non taxable to be accounted apportionment of ITC will be made according to provisions of Section 17 Of CGST and ITC Rules.</p>
<p><b>9.</b> As per GST Tariff rules, ITC on Services is permitted against transportation service provided by NCR. However, in case of Inter-State transfer of Goods by a depot/unit of NCR, IGST is payable? What scheme should we adopt to avail ITC for such transfer,</p>	<p>ITC is available subject to provision of Sec 16,17 of CGST Act 2017 read with ITC Rules 2017(Proportionate Credit is available.)</p>

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<p>since under present scheme NCR will primarily be claiming ITC only for GST paid on services.</p>	
<p><b>10.</b> Will the additional surcharges such as Krishi Kalyan Cess, Education Cess etc are available for Input Tax Credit?</p>	<p>No such surcharge is applicable in GST</p>
<p><b>11.</b> In certain procurement of goods, 95%/98% payment is made against proof of despatch/Inspection certificate and balance on receipt of goods. The payments include the tax component. Please clarify whether Input tax credit can be taken for such advance payments? There are similar advance payments in Service contracts also.</p>	<p>Input Credit is admissible if goods and bill/invoice has been received. Credit of input services is admissible apportion in respect of which bill has been received and advance has been paid.</p>
<p><b>12.</b> For supplies by certain PSUs, 100% payment against proof of despatch, including taxes is done under what is known as “Pro-forma Invoice Payment”. Please clarify the stage where Input Tax Credit can be taken</p>	<p><b>1-</b>According to GST Law Tax Invoice is to be issued at the time of removal of goods.If tax is not paid by the supplier then he will be liable for interest and penalty. Railway if takes ITC on such invoices will be liable for interest and penalty. <b>2-</b>Regarding supply before 1<sup>ST</sup> July of Goods and Invoice received and interned in books of account input credit is admissible.</p>
<p><b>13.</b> Kindly identify NCR’s activities and clarify the types of Input tax credit that will be available under GST for different earning activities?</p>	<p>Detailed discussion is needed on the matters.</p>
<p><b>C)-QUERIES RELATED TO GST PAYABLE:</b></p>	
<p><b>14.</b> Will GST be payable by Railway Workshops/ Loco Sheds? While the workshops do major repairs and renovation for Coaches and Wagons/ manufacture activities, Loco Sheds are for minor day to day repairs. There is a combination of Stores purchased/ obtained from other Railways, use of Railway staff and some works contract also. Note that Railway Workshops of</p>	<p><b>1-</b>Services provided by government to non business entity is not liable for tax except transport of passengers and goods. <b>2-</b>Refer S.L. No 1 Of GST exemption is decided by Council. Any Services provided by government other than services of transport of passengers/freight to government is exempt. Services provided to business entity is taxable.</p>

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<p>NCR do not have any costing system and simply book expenses against the work done every quarter. Same is the case with the Loco Sheds.</p>	
<p><b>15.</b> These Workshops execute work for NCR. While the Workshops of UP will be included in NCR what GST will be payable for coaches/wagons of units outside UP but belonging to NCR?</p>	<p>Same as above</p>
<p><b>16.</b> There are certain charges such as Siding charges, Rental, demurrage and wharfage, cost of staff deputed at sidings, electricity and water charges etc which is collected by IR. Will GST be levied on all of these and if yes will the GST be payable at time of billing/payment. Please note that in most of these cases there is a wide time lag between billing and payment. Can a mode of billing be suggested whereby GST becomes payable only at time of payment?</p> <p><b>17.</b> What is the mechanism for payment of GST- cash/online transfer/adjustment against Input Tax Credit? The periodicity should also be clarified? Will NCR be required to make any initial money deposits under GST and if so, the amount may be suggested based on NCR's earnings.</p>	<p>Yes.GST will be levied on all such payments is supplies made to business entity except supply of electricity units and waters. GST is payable at the time of billing or payments whichever is earlier. (Detailed reply of item of revenue has already promoted.</p> <p>Output tax Liability of GST may be adjusted through Credit available in electronic Credit Ledger and balance amount to be paid may be deposited in electronic cash ledger by online transfer or any other means.</p>
<p><b>18.</b> What are the services on which GST is payable on Reverse Charge Mechanism? Under what head can the input tax credit for the same be taken?</p>	<p>List enclosed</p>
<p><b>19.</b> Please furnish the GST Tariff rates, the HSN and Service Code classification for circulation to all Departments/units of NCR?</p>	<p>List enclosed</p>
<p><b>D)QUERIES RELATED TO TAX INVOICE:</b></p>	

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<p><b>20.</b> As per GST Rules individual tax invoice need not be issued where the recipient is not a registered person or the recipient does not require a tax invoice. Are we to understand that in such cases a consolidated tax invoice for such transactions may be issued at the close of each day?</p>	<p>Individual tax invoice not to be issued to unregistered persons for supply of goods or services of Rs 5000 only. Single tax invoice at end the day may be issued.</p>
<p><b>21.</b> As per Rule 8 of GST Tax invoice Rules, Tax invoice is not required for transportation of goods other than “by way of supply”. Sometimes Railway material for use by Railways are transported by Freight trains/Railway trucks/hired trucks for use by Railway itself. This may also involve inter-state movement. Pls clarify whether tax invoice is required to be issued or not?</p>	<p>Tax invoice to be issued for inter state movements/Not required to be issued within states hired trucks are inward supply tax invoice for services is to be issued.</p>
<p><b>22.</b> The tax invoice is to have the signature or digital signature of the supplier or his authorized representative. Does this imply that NCR HQ/DRM can authorise officers other than the officer authorized to upload the returns, to sign the tax invoice.</p>	<p>Any person authorised by BCR/DRM.</p>
<p><b>23.</b> At what time is the tax invoice to be issued?</p>	<p>Before or at the time of removal of goods or at the time of delivery of goods.</p>
<p><b>24.</b> For works contract, no invoices are raised. The work done is recorded by Railway staff in Measurement Book (MB) and payment made as per the measurement recorded and contractual rates. How will tax invoice be raised in such cases and how will GST credit taken? Further, please clarify whether GST on Works Contract can be taken as Input Tax Credit on account of GST paid for Services.</p>	<p>Input Tax credit on works contract is available for plant and machinery only. Contractor is required to issue tax invoice within thirty days of supply, receipt of advance of payments as given in contract in case of continuous supply of services whichever is earlier .</p>

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<p><b>25.</b> Like-wise in any transfer of goods from one depot to another (Inter-State) no invoicing is done. Please suggest the steps to be taken.</p>	<p>Transfer of goods inter state attracts GST to be transferred on Tax Invoice.</p>
<p><b>26.</b> It has been given to understand that tax invoice is to be generated by NCR for manual transactions. For Centralized software such as PRS and FOIS while the invoice number will be generated by CRIS, actual invoice is to be issued by NCR. To ensure continuity check, please suggest a system of numbering of tax invoices for manual transactions?</p>	<p>Please refer railway board guideline in this regard . However as per invoicing rule under GST the no in Alphanumeric not exceeding 16 digit.</p>
<p><b>27.</b> We would also be requiring a standard format for invoices to be used by NCR.</p>	<p>Invoice to contain all the mandatory field. However format may change.</p>
<p><b>E)-QUERIES RELATED TO RETURNS:</b></p>	
<p><b>28.</b> NCR Would like to have clarity on returns to be filed?</p>	<p><b>a</b>-GSTR-1 to be filled on 10<sup>th</sup> of succeeding month. <b>b</b>-GSTR-2 to be filled on 15<sup>th</sup> of succeeding month. <b>c</b>-GSTR-3 to be filled on 30<sup>th</sup> of succeeding month.</p>
<p><b>29.</b> Wewould like to have a system where the Return can be populated from the existing database itself, of inward supplies of Goods and Services/ outward supply. Please suggest suitable measures in this regard.</p>	<p>Inward supply will automatically appear on common portal. It is to be matched with supply received and apportionment for taxable supply and other supply is to be carried out on the basis of formula provided in ITC Rules.</p>
<p><b>30.</b> The monthly return of inward supplies is to be checked from 11<sup>th</sup>-15<sup>th</sup>. Is this to be checked for all inward supplies where tax invoice has been raised or only for those where NCR is entitled to avail Input Tax Credit?</p>	
<p><b>31.</b> Is there a readymade software available which can help in automated matching of such statements with our</p>	

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database?	
<b>32.</b> There is a time lag between raising of tax invoice and its bill passing and payment. Ideally the verification of inward returns should be done only after payment but then the checking between 11 <sup>th</sup> -15 <sup>th</sup> may not be possible. This aspect may be clarified?	

**Note-** For purpose of GST for Railway all receipt & supply will be considered by one distinct person in a state . No calculation may be made zone wise. Segregation for Inward of goods or services is required for non business activity/exempt supply and turnover for above supply for apportionment of ITC.