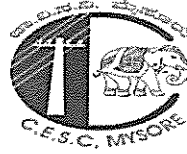


CHAMUNDESHWARI ELECTRICITY SUPPLY CORPORATION LIMITED
(Government of Karnataka undertaking)

Ph. No.: 0821-2417106
Fax. No.:0821-2417105
Email: cfo@cescmysore.org
CIN:U40109KA2004SGC035177



Corporate Office,
NO.29, Vijayanagar, 2nd Stge ,
Hinkal, Mysuru-570017.

No.CFO/GM/DGM(A&R)/AGM(Tax)/17-18/CYS-431

Date: 14 JUL 2017

To,

The Chief Engineer(Ele), Mysuru Zone,
All Superintend of Engineer(Ele), O&M Circles,
All Executive Engineers(Ele), O&M Divisions,
Asst. General Manager(I/M), Corporate Office,
CESC.

Sir/Madam,

Sub:- Point of Taxation and applicability of GST and Other Taxes under various scenario before and after implementation of GST.

Followings are some of the important transactions which involves Point of Taxation and applicability of GST and Other Taxes under various scenario before and after implementation of GST with effective from 01.07.2017. And the Tax impact is given in the corresponding columns for reference and needful action.

A. Payment of Service Tax under Reverse Charge Mechanism or Payment of VAT
and Applicability of GST :-

I	Work completed before 30.06.2017 and Bill submitted before 30.06.2017 by the Supplier / Contractor	
	(i) Bill passed before 01.07.2017 and payment made before 01.07.2017 to the Supplier / Contractor	Old Service Tax at 15% or Old VAT rate 5.5% / 14.5% whichever is applicable. Service Tax has to pay before 31.07.2017 and ST-3 has to file on or before 15.08.2017

	(ii) Bill passed before 01.07.2017 and payment made after 01.07.2017 to the Supplier / Contractor	(i) If the payment to the Supplier / Contractor is made within 30 days from the date of Bill, Old Service Tax at 15% is applicable vide Notn.No.13/2014 ST dt.11.07.2014 or Old VAT rate at 5.5% / 14.5% whichever is applicable. For e.g:- Bills submitted on or before 30.06.2017 shall be passed and payment has to be made before 31.07.2017 to the Supplier / Contractor and Service Tax return in Form ST-3 is filed before 15.08.2017 (ii) If the payment is not made within the above date, New GST rate is applicable.
	(iii) Bill passed before 01.07.2017 and sent for fund requisition, fund not released and payment not made to the Supplier / Contractor with in 31.07.2017.	(i) New GST rate is applicable.
II	Work completed before 30.06.2017 but Bill dated before 30.06.2017 submitted after 01.07.2017 by the Supplier / Contractor	
	(i) Bill passed after 01.07.2017 and payment made before 31.07.2017 to the Supplier / Contractor	Old Service Tax at 15% or Old VAT rate 5.5% / 14.5% whichever is applicable. Service Tax has to pay before 31.07.2017 and ST-3 Return has to file on or before 15.08.2017
	(ii) Bill passed before 01.07.2017 and sent for fund requisition, fund not released and payment not made to the Supplier / Contractor	(i) New GST rate is applicable.
III	Work completed before 01.07.2017 and Bill submitted after 01.07.2017 by the Supplier / Contractor	GST rate applicable – 18% CESC need not have to pay GST under reverse charge. The Supplier / Contractor himself has to pay GST
IV	Work completed after 01.07.2017 and Bill submitted after 01.07.2017 by the Supplier / Contractor	GST rate applicable – 18% CESC need not have to pay under reverse charge. The Supplier / Contractor himself has to pay GST
V	Work awarded or Purchase order placed before 30.06.2017 which indicated old Service Tax / VAT rate but work executed or material supplied after 01.07.2017 and Bill submitted for making payment after 01.07.2017	GST rate applicable – 18% CESC need not have to pay under reverse charge. The Supplier / Contractor himself has to pay GST Suggested to amend the Work order or Purchase Order as per the New GST Rate.

B. Collection and Payment of Service Tax for Supervision Charges / Technical Services :-

I	Intimation given before 30.06.2017 and payment made before 30.06.2017	Old Service Tax at 15% is applicable. Service Tax has to pay before 31.07.2017 and ST-3 has to file on or before 15.08.2017
II	Intimation given before 30.06.2017 which includes old 15% Service Tax Rate (before implementation of GST) and payment made after 01.07.2017 after implementation of GST	(a) GST rate applicable – 18%. (b) Suggested to amend the Work order regarding applicability of Tax as per the New GST Rate. (c) Supply invoice should be issued for the Supervision / Technical service under GST invoice Rules.
III	Intimation given after 01.07.2017 and payment made after 01.07.2017 after implementation of GST	GST rate applicable – 18%. Supply invoice should be issued for the Supervision / Technical service under GST invoice Rules.
IV	Intimation given before 30.06.2017 and payment made before 30.06.2017 which included old Service Tax/Vat rates, but work award issued after 01.07.2017	(a) GST rate applicable – 18%. (b) Suggested to amend the Work order regarding applicability of Tax as per the New GST Rate.

C. Payment of GST for Legal Charges & Transportation charges after 01.07.2017 under

Reverse charge mechanism

I	Legal Charges	GST – 18%
II	Transportation Charges	GST – 5%
III	Purchase/ Service from Un-Registered Dealer (URD)	Applicable GST for the Product / Service
IV	Service from State Govt / Central Govt. departments	GST – 18%

Note : After 01.07.2017, relating CESC transactions above four services are covered under reverse charge. In respect of other services (like Works Contract, Manpower, Security, Car Rental), the provider himself has to pay GST

D. Collection & Payment of GST from Un-Registered Dealer after 01.07.2017.

I	Un-Registered dealer (Less than Rs.20L Turnover in a year) should not collect Tax separately in his invoice from the buyer or service receiver	The buyer or service receiver (CESC) shall deduct applicable GST rates from the supplier's invoice and has to make payment to the Govt. under reverse charge mechanism
---	--	--

E. Collection & Payment of GST from the Dealer under Composition (COT) after 01.07.2017

I	Registered dealer working under Composition Tax method (COT – Turnover more than Rs.20L and Less than Rs.75L in a year) should not collect Tax separately in his invoice from the buyer or service receiver	(a) CESC need not have to pay Tax to Govt. under reverse charge mechanism (b) The supplier has to pay concessional Rate of Tax (for manufacturer-2% and for Trader-1%) to the Govt.
---	---	--

F. Input Tax Credit under GST (ITC)

I	ITC in the case of Total Turnkey Projects	(i) Item should be procured and accounted in stores separately for Turnkey Projects.
II	Self-Execution Works.	(ii) Separate Books of Accounts shall be maintained (iii) ITC Credit should be taken for the items exclusively used for Turnkey Projects. (iv) Suppliers Invoice should be kept separately and ITC credit should be taken (v) Sale invoice under GST Rules should be issued for the items supplied for the Turnkey Projects (vi) Monthly Sales & Purchase should be uploaded as in GSTR-I and GSTR-2 (vii) Monthly Return in form GSTR-3 has to filed along with other details.

Any discrepancies and further clarifications required , that shall be bring in to the notice of the under signed.

Yours faithfully,


Chief Financial Officer,
CESC.

Copy to :-

- 1) The Chief General Manager (I/A), CESC, Corporate office, Mysore, kind information.
- 2) PS to MD/DT/CFO.
- 3) All Accounts Officers, CESC.
- 3) Asst. General Manager (Tax), CESC, Corporate office. Mysore, / MF.