(भारत सरकार) GOVERNMENT OF INDIA
(रेल मंत्रालय) MINISTRY OF RAILWAYS
(रेलवे बोर्ड) RAILWAY BOARD

RBA No. 63/2020
GST Circular No. 35/2020

7th August, 2020

General Managers,
Zonal Railways/Production Units

Sub:- Guidelines in respect of inward supplies of goods or services under Reverse Charge Mechanism

Railway Board has been issuing instructions relating to GST from time to time. These include instructions on dealing with transactions classified under Reverse Charge Mechanism (RCM).

A review of data for the Financial Year 2019-2020, April 2020 and May 2020, revealed that certain Zonal Railways/Production Units are categorizing procurements that ought to be categorized under forward mechanism as RCM.

In forward mechanism, liability to charge GST is on the supplier and not on the recipient of supply. Whereas, in the case of RCM, discharge of GST liability in respect of the Goods or Services is responsibility of IR (as a procurer of goods and services), and, there should be simultaneous availment/adjustment of tax so paid as Input Tax Credit (ITC).

While passing a bill for payment under Internal Check module in IPAS, there is a field to capture whether the item so procured falls under RCM criteria or not. The following guidelines enumerate supply of goods and services wherein GST under RCM shall be discharged by IR.

Goods Procurement

Vide Notification No. 04/2017-Central Tax (Rate) dated 28th June,2017, CBIC has notified various goods in in respect of which the tax shall be paid on reverse charge basis, by the recipient of such goods. The descriptions of goods relevant to IR is:

S.NO.	HSN	Description of supply of Goods	Supplier of goods	GST Rate(in%)
1.	Any Chapter	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union territory or a local authority	Depends on goods procured i.e., GST rate as that of goods procured

Procurement of Services

Vide Notification No. 13/2017-Central Tax (Rate) dated 28th June,2017, CBIC has notified various category of services in in respect of which the tax shall be paid on reverse charge basis by the recipient of such services. Out of such list of services, below are the ones relevant to IR-

S.NO.	Category of supply of service	Supplier of service	GST Rate (in %)
1.	Supply of Services by a goods transport agency (GTA)	Goods Transport Agency (GTA) who has not paid integrated tax at the rate of 12%	5%
2.	Security services (services provided by way of supply of security personnel)	Any person **other than a body corporate**	18%
3.	Any service supplied by any person who is located in a non-taxable territory (import of service)	Any person located in a non-taxable territory	18%
4.	Services supplied by a person located in non- taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India (ocean freight)	A person located in non-taxable territory	5%

The above list is reasonably exhaustive in nature with respect to the nature of procurements made by Indian Railways. Thus for any supply not falling within the above enumerated list, GST on the same shall not be discharged under RCM, unless otherwise notified. It is desired that the above may be reviewed in consultation with GST Consultants and corrective action may be taken by all the Zonal Railways and Production Units.

This issues with the approval of competent authority.

(V.Prakash)
Joint Director/Accounts
Railway Board

Copy to:-

1. All EDs, ED level empowered Committee, Railway Board
2. All Directors, Director level GST Cell, Railway Board
3. PFAs, All Zonal Railways and Production Units
4. GM/Finance/GSTM, GM/AIMS, CRIS