

POWERGRID's CLARIFICATION NO.-03 ON TRANSITIONAL ISSUES DUE TO GST IMPLEMENTATION

Sl. No.	Transitional Issues due to GST Implementation	POWERGRID's Clarification												
1.0	Supply of Goods and Services under on-going contracts	<p>Goods and Services Tax (GST) has been rolled out w.e.f. 01st July 2017. While GST has replaced most of the indirect taxes levied under pre-GST regime, it has also envisaged increased fungibility of credits thereby impacting tax incidences and related pricing of supplies. Whereas, the impact of GST on affected transactions under a contract are under deliberations (including consultations with contractors) and prices shall be adjusted equitably based on the same, following operating procedure, as discussed with some of the contractors, may be adopted for supply of goods and services (on or after 01.07.2017) in the intervening period:</p> <ul style="list-style-type: none"> - The GSTN Invoice may be raised basis the following prices: <table border="1" data-bbox="738 880 1501 1249"> <thead> <tr> <th data-bbox="738 880 810 1032">Sl. No.</th> <th data-bbox="818 880 1086 1032">Type of pre-GST Transaction as identified in the contract</th> <th data-bbox="1094 880 1501 999">Post-GST price expressed as percentage of pre-GST contract price*</th> </tr> </thead> <tbody> <tr> <td data-bbox="738 1021 810 1055">1.</td> <td data-bbox="818 1021 1086 1055">Direct Transaction</td> <td data-bbox="1094 1021 1501 1055">97.25%</td> </tr> <tr> <td data-bbox="738 1066 810 1099">2.</td> <td data-bbox="818 1066 1086 1122">Bought-out Transaction</td> <td data-bbox="1094 1066 1501 1099">84.75%</td> </tr> <tr> <td data-bbox="738 1133 810 1167">3.</td> <td data-bbox="818 1133 1086 1234">Installation including Civil works (if prices are inclusive of taxes)</td> <td data-bbox="1094 1133 1501 1167">84.75%</td> </tr> </tbody> </table> <p><i>*The basis as above has been worked-out for normal transactions of items subject to 18% GST only and are excluding incidence of GST thereon. Specific transactions viz. supplies from tax exemption area, Deemed Export transactions or items subject to 28% GST (Cables etc.) etc. shall, however, be looked into on case to case basis by POWERGRID for its operability under such procedure.</i></p> <ul style="list-style-type: none"> - The above formulation is for the purpose of facilitating dispatches and GST related compliances. As such, the same be resorted to only for meeting project requirements. - Consequent to the aforesaid, once the adjustment to the pre-GST contract price is agreed for arriving at the price net of GST, the contractor shall be required to issue credit/debit note depending on the agreed prices so arrived. Further, the payment will be released only after the said adjustment to the pre-GST contract price is agreed and amendment to the contract is issued. All endeavors shall be made by the contractor for early finalization of price as above. The liability of interest on additional tax incidence, if any, on account of issuance of such 	Sl. No.	Type of pre-GST Transaction as identified in the contract	Post-GST price expressed as percentage of pre-GST contract price*	1.	Direct Transaction	97.25%	2.	Bought-out Transaction	84.75%	3.	Installation including Civil works (if prices are inclusive of taxes)	84.75%
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		<p>notes shall be to the account of the contractor and POWERGRID shall not bear any liability on such account.</p> <p>- For the purpose of raising the invoice, state-wise GST Registration no. of POWERGRID has been provided on POWERGRID's website. The contractors are advised to raise the invoice for supplies against POWERGRID's GST Registrations no. of respective state where the goods are to be supplied/work is to be executed.</p>

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