

**POWERGRID's CLARIFICATION NO.-05 ON TRANSITIONAL ISSUES DUE TO GST IMPLEMENTATION**

| Sl. No.                    | Contractor's query on issues due to GST Implementation   | POWERGRID's Clarification   |            |  |                            |        |
|----------------------------|--|---|------------|--|----------------------------|--------|
| 1.0                        | <p>We request to clarify as per Clarification no.3 the Methodology for release of supply advance for our Contract .....dtd.....</p> <p>.....</p> | <p>a. This has reference to POWERGRID's Clarification No.-03 dated 19.07.2017 and Clarification No.-04 dated 28.07.2017 vide which operating procedure for facilitating dispatches of goods under GST in the intervening period (<i>i.e. period between 01.07.2017 (including the date) and date of finalization of agreement on adjustment to the pre-GST contract and issuance of amendment to the contract as referred to in the aforesaid clarifications</i>) was issued.</p> <p>b. Further to above, in the interest of project execution, operating procedure for release of Advance in the intervening period has been finalized as under:</p> <table border="1" data-bbox="767 887 1497 1061"> <thead> <tr> <th data-bbox="767 887 1086 992">Particular</th> <th data-bbox="1086 887 1497 992">Post-GST Advance Amount expressed as percentage of pre-GST Advance amount*</th> </tr> </thead> <tbody> <tr> <td data-bbox="767 992 1086 1061">Release of Advance payment</td> <td data-bbox="1086 992 1497 1061">84.75%</td> </tr> </tbody> </table> <p>*Note:</p> <ol style="list-style-type: none"> <li>1. <i>The above Advance amount shall only be released provided the conditions precedent to release of Advance is fulfilled as per the provisions of the contract.</i></li> <li>2. <i>The contractor shall raise the Proforma invoice(s) for the amount based on the factor as indicated and the amount admissible as per the contract. In addition to the Advance to be released to the contractor, GST@18% on such amount shall also be reimbursable over and above the Advance amount.</i></li> <li>3. <i>The Contractor shall, within 7 days from the date of receipt of Advance, furnish an Advance Receipt Voucher to POWERGRID, as prescribed under the GST Law. While raising the Invoice, the Contractor shall therefore furnish a confirmation to the above effect to POWERGRID.</i></li> <li>4. <i>The value of Advance Bank Guarantee shall be equivalent to the Advance Bank Guarantee requirement as specified in the contract based on pre-GST stipulations. As such, cases wherein the Advance Bank Guarantee has already been submitted, Advance shall be released on Bank Guarantee already furnished.</i></li> </ol> | Particular | Post-GST Advance Amount expressed as percentage of pre-GST Advance amount* | Release of Advance payment | 84.75% |
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|         |  | <p>c. Pending Agreement on adjustment to pre-GST contract and issuance of Amendment to the contract, release of Advance shall be done wherever required.</p> <p>d. Consequent to the aforesaid, once the adjustment to the pre-GST contract price is agreed for arriving at the price net of GST, the additional Advance amount, if any, along with GST thereon shall be released for which the contractor shall be required to enhance the value of the Bank Guarantee so as to include therein the additional amount along with GST thereon. Further, wherever required the contractor shall issue credit/debit note for affecting GST adjustments. 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 notes shall be to the account of the contractor and POWERGRID shall not bear any liability on such account.</p> <p>e. The above formulation shall be applicable for all packages including those under funding by Multi-lateral funding agencies. Cases which will require specific deliberations, if any, however, shall be looked into on case to case basis by POWERGRID for its operability under such procedure.</p> |

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