

Stores Department
CLW/Chittaranajn

No. CMM/CRJ/JPO/GST Pt.

Dated: 11.12.2019

ALL CONCERNED

Sub: Joint procedure order for Implementation of change in GST Structure
due to Government notification No.14/2019 dated 30.09.2019 –
regarding

-0-0-0-0-

Copy of Joint procedure order No. 01/2019 on the subject duly approved by
GM/CLW is attached herewith in five pages for implementation.

DA/- JPO in 5 pages


Dy.CMM/HQ

Chittaranjan Locomotive Works, Chittaranjan

JPO No. 01 of 2019

Dated:-11/12/2019

Joint procedure order for implementation of change in GST structure due to Government notification No.14/2019 dated 30.09.2019

Recently, GST rates for goods falling under HSN code classified under chapter 86 which includes rolling stock and parts thereof, has been revised from 5% to 12% w.e.f. 01.10.2019, vide gazette notification no. 14/2019 dated 30.09.2019. The impact of revision of GST rate on the different stages of material procurement processes has been analyzed and it has been decided with the concurrence of PFA/CLW, endorsement of PCMM/CLW and approval of GM/CLW to take following actions in different situations, mentioned as under:-

Situation-1: In existing contracts issued with 5% GST where original DP is available beyond 30.09.2019.:

Action (i) : - Enhanced rate of GST @ 12% for the dispatches made on or after 01.10.2019 will be paid (unless any particular clause of the contract denies specifically or where it is mentioned that SVC is not applicable) on specific request of supplier for such increase, after getting following confirmation/certification from the supplier -

One of the following declarations shall be submitted to the purchaser and with each Bill for the supplies made on or after 01.10.2019 as under:

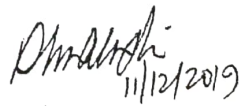
"We hereby declare that the no additional set offs/Input tax credits has accrued due to enhanced rate of GST from 5% to 12% under chapter 86 of HSN vide notification no. 14/2019 CT (Tax) dated 30.9.2019 (effective from 01.10.2019). In this regard, the necessary certificate from the statutory auditor or cost auditor of the company (in case of companies) or practicing cost accountant or practicing chartered accountant is enclosed".

We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same."

OR

"We hereby declare that the additional set offs/Input tax credits to the tune of Rshas accrued due to enhanced rate of GST from 5% to 12% under chapter 86 of HSN vide notification no. 14/2019 CT (Tax) dated 30.9.2019 (effective from 01.10.2019) and accordingly, the same is being passed on to the purchaser by way of reducing basic price and revised basic price shall be Rs..... In this regard, the necessary certificate from the statutory auditor or cost auditor of the company (in case of companies) or practicing cost accountant or practicing chartered accountant is enclosed".





We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same."

Further Action - *After getting above certification, necessary amendment shall be issued by the purchaser duly vetted by store finance and stores bill section shall clear the bill based on this amendment.*

Situation-2: In existing contracts issued with 5% GST where original DP has expired on or before 30.09.2019 and denial clause is applicable:

Action :- Such situations shall be dealt under Denial Clause and Supplier will be paid 5% GST as per original contract by Railways and the amount of GST over and above 5% (i.e. balance 7%) shall be borne by supplier in view of applicability of denial clause. *This however shall be done by keeping GST @ 12% and reducing the basic price to the extent that all inclusive prices shall remain same as per original PO. PO Amendment to that effect shall be issued by the purchaser duly vetted by stores finance. Store Bill section shall clear the bill based on this amendment.*

Situation 3: In Existing contract issued with 5% GST where original DP has expired on or before 30/09/2019 and modification advice has been issued for extension of DP

Action - In such cases, while issuing the modification advice, it should be clearly mentioned whether SVC clause will be applicable or not.


Sub – Situation A- If SVC is applicable, then it may be dealt as Situation 1 as mentioned in JPO


Sub – Situation B- If SVC is not applicable, then it may be dealt as Situation 2 as mentioned in JPO.

Situation-4: Tenders opened on or before 30.09.2019 including those where negotiation or E-RA has been conducted or counter offers have been issued:

Action - E-procurement system allows any negotiation or E-RA as per original tax structure only. Though it cannot be said in certainty but it is possible that firms might have taken into account any anticipated benefit due to any additional ITC at negotiation or E-RA stage, taken place on or after 01.10.2019. In cases where LOA or Counter offers are issued as per original tax structure (i.e. GST @ 5%) only. In such cases one of the following declaration shall be submitted by the firms before release of PO

"We hereby declare that the no additional set offs/Input tax credits has accrued due to enhanced rate of GST from 5% to 12% under chapter 86 of HSN vide notification no. 14/2019 CT (Tax) dated 30.9.2019 (effective from 01.10.2019). In this regard, the necessary certificate from the statutory auditor or cost auditor of the company (in case of companies) or practicing cost accountant or practicing chartered accountant is enclosed".


11/12/19


11/12/2019

We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same."

OR

"We hereby declare that the additional set offs/Input tax credits to the tune of Rshas accrued due to enhanced rate of GST from 5% to 12% under chapter 86 of HSN vide notification no. 14/2019 CT (Tax) dated 30.9.2019 (effective from 01.10.2019) and accordingly, the same is being passed on to the purchaser by way of reducing basic price and revised basic price shall be Rs..... In this regard, the necessary certificate from the statutory auditor or cost auditor of the company (in case of companies) or practicing cost accountant or practicing chartered accountant is enclosed".

We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same."

Further Action - Purchase Order shall be issued with the revised basic rates (if any) and GST of 12%

Situation-5: In the future tender, the following clause may be inserted (firm needs to confirm this clause) to take care of any variation in the GST

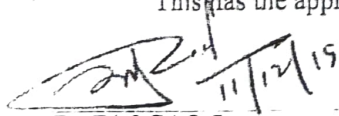
"We hereby declare that in quoting the above price, we have taken into account the full effect of Input Tax Credit available under GST. We, further agree to pass on any financial gain/benefit as may become available in future in respect of all the input tax credit on the date of supply by way of reduction in price and advise the purchaser accordingly."

We also undertake that we are aware of the provisions of section 171 of the CGST Act and consequences thereof if we fail to comply with the same."

Situation-6: Regarding payment of Bills already submitted by firms for material dispatched by them on or after 01.10.2019 and bills submitted with rate of GST of 12%

Till the time modification to the PO is issued based upon declaration of firm as required as per Situation 1, payment shall be made with original GST of 5%, but on specific request of firm, Balance amount shall be paid after firms submit supplementary bill along with necessary modification to the PO to that effect.

This has the approval of General Manager


Dy FA&CAO-I

CLW/CRJ


Dy CMM/P

CLW/CRJ

Annexure-A

Format for certificate by Chartered Accountant/Cost Accountant:

I/We, have examined the information, records and books of accounts including the information from GSTN Portal presented & before me/us by our client

(M/S Address:
GSTN.....) and certify the following:

- 1) Total accumulated Input Credit since 01.07.2017 RS.....
- 2) Total Turnover since 01.07.2017:
 - a) Under Chapter 86 Rs.....
 - b) Under Chapters other than 86 RS.....
- 3) Output GST liability since 01.07.2017:
 - a) Under Chapter 86 RS
 - b) Under Chapters other than 86 RS.....

It is certified that an amount of RS..... is available as additional input credit against the list of Purchase Orders placed by M/s. Chittaranjan Locomotive Works, Chittaranjan -713331, on the above firm, due to revision of GST rate from 5% to 12% after utilizing the input credit under chapters other than 86.

(Or)

It is certified that the additional input credit due to change in GST from 5% to 12% is "NIL" against the list of Purchase Orders placed by M/s. Chittaranjan Locomotive Works, Chittaranjan-713331, on the above firm as the unabsorbed input credit due to differential GST rate (between input and output) has not been included in the quoted basic rate and the same was utilized under chapters other than 86.

We understand that this certificate is being produced by our client named above, 15 purpose of availing revised GST of 12% as per the GST Notification No.14/2019 dt. 30.09.2019, We are aware that any false declaration in this respect will be in breach of the code of integrity under Rule 175(1)(i)(h) of the General Financial Rule for which our client or its successors can be debarred for up to two years as per 151(iii) of the General Financial Rules along with such other actions as may be permissible under law. We also undertake that we/our client shall indemnify the Administration against loss suffered due to any false declaration.

I/We are also aware that I am/We are liable to be taken up under Chartered Accountant Act, 1949/Cost Accountants Act, 1959 along with such other actions as may be permissible under the Company and other relevant laws in case of any false/incorrect certification by us with respect to input credit and other parameters for availing input credit.

CA/CWA's Signature:	Firm's authorized Signatory:
CA/CMA Regn. No.:	
Seal: Date:	Seal: Date:

[Handwritten signature]
11/12/19

[Handwritten signature]
11/12/19

Annexure-B

Format for Self Declaration by Firm:

Firm Name:

Address:

Purchase Order No. and Gate:

it is declared that I/We have not availed any additional input credit in respect of all the inputs used for the manufacture of final product since the date of notification no 14/2019 of Ministry of finance dated 30.09.2019.

(Or)

I/We have availed additional input credit of Rs..... in respect of the inputs used for the manufacture of final product since the date of notification no 14/2019 of Ministry of finance dated 30.09.2019 and the same is passed on as reduction in the basic price.

I/We will pass on such additional credits, duties and set offs as may become available in future in respect of all the inputs used for the manufacture of the final product on the date of their supply by way of reduction in price and advise the purchaser accordingly.

Firms' authorized signatory

Seal:

Date:

Conf. 11/12/19

11/12/19