

तार : 'फूडकोर्प'  
Gram : 'FOODCORP'  
फैक्स नं. : एचएफसीआई एनडी  
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भारतीय  
खाद्य  
निगम



FOOD  
CORPORATION  
OF INDIA

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Hqrs./Engg./Tech.Circulars/2017/

Dated: 25.08.2017

Circular No.04/2017

**Subject: - Implementation of GST (Goods and Services Tax) in case of works contracts in respect of Engineering works in Food Corporation of India.**

**Goods and Services Tax (GST)** has replaced the complex multiple indirect tax structure from 1 July 2017. It has replaced existing indirect taxes such as VAT, Service tax etc. Due to implementation of GST, a single tax is to be implemented on works contract. Implication of GST on existing and future works contract will be as follows:

- 1. In case of existing works contract:** Engineering works being dealt with approved MTF having clause 36A of documents which states that **"All Tendered rates shall be inclusive of all taxes and levies (except Service Tax) payable under respective statutes. The amount of Service Tax attributable towards the liability of the Contractor shall be paid by the Corporation to the contractor on production of Tax invoice ....."**

As per FCI Hqr. GST Circular no.F-19/GST/2016-17/FIN/ GST\_\_16 dated 21.07.2017, tax clause in existing contracts is to be interpreted as follows under GST regime.

S.no	Existing Clause	Interpretation under GST w.e.f 01.07.2017 dispensing existing contracts.
1	Inclusive of VAT (Except Service tax )	Exclusive of GST

In compliance of above mentioned circular, at par rate may be arrived by reducing the existing quote for VAT already included in price. The tax clause interpretation of existing contract ( i.e. par rate is exclusive of GST) and par rate may be intimated to existing contractor and reduced quote may be obtained in view of "Anti Profiteering Measures" clause (Section 171) of Central Goods and Service Tax Act 2017.

Regarding interpretation of any other tax clauses, other than above, or other details circular no. F-19/GST/2016-17/Fin/ GST\_\_16 dated 21.07.2017 and F-19/GST/2017-18/Fin/GST\_\_23 may be referred.

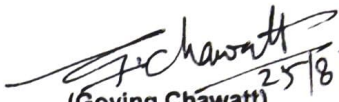

- 2. Engineering Works estimates** are being prepared using CPWD DSR 2016, since these rates are inclusive of VAT and exclusive of service tax, till such time clarification is issued by CPWD, all future estimates will be prepared on DSR 2016 after arriving at par rate by reducing the existing rate for VAT already included in rate and/ or market rates as the case may be. While processing the case for accord of AA&ES, GST @ 18% as works contract may be added as tax component. However NIT will be floated at estimate rate put to tender (based on par rate) and exclusive of GST.
- 3. In case any purchase is made from a person unregistered under GST through quotation or imprest advance, FCI will be liable to discharge GST liability under reverse charge (refer FCI Hqr. Circular no. F-19/GST/2016-17/FIN/GST\_04 dated 15.06.2017). Further in case total purchases made by any registration (for a single state it will include purchases made by all offices located in that state) from all unregistered persons in a day does not exceed Rs. 5,000/-(Five Thousand), then GST liability under**

reverse charge will not arise for that day (refer FCI Hqr. Circular no F-19/GST/2016-17/Part-I/Fin/GST\_25 (imprest report)).

4. As per GST circular no. F-19/GST/2016-17/FIN/GST\_10 dated 30.06.2017, processing fee charged for tender attracts GST rate of 18% and the same may be charged from prospective bidders by adding in tender processing fees.

This has been issued with the approval of Competent Authority.

Encl: As above

  
(Goving Chawatt)  
General Manager (Engg.)  
25/8/17  


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