



PUNJAB STATE TRANSMISSION CORPORATION LIMITED
(Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India)
Corporate Identity Number - U40109PB2010SGC033814,
Office of CFO, AO/Taxation, Shakti Sadan, Patiala
E-mail: ao-taxation@pstcl.org, Tel/Fax No. 0175-2203637

Taxation Circular no. 9/2016

To

All Addl. SEs/Sr. Xens/AOs (DDOs)
Under PSTCL

Memo No: - 1892-1939/CFO/Taxation/10

Dated: 05.07.2016

Subject: - **Charging of different type of Taxes on deposit works done by PSTCL on behalf of PSPCL and for other agencies.**

It has come to the notice that offices of PSTCL are not properly charging the Service Tax, VAT and other Statutory levies in respect of Deposit Works done by them on behalf of PSPCL and other agencies. Add. SE/ Grid Construction Division, PSTCL Moga sent details of one case in which a clarification was sought regarding charging of Service Tax, VAT and other taxes. In this regard, an expert opinion has been taken on this matter. As per expert opinion, which has been accepted by PSTCL each DDO/Accounting unit of PSTCL shall follow the following procedure regarding charging of various Taxes (Service Tax, VAT and others) on deposit works done by PSTCL on behalf of PSPCL and for other agencies:

For Supplying of Material

<u>Particulars</u>	<u>Amount (Rs.)</u>
Cost of Material	*****
1. Sub Station Transformer	*****
2. Switchgear Material	*****
3. Towers, Conductors, Underground Cables etc.	*****
4. Any other Material	*****
Total cost of Material	*****
5. Departmental Charges @27.5% on 1, 2, 3 & 4 above	*****
Total cost of Material (A)	*****
(B) TAX	*****
VAT as per rate applicable on (A) (Present Rate @5.5% plus 10% surcharge)	*****
(C) Gross Total Amount (A+B)	*****
Add Labour Cess @1% on contract value (C)	*****
Grand Total (D)	*****

For Providing Services

Particulars

Amount (Rs.)

(A) Cost of Services Charges

1. Labour Charges	*****
2. Loading & Unloading Charges	*****
3. Storage Charges	*****
4. Contingency Charges	*****
5. Any other service charges	*****
Total Cost of Service Charges	*****
6. Departmental Charges @27.5% on 1, 2, 3, 4 and 5 above	*****
Total cost of Services Charges (A)	

(B) TAX

Service Tax as per rate applicable (A) *****

(Present Rate ST 14%+ SBC 0.5%+ KKC 0.5% = 15%)

(C) Gross Total Amount (A+B)

Add Labour Cess @1% on contract value (C) *****

Grand Total (D) *****

Dismantling of Old Transformer and other material:

It is also observed that at the time of preparing deposit work estimate, dismantling of the old transformer and any other material is shown as adjustment/deduction from the value of new work, which is not correct and same should be taken as a separate work/activity.

Therefore, it is also advised that in future no adjustment/deduction for cost of old material from the value of new material should be done as has been done in the past in various cases and also to charge correct Departmental Charges on the full value of new material and services.

Apart from above it is also advised that consolidated invoice should be issued for each deposit work done by PTSCCL by charging the Service Tax, VAT and other taxes as mentioned above. For reference and understanding an example has been prepared (Annexure 'A') along with consolidated invoice (Annexure 'B') for charging of different taxes as per above mentioned procedure.

This issue with the approval of Director/F&C, PSTCL Patiala.

Vibom Khandel
05/07/2016

Accounts Officer/ Taxation
PSTCL, Patiala.

Endst No: - 1940-1977/CFO/Taxation/10

Dated: -05.07.2016

Copy of the above is forwarded to the following for information and further necessary action please.

1. Engineer-In-Chief/TS, PSTCL, Patiala.
2. Chief Engineer/SLDC, PSTCL, Patiala.
3. Chief Engineer/P&M PSTCL Ludhiana.
4. Chief Engineer/HR, S&D and IT PSTCL, Patiala.
5. Financial Advisor PSTCL Patiala.
6. Company Secretary, PSTCL.

7. Chief Auditor, PSTCL, Patiala.
8. All Dy.CEs/SEs under PSTCL.
9. All Dy. CAOs / Dy. CAS / Dy. FAs under PSTCL.
10. All Addl. SEs/Sr. Xens (under PSTCL)
11. All AOs under PSTCL (other than DDOs).
12. SE/IT, PSTCL, Patiala for placing the circular on website of PSTCL.


05/07/2016.
Accounts Officer/Taxation
PSTCL, Patiala.

CC:

1. Sr. PS to CMD, PSTCL, Patiala for kind information of CMD, please.
2. Sr. PS to Director/F&C, PSTCL, Patiala for kind information of Director, please.
3. Dy. Secy. to Director/Tech., PSTCL, Patiala for kind information of Director, please.
4. Sr. PS to Director/Admn., PSTCL, Patiala for kind information of Director, please.

Annexure-A

Estimate of 220KV Sub-station GHTP Lehra Mohabat replacement of 100 MVA Transformer with 160 MVA (As per previous practice followed by different accounting units)

SI. No	Particulars	Amount (Rs.)	Labour Charges (Rs.)	Loading- Unloading (Rs.) @2.5%	Storage Charges (Rs.) @1%	Contingency Charges (Rs.) @1%	Total
1	Sub-Station Transformer	72770828.00	467601.00	50000/- (lump sum)	727708.00	727708.00	74743845.00
2	Dismantled Transformer	-46300000.00	112296.00				-46187704.00
3	Switchgear	2208469.00	12242000	55212.00	22085.00	22085.00	2430271.00
4	Dismantled switchgear cost		7450				7450
5	Underground cables	485228.00		12131.00	4852.00	4852.00	507063.00
6	Other works		32355.00			215000.00	247355.00
	Total	29164525.00	742122.00	117343.00	754645.00	969645.00	31748280.00
							Departmental Charges @27.5%
							8730777.00
							Total
							40479057.00
							Labour Cess @1%
							404790.00
							Grand Total
							40883847.00

Notes:

1. In future estimate should be prepared as per procedure adopted and shown in consolidated invoice (Annexure-B) along with charging of different taxes (Service Tax, VAT, Labour cess etc.
2. Dismantling of the old transformer and any other material has been shown as adjustment/deduction from the amount of original work should not be done in future and same should be valued as a separate work/activity, for preparing of estimate of main deposit work

Sample Invoice (Consolidated)

Annexure-B

Sl. No.	Particulars	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
(A) Cost of Material				
1	Sub station Transformer		727,70,828.00	
2	Switchgear		22,08,469.00	
3	Underground Cable		4,85,228.00	
4	Other Material			
				754,64,525.00
6	Departmental Charges @27.5% on Rs. 7,54,64,525/-			207,52,744.38
	Total Value of Material (A)			962,17,269.38
(B) Cost of Services Charges:				
B.1 Labour charges on:				
1	Sub station Transformer	4,67,601.00		
2	Switchgear	1,22,420.00		
3	Dismantale Switchgear	7,450.00		
4	Underground Cable			
5	Other Material	32,355.00	6,29,826.00	
B.2 Loading & Unloading charges on:				
1	Sub station Transformer	50,000.00		
2	Switchgear	55,212.00		
3	Dismantale Switchgear			
4	Underground Cable	12,131.00		
5	Other Material		1,17,343.00	
B.3 Storage Charges on:				
1	Sub station Transformer	7,27,708.00		
2	Switchgear	22,085.00		
3	Underground Cable	4,852.00		
4	Other Material			
			7,54,645.00	
B.4 Contingency Charges on:				
1	Sub station Transformer	7,27,708.00		
2	Switchgear	22,085.00		
3	Underground Cable	4,852.00		
4	Other Material	2,15,000.00		
			9,69,645.00	24,71,459.00
B.5 Departmental Charges @ 27.5% on 24,71,459/-				
				6,79,651.23
	Total Value of Service Charges (B)			31,51,110.23
(C) Total Cost (A+B)				
				993,68,379.60
(D) Taxes				
1	VAT as per rate applicable(Present rate @ 5.5% plus 10% Surcharge on VAT(A))		58,21,144.80	
2	Service Tax as per rate applicable (Present rate @15% (Valuation as per Rule 2A(i) of Service Tax (Dertermination of Value) Rules, 2006 (B))		4,72,666.53	62,93,811.33
(E) Gross Total (C+D)				
				1056,62,190.93
	Add:- Labour Cess @1% on complete contract value, i.e., (E)			10,56,621.91
(F) Grand Total				
				1067,18,812.84