



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

(Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India)

Corporate Identity Number - U40109PB2010SGC033814,

Office of Chief Financial Officer, AO/Taxation, Shakti Sadan, Patiala

E-mail: ao-taxation@pstcl.org, Tel/Fax No. 0175-2203637

GST Circular no. 04/2018

To

1. Chief Engineer/P&M Ludhiana.
2. Chief Engineer/HIS&D Patiala.
3. Chief Engineer/SLDC Patiala.
4. Chief Engineer/TS Patiala.
5. Financial Advisor, PSTCL Patiala.
6. Chief Auditor, PSTCL Patiala.
7. Company Secretary, PSTCL Patiala.
8. All Addl. SEs/Sr. Xens/AOs (DDOs under PSTCL).

Memo No: 1517/1569 /CFO/Taxation/38

Dated: - 25/6/18

Subject: Clarification regarding applicability of GST on the services provided by Central Govt./State Govt. including guarantee fee/commission paid to Govt. of Punjab.

Government of India, Ministry of Finance, Department of Revenue vide Circular No. 34/8/2018 - GST dated 01.03.2018 issued clarification regarding GST in respect of Guarantee Fee/Commission paid to Central Govt./State Govt. by state owned companies (copy enclosed). Clarification provided regarding subject cited above is as follows:

S No.	Issue	Clarification
4 (2)	Whether the guarantee provided by State Government to state owned companies against guarantee commission, is taxable under GST?	The service provided by Central Government/State Government to any business entity including PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee Commission is taxable.

Further as per Notification No. 13/2017- Central Tax (Rate) dated 28.06.2017, GST shall be paid on reverse charge basis under section 9(3) of CGST Act, 2017 on certain services received from Central Govt. State Govt. Union Territory and local authority (as already intimated by GST Circular 04/2017 dated 03.07.2017) which is reproduced below:

S No.	Category of Supply of Services	Supplier of service	Recipient of Service
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding , -	Central Government, State Government,	Any business entity located in the Taxable territory.

<p>(1) renting of immovable property, (Further, services provided by Central Govt., State Govt., Union Territory or Local Authority to Govt. Authority or Govt. Entity by way of lease of land is exempt as per Notification 01/2018 dated 25.01.2018).</p> <p>(2) services specified below-</p> <p>(i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority;</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers.</p>	<p>Union territory or local authority</p>	
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This is for your information and further necessary action please.

Vijam Koushik

Accounts Officer/ Taxation
PSTCL, Patiala.

Endst No: *1570/1601*/CFO/Taxation/38

Dated: -25.06.2018

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

1. All Dy.CEs/SEs under PSTCL.
2. All Dy. CAOs / Dy. CAS / Dy. FAs under PSTCL.
3. All Addl. SEs/Sr. Xens (other than DDOs).
4. All AOs under PSTCL (other than DDOs).
5. SE/IT, PSTCL, Patiala for placing the circular on website of PSTCL.

Vijam Koushik

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.

F. No. 354/17/2018-TRU

Government of India
 Ministry of Finance
 Department of Revenue
 Tax research Unit

**Room No. 146G, North Block,
 New Delhi, 1st March 2018**

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal
 Commissioners/ Commissioner of Central Tax (All) /
 The Principal Director Generals/ Director Generals (All)

Madam/Sir,

Subject: Clarifications regarding GST in respect of certain services

I am directed to issue clarification with regard to the following issues as approved by the Fitment Committee to the GST Council in its meeting held on 9th, 10th and 13th January 2018:-

S. No.	Issue	Clarification
1.	Whether activity of bus body building, is a supply of goods or services?	In the case of bus body building there is supply of goods and services. Thus, classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case.
2.	Whether retreading of tyres is a supply of goods or services?	In retreading of tyres, which is a composite supply, the pre-dominant element is the process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Which part of a composite supply is the principal supply, must be determined keeping in view the nature of the supply involved. Value may be one of the guiding factors in this determination, but not the sole factor. The primary question that should be asked is what is the essential nature of the composite supply and which element of the supply imparts that essential nature to

		<p>the composite supply.</p> <p>Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods (retreaded tyres under heading 4012 of the Customs Tariff attracting GST @ 28%)</p>
3.	<p>Whether Priority Sector Lending Certificates (PSLCs) are outside the purview of GST and therefore not taxable?</p>	<p>In Reserve Bank of India FAQ on PSLC, it has been mentioned that PSLC may be construed to be in the nature of goods, dealing in which has been notified as a permissible activity under section 6(1) of the Banking Regulation Act, 1949 vide Government of India notification dated 4th February, 2016. PSLC are not securities. PSLC are akin to freely tradeable duty scrips, Renewable Energy Certificates, REP license or replenishment license, which attracted VAT.</p> <p>In GST there is no exemption to trading in PSLCs. Thus, PSLCs are taxable as goods at standard rate of 18% under the residuary S. No. 453 of Schedule III of notification No. 1/2017-Central Tax(Rate). GST payable on the certificates would be available as ITC to the bank buying the certificates.</p>
4.	<p>(1) Whether the activities carried by DISCOMS against recovery of charges from consumers under State Electricity Act are exempt from GST?</p> <p>(2) Whether the guarantee provided by State Government to state owned companies against guarantee commission, is taxable under GST?</p>	<p>(1) Service by way of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST under notification No. 12/2017- CT (R), Sl. No. 25. The other services such as, -</p> <ul style="list-style-type: none"> i. Application fee for releasing connection of electricity; ii. Rental Charges against metering equipment; iii. Testing fee for meters/ transformers, capacitors etc.; iv. Labour charges from customers for shifting of meters or shifting of service lines;

		<p>v. charges for duplicate bill; provided by DISCOMS to consumer are taxable.</p> <p>(2) The service provided by Central Government/State Government to any business entity including PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee Commission is taxable.</p>
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2. Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours Faithfully,

Harsh Singh
Technical Officer (TRU)
Email: harshsingh.irs@gov.in
Tel: 011-23095543