



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

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

Corporate Identity Number - U40109PB2010SGC033814,

Office of AO/Taxation, Shakti Sadan, Patiala

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

GST Circular No. 03/2017

To

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

Memo No: -2453-2507/Taxation/38

Dated: - 29.06.2017

Subject: - Transitional Provisions related to Reverse Charge tax paid on specified services under Service Tax law and Works Contract Tax (WCT) deducted from contractors under Punjab VAT Act, 2005.

As per Notification No. 30/2012 dated 20.06.2012 (amended from time to time) issued by the Central Board of Excise & Customs (CBEC) Reverse Charge Mechanism (RCM) is applicable on specified services mentioned in the said notification. As per the notification service tax is to be deposited by the service receiver if they receive the specified services. This office has issued the Taxation Circulars from time to time for compliance of above notification. Out of the specified services mentioned in the notification there are following services mainly which are received by the PSTCL on which reverse charge is applicable:

S.No.	Description of a service	Percentage of service tax payable by the person providing service	Percentage of service tax payable by the person receiving the service
1	In respect of services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road (Abatement 70%)	Nil	100%
2	In respect of services provided or agreed to be	Nil	100%

	provided by individual advocate or a firm of advocates by way of legal services		
3	(a) In respect of services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on abated value to any person who is not engaged in the similar line of business (abatement 60%) (b) In respect of services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on non-abated value to any person who is not engaged in the similar line of business.	Nil 50%	100 % 50%
4	In respect of services provided or agreed to be provided by way of supply of manpower for any purpose	----	100%
5	In respect of services provided or agreed to be provided in service portion in execution of works contract	50%	50%

Central Govt. has notified the July 1st, 2017 (i.e. appointed day) to implement the Goods and Services Tax in place of Central Excise, VAT (including WCT), Central Sale Tax and Service Tax law etc. PSTCL has obtained a centralized registration number of GST by migrating from its VAT registration number and all Service Tax registration numbers. From the appointed day, service tax paid under reverse charge mechanism by PSTCL under service tax law are subsumed in GST and will be paid as per respective provisions of the GST law.

Point of Taxation (POT) in case of Reverse Charge Mechanism (RCM) under Service Tax law

Rule 7 of Point of Taxation Rules 2011: The Point of Taxation (POT) in respect of the persons required to pay tax as recipients of service under the rules made in this regard in respect of services notified under sub-section (2) of section 68 of the Act (i.e. services received under reverse charge), **shall be the date on which payment is made.**

Provided that where the payment is not made within a **period of three months of the date of invoice, the point of taxation shall be the date immediately following the said period of three months.**

Now there are following situations (where services falling under Reverse Charge Mechanism) will arise from July 1st, 2017 (i.e. the appointed day) which is discussed as under:

<u>Sr. No.</u>	<u>Situation</u>	<u>Reply</u>
1.	Services received by PSTCL on or before 30 th June, 2017	As per Point of Taxation Rule 7 discussed above liability to pay service tax under reverse charge

	and both Invoice received and payment made on or before 30 th June, 2017.	mechanism (RCM) will arise at the time of payment as in such case payment is made before 30 th June, 2017.
2.	Services and invoice received on or before 30 th June, 2017 but payment is made on or after 1 st July, 2017.	In such case liability to pay GST under reverse charge mechanism (RCM) will arise in place of service tax as the payment is not made on or before 30 th June, 2017 subject to the condition that invoice in such case is not received prior to three months before 30 th June, 2017.
3.	Services received on or before 30 th June, 2017 but Invoice received and payment is made on or after 1 st July, 2017.	In such case liability to pay GST under reverse charge mechanism (RCM) will arise in place of service tax as neither the invoice is issued on or before and nor the payment is made on or before 30 th June, 2017.

Therefore you are required to comply with the provisions of Goods and Services Tax (GST) law in place of service tax law from the July 1st, 2017 (i.e. appointed day) for services which are covered under reverse charge basis and for such services relevant instructions will be issued separately under GST law.

Work Contract Tax Deducted under Section 27 of the Punjab VAT Act, 2005

As per Section 27 of the Punjab VAT Act, 2005, notwithstanding anything contained in any of the provisions of this Act, every contractee responsible for making payment to any person (hereinafter in this section referred to as the contractor) for discharge of any liability on account of valuable consideration, **exceeding rupees five lac in a single contract payable** for the transfer of property in goods (whether as goods or in some other form) in pursuance of a works contract, **shall, at the time of making such payment** to the contractor either in cash or in any other manner, **deduct an amount equal to six per cent** of such sum towards the tax payable under this Act on account of such contract.

➤ **Section 142 of the CGST Act, 2017 explains the transitional provision in respect of the Tax deducted at source as under:**

Where a supplier has made any sale of goods in respect of which tax was required to be deducted at source under any law of a State or Union territory relating to Value Added Tax and has also issued an invoice for the same before the appointed day (i.e. 1st July, 2017) no deduction of tax at source under **Section 51** shall be made by the deductor under the said section where payment to the said supplier is made on or after the appointed day (i.e. 1st July, 2017).

In view of above it is evident that Work Contract Tax is not required to be deducted on the invoices which are received before 30th June, 2017 but payment is made on or after 1st July, 2017.

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

vipam Kaurseel

Accounts Officer/ Taxation
PSTCL, Patiala.

Endst No: -2508-2539/Taxation/38

Dated: - 29.06.2017

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.

vipam Kaurseel

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.