



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

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

Corporate Identity Number: U40109PB2010SGC033814

O/o Chief Financial Officer (Taxation Section), Shakti Sadan, Patiala

www.pstcl.org e-mail: ao-taxation@pstcl.org

GST Circular No. 01/2024

To

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

Memo No: 228-270 /CFO/Tax-47

Dated: - 12-03-2024

Subject: Claiming of Directly attributable/mappable Input Tax Credit on Deposit/Contributory works executed by PSTCL.

A Memo no.7-11/CFO/GST-Tax-47 dated 12-01-2024 has been issued by the office of CFO, PSTCL, Patiala to all HODs, in which it was stated that Hon'ble Punjab Authority of Advance Ruling gave its ruling vide order number AAR/GST/PB/33 dated: - 30-05-2023 and decided that PSTCL is eligible for claiming Input Tax Credit on Deposit/Contributory works executed by it. Therefore, the purchasing agency shall clearly mention the same in purchase/work order.

PSTCL is executing Deposit/Contributory works that currently attracts GST @18% (CGST 9% + SGST 9%) as outward supply & for this PSTCL is eligible to claim ITC of GST paid towards goods & services consumed for rendering Deposit/contributory works as per Advance Ruling. The ITC so claimed will reduce the cost of Deposit/Contributory works that will benefit the customer (paying for the work). However, PSTCL's principal outward services are by way of Transmission of electricity that is exempt from the purview of GST.

An expert opinion was obtained for claiming of directly attributable/mappable Input Tax Credit on Deposit/contributory works executed by PSTCL and the relevant query and their relevant brief conclusion of the opinion is as under: -

S. No.	Query	Brief conclusion of opinion
1.	How PSTCL can claim ITC on Deposit/Contributory works, when such works have been executed by PSTCL as turn-key projects, wherein entire works have been sub-contracted to different contractors or partially executed by PSTCL?	ITC is admissible provided such ITC is directly attributable to the outward supplies on which GST is duly deposited to the Government Exchequer on the consideration charged from the customer on whose request specific jobs were carried out.
2.	What is the procedure to claim the ITC on Capital expenditures where ownership of assets is not transferred to the customer.	ITC on goods and services received for the construction of immovable property is blocked

		<p>(see note 1 below), however in respect of contributory works, ITC is availed only for shifting the new asset or creating an asset, notionally recorded in the books of accounts, on the specific request of the consumer using the funds of the consumer and no new asset in substance is created. Therefore, no activity was undertaken with an intent to create new immovable property.</p> <p><i>Thus, it can be inferred that, ITC shall be admissible in respect of expenses incurred for shifting of transmission lines/towers or assets created on a specific request of the consumers, thus, ITC for contribution work shall be allowed if procurement of supply is in nature of plant and machinery.</i></p>
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Note: - 1

“Section 17. Apportionment of credit and blocked credits

(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, **input tax credit shall not be available** in respect of the following, namely: —

(a).....

(c) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Explanation— For the purposes of clauses (c) and (d), the expression - construction includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;”

From the perusal of clause (c) & (d) of the Section 17(5) of the CGST Act reproduced above, prima-facie it can be seen that, ITC on goods and services received for the construction of immovable property is blocked, however in respect of contributory works, ITC is availed only for shifting the new asset or creating an asset, notionally recorded in the books of accounts, on the specific request of the consumer using the funds of the consumer.

The provisions related to claiming ITC are as per section 16(4) of the Punjab Goods and Services Tax Act, 2017 and The Central Goods and Services Tax Act, 2017 that states, “A

registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the thirtieth day of November following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.”

Rule 36 of the CGST Rules prescribes the list of documentary requirements and conditions for claiming input tax credit as under: -

“Rule 36. Documentary requirements and conditions for claiming input tax credit.

- (1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely, -*
 - (a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;*
 - (b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to the payment of tax;*
 - (c) a debit note issued by a supplier in accordance with the provisions of section 34;*
 - (d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;*
 - (e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.*
- (2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document, Provided that if the said document does not contain all the specified particulars but contains the details of the amount of tax charged, description of goods or services, total value of supply of goods or services or both, GSTIN of the supplier and recipient and place of supply in case of inter-State supply, input tax credit may be availed by such registered person.*
- (3) No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been confirmed on account of any fraud, wilful misstatement or suppression of facts.*
- (4) No input tax credit shall be availed by a registered person in respect of invoices or debit notes the details of which are required to be furnished under subsection (1) of section 37 unless, -*
 - (a) the details of such invoices or debit notes have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 or using the invoice furnishing facility; and*
 - (b) the details of input tax credit in respect of such invoices or debit notes have been communicated to the registered person in FORM GSTR-2B under sub-rule (7) of rule 60.”*

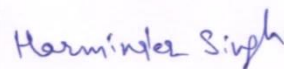
Further it is also requested to refer the CGST Act available at the following link Goods & Service Tax, CBIC, Government of India :: Home (cbic-gst.gov.in) (<https://cbic-gst.gov.in>) and Taxation Commissionerate | Department of Excise & Taxation - Government

of Punjab, India (<https://taxation.punjab.gov.in>) for time to time amendments and referred GST ACT section/rule in this regard.

For accounting treatment of ITC a separate Accounts Circular No. 02/2024 dated 07-03-2024 has already been issued by the AO/A&R, PSTCL, Patiala.

This is for your information and further necessary action, please.

This issues with the approval of competent authority.



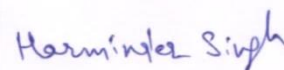
Accounts Officer/Taxation,
PSTCL, Patiala.

Endst No: - 271-311 /CFO/Tax-47

Dated: 12-03-2024

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

1. All EICs/Chief Engineers under PSTCL.
2. CAO/F&A, PSTCL Patiala.
3. Company Secretary, PSTCL, Patiala.
4. All Dy.CEs/SEs under PSTCL.
5. All Dy. CAOs under PSTCL.
6. All AOs under PSTCL (except DDOs).



Accounts Officer/Taxation,
PSTCL, Patiala.