

पूर्व मध्य रेल
EAST CENTRAL RAILWAY



कार्यालय
महाप्रबंधक(का)
हाजीपुर

RBA No. 03/2021

PCPO's SI No 12/2021

No. E/Misc./O/ECR/HJP

Date:- 12.02.2021

1. CAO (Con.)/उत्तर एवं दक्षिण/पटना।
2. सभी PHOD/CHOD/पूमरे/हाजीपुर।
3. DRM/पूमरे/दानापुर, डीडीयू, धनबाद, सोनपुर एवं समस्तीपुर।
4. मुख्य कार्मिक अधिकारी/प्रशासन/पूमरे/हाजीपुर।
5. मुख्यालय के सभी कार्मिक अधिकारी।
6. CWM/पीडी/डीडीयू, यांत्रिक कारखाना/समस्तीपुर एवं हरनौत।
7. Sr.DPO/पूमरे/दानापुर, डीडीयू, धनबाद, सोनपुर एवं समस्तीपुर।
8. उप महाप्रबंधक/विधि/पटना।
9. प्राचार्य/क्षेत्रीय रेल प्रशिक्षण संस्थान/मुजफ्फपुर एवं भूली।
10. सभी मुकार्याधी/कार्याधी/पूमरे/हाजीपुर

विषय:- Accounting process of IRFC Infrastructure Leasing Contracts under ER-S source.
संदर्भ:- Railway Board's letter No.-2015/AC-II/2/6 dated:5.01.2021(RBA No-1/2021).

विषयांकित से संबंधित संदर्भित पत्र की छायाप्रति सूचना, मार्गदर्शन एवं अग्रेत्तर आवश्यक कार्रवाई हेतु प्रेषित की जा रही है।

A copy of above referred letter on the subject matter is being forwarded herewith for information, guidance and needful onward action please.

संलग्नक: यथोपरि।

DA: As above.

Signed by Saurabh Sawarn

Date: 15-02-2021 13:29:10

Reason: Approved

(सौरभ सावर्ण)

वकाधि/ई.एस.एम.

कृते महाप्रबंधक (का0)/हाजीपुर

प्रतिलिपि/— निम्नलिखित को सूचनार्थ, मार्गदर्शन एवं आवश्यक कार्रवाई हेतु प्रेषित:-

1. महासचिव/ईसीआरकेयू/पूमरे/हाजीपुर।
2. महासचिव/एस.सी.एवं एस.टी.एशोसिएशन/पूमरे/हाजीपुर।
3. सकाधि(एम.पी.पी.)/पूमरे/हाजीपुर—कृपया इसे वेबसाइट पर अपलोड करें।
4. महासचिव/ओ.बी.सी.एशोसिएशन/पूमरे/हाजीपुर।

कृते महाप्रबंधक (का0)/हाजीपुर

454903(3)/2021/O/PA&CAO/G/HQ/ECR

महानिदेशक, प्रशासन, रेलवे मंत्रालय
पूर्व-व्यय से

20 JAN 21



(भारतसरकार) GOVERNMENT OF INDIA
(रेलमंत्रालय) MINISTRY OF RAILWAYS
(रेलवेबोर्ड) RAILWAY BOARD

RBA No. 003 /2021
GST Circular No. 002/2021

No. 2018/AC-II/1/57

15th January, 2021

General Managers,
All Zonal Railways/Production Units

Sub :- Accounting process of IRFC Infrastructure Leasing Contracts under EBR-S source.

Ref:- Railway Board's letter No. 2015/AC-II/2/6 dated 5.1.2021 (RBA No. 2/2021).

Railway Board's letter ibid may be referred, wherein allocations for new source of fund EBR-S were circulated. In this regard following Accounting Processes are brought out to book the expenditure under the newly created source of expenditure. Following aspects have to be kept in mind while booking the expenditure under this source of expenditure:-

- Capital component of lease charges, external aid components, equity infusion, etc. shall not be funded out of EBR-S source. Besides this procurement of land shall also be not funded out of EBR-S source.
- Therefore, subject to above, expenditure booked under Capital Source from 1.4.2020 onwards would require to be transferred to EBR-S, as per approved RE-2020-2021, as communicated by Budget Directorate, Railway Board.
- For this, there is an urgent requirement to enter into one-time Novation Agreement (as per approved template---GST Circular No. 18/2020 dated 24.3.2020) with the Vendor/Contractors of Indian Railway, bringing out that this arrangement of Billing on IRFC in respect of procurement through EBR-S Fund would be applicable for billing done till 31.3.2021 only. All the Zonal Railways shall have to comply with this in order to ensure that all billing is in the name of IRFC only. This will have to be ensured by all Executive Departments, viz., Civil Engineering, S&T, Electrical, etc in respect of those contracts financed out of EBR-S source.

पि० ए० सु० के० ए०
ए० ए० रेलवे, हावड़ा

1999 29
प्राप्ति तिथि 20/1/2021

1/4

P.T.O

- d. Expenditure on supply of goods, still lying in Stock (that is not installed), viz., Rails, etc. and other movable assets like Rolling Stock, Machinery and Plant, etc. shall be treated as Supply of Goods and invoiced on IRFC with GST payable by IRFC on Forward Charge Mechanism. Corresponding Input Tax Credit, which would have been flagged as 'No ITC' shall have to be reflagged as full ITC or partial ITC to ensure GST neutral for Indian Railways.
- e. Goods that have been installed, gets treated as Supply of Services and therefore GST shall be payable by IRFC under Reverse Charge Mechanism.

There are three possible scenarios to implement the above. Following processes are suggested. These scenarios are discussed as below:-

- a. **Scenario No. 1 (RVNL, other Railway PSUs, etc.):** Capital Expenditure from 1.4.2020 till date) may have booking of expenditure in respect of supply of goods and services rendered by RVNL, other Railway PSUs etc. A one-time novation agreement needs to be entered with RVNL, other Railway PSUs, etc. and pursuant to that, all the bills raised by RVNL, dated 1.4.2020 onwards till date, needs to be reversed by them by issuing a Credit Note. On the authority of Credit Note, **reversal of expenditure can be done under Capital Source**. CRIS is requested to link the Credit Note with the corresponding Invoice raised by RVNL, other Railway PSUs earlier and auto populate the Input Tax Credit Flags in the Credit Note booking, to eliminate any errors or inconsistency.

Simultaneously, fresh bills may be issued by RVNL, other Railway PSUs in the name of IRFC, using the GSTIN credentials of IRFC. This invoice can be booked as expenditure under EBR-S, similar to the existing process being followed under EBR-IF.

- b. **Scenario No. 2 (Expenditure already booked under Capital Source of Funds other than RVNL, Railway PSUs, etc.):**
 - i. Expenditure incurred on items namely Capital component of lease charges, external aid components, equity infusion, procurement of land, etc. shall not be funded out of EBR-S source.
 - ii. Wherever in RE-2020-2021, Plan Head expenditure is in the nature of supply of Goods viz., PH 21-Rolling Stock, PH-41, Machinery and Plants, PH-42 Workshops/PUs, etc., the same gets categorized as 'Supply of Goods' and GST is charged in the Tax Invoice raised by IR on IRFC under 'Forward Charge Mechanism'. **CRIS is requested to allow re-flag of such expenditure as full ITC, so that IR may avail ITC and is not put to loss.**
 - iii. In respect of expenditure other than Supply of Goods also, if there are any item lying in Stock, that is not yet consumed, viz., Rails, Signaling Equipments, etc., same can be billed to IRFC treating the same as 'Supply of Goods' and appropriate HSN Code needs to be applied in the Tax Invoice. This is so because

2/4

these items are categorized as 'Movable Assets' as on date. However, following sub-scenarios may arise:-

- 1) All the expenditure (already booked) where vendor bills date is prior to 1.4.2020, Indian Railway will have to issue Tax Invoice as per existing principle. In case those items are lying in Stock, that is, not yet consumed, same can be billed to IRFC treating the same as 'Supply of Goods' and appropriate HSN Code needs to be applied in the Tax Invoice.

In case the goods are already installed, then the supply will be treated as 'Supply of Service' and same will be billed on IRFC under RCM i.e., GST shall be payable by IRFC under RCM. In such scenario, i.e., where GST is payable under RCM, reversal of ITC availed on such goods and services procured shall have to be reversed.

- 2) All the expenditure (already booked) where vendor bills date is post 1.4.2020, Indian Railway will have to issue Tax Invoice as per existing principle, In case those items are lying in Stock, that is, not yet consumed, same can be billed to IRFC treating the same as 'Supply of Goods' and appropriate HSN Code needs to be applied in the Tax Invoice. **CRIS is requested to allow for revision of ITC Flags, on the procurement made by categorizing it as 'T4', so that IR can avail ITC and ensure GST neutral.**

In case the goods are already installed, then the supply will be treated as 'Supply of Service' and same will be billed on IRFC under RCM i.e., GST shall be payable by IRFC under RCM. In such scenario, i.e., where GST is payable under RCM, reversal of ITC availed on such goods and services procured shall have to be reversed.

Both for the above scenarios, the invoice issued as above shall be the supporting vouchers for effecting transfer of expenditure already booked and booking of fresh expenditure to EBR-S. The allocation head for EBR-S have already been advised vide RBA No. 2/2021, referred above.


- c. **Scenario No. 3 (Current dated expenditure):** W.e.f. 1st Jan 2021, action shall be taken to enter into novation agreement with the vendors and get the invoice prepared in the name of IRFC. Booking of expenditure shall be regulated as per accounting policy enumerated in RBA No. 41/2020, 62/2020 and 75/2020. Due regards to Railway Board's policy directives (RBA No. 65/2020) regarding ITC flagging shall be strictly followed. **In respect of those bills that has not yet been paid and has been kept pending for want of Budget Allocations, etc. under Capital, fresh bills may be obtained from Vendor using IRFC's GST credentials and simultaneously Vendor shall also withdraw or cancel their bills submitted, by issuing a credit Note under GST Rules. Thereafter the new bills with IRFC's GST credentials can be considered for payment under the**

3/4

P.T.O

Source EBR-S. This process is essential to ensure Tax Efficiency under GST Rules and also to ensure that the RE-2020-2021 allocated under EBR-S is utilized effectively. It must be noted that for deduction of TDS, the procedure as adopted in the EBR-IF is to be followed i.e., the same head of accounts, as in the existing process of booking EBR-IF expenditure, for accounting GST & Income Tax TDS, is to be used and also same process for remittance of TDS amount to IRFC shall be ensured.

This issue with the concurrence of Budget Directorate and approval of competent authority.


(V.Prakash)
Director/Accounts
Railway Board

Copy to:-

1. All EDs, ED level empowered Committee, Railway Board
2. All Directors, Director level GST Cell, Railway Board.
3. PEAs, All Zonal Railways and Production Units. *ECR*
4. EDFB, EDF/RM, Railway Board.
5. MD, IRFC, GM/Finance/GSTM, GM/AIMS, CRIS.
6. Director Finance, RVNL, New Delhi.
7. Finance Secretary, Ministry of Finance, Department of Revenue, North Block, New Delhi.

4/4