

DELHI DEVELOPMENT AUTHORITY
[FINANCE & EXPENDITURE]

F&E Circular No. 11/2017

Sub: Implementation of Goods and Service Tax (GST).

The Goods and Service Tax (GST) has been launched in the country w.e.f. 01.07.2017, bringing the entire country under one indirect tax regime. The GST has also been implemented in DDA w.e.f. 01.07.2017. The guidelines on the following issues concerning implementation of the GST have been provided by the Tax Consultant, M/s S.K. Mehta & Co. vide their letter dated 17.07.2017 based on the GST Act, 2017 and queries raised by DDOs and Engineering Officers in the meeting held on 13.07.2017 in Conference Hall, Vikas Sadan under the Chairmanship of CAO, DDA.

1. Payment to contractors after 30th June 2017
2. Reverse Charge Mechanism (RCM) under GST
3. Reimbursement of GST to work contractors
4. Reimbursement of GST to Service Providers
5. Deposit of GST to the Government account and Filing of GST monthly returns.

Based on the advice rendered by Tax Consultants, the following guidelines are being circulated for compliance by all concerned in DDA.

1. Payment to contractors after 30th June 2017:

- (i) Contractors are required to deposit DVAT on their sales for the month of June, 2017 by 21st July, 2017. Thereafter, any payment to the contractors shall have to be made under the provisions of GST where no deduction is required for the present.
- (ii) This may be clarified to the contractors also for compliance by them under the DVAT and /or GST laws as applicable.
- (iii) All DDOs are directed to maintain separate record for bills paid upto 15.07.2017 under the provisions of WCT and feed in the portal of WCT after deposit of WCT and submit the details of same to Tax Consultant, DDA immediately (as were being submitting in the past) for timely filing the returns of WCT for the quarter ending 30th June, 2017.
- (iv) All DDOs are also directed to submit detail of payments under GST (where WCT is not applicable) for the month of July, 2017 by 5th August, to reconcile the monthly payments for the month of July 2017.

2. Reverse Charge Mechanism (RCM) under GST:

- (i) GST number of all the contractors/vendors, with copy of Regn. certificate should be obtained to ensure their registration, because if DDA gets goods and / or services from a GST unregistered contractor /vender/ service providers then Reverse Charge Mechanism (RCM) will apply and in that case DDA will have to deposit GST by raising self-invoice. Therefore, in order to avoid logistic cost of raising self-invoices and maintaining detailed separated records for monthly returns, DDA may deal with GST registered contractors/vendors/ service providers.

- (ii) As regards, incurring day to day petty expenses/expenditures through Imprest Accounts e.g. purchase of stationery, staff welfare expenses, repair & maintenance, Hiring of AC Taxi etc., Reverse Charge will also be applicable on such petty expenses. Therefore, petty expenses should also be from GST registered vendors/service providers.
- (iii) It may be ensured that if GST is not charged in the invoices of payment to Advocates/Panel Lawyers then GST is to be paid under Reverse Charge by DDA.
- (iv) Some of the services which are exempt from GST are e.g. Metered Cabs, Non-AC Cabs, Auto Rickshaws (including E-rickshaws), Metro Rail Service, Public Transport Services, Toll charges, Rent for residence.

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- (v) All the concerned Officers are directed to comply with Reverse Charge Mechanism by making rate wise detail of goods & services and depositing GST on the expenses so incurred during the month of July 2017 and provide the detail of expenses incurred during the month in the given format along with copies of challans upto 5th August, 2017 for filing GST return to the Tax Consultants. Since, such charges shall be a recurring phenomenon necessary approval of the Competent Authority may also be ensured by DDOs for the Reverse Charges so debited to DDA Accounts.

3. Reimbursement of GST to Work Contractors:

- (i) For the work contracts (with material contracts) awarded and running prior to GST regime, where the contract rates were inclusive of VAT; and service tax was being reimbursed; payment of the GST to the contractors, should be as per the terms of the contract subject to succeeding sub-para (ii) & (iii).
- (ii) Under service tax regime due to abatement rate of service tax on work contracts, was 4.94%. However, Work Contractors were not eligible to claim CENVAT credit of service tax paid on the services availed by them.
- (iii) Under GST provisions, the Work Contractors are liable to pay tax @18%. However, they will be eligible to claim INPUT credit of goods & services and are not liable to pay VAT and Labour Cess. However, GST reimbursement decision may be taken by the Management after careful review of terms of the running contracts awarded prior to GST regime and keeping in view clause 38 of the contracts. GST may be reimbursed only after verification of calculation (obtained from Contractors) of the cost of indirect taxes prior to GST regime and after GST regime on case to case basis for which detailed guidelines may be separately issued by CE (HQ) after obtaining the approval of Competent Authority.

4. Reimbursement of GST to Service Providers:

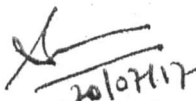
In cases of pure service contracts e.g. Consultants, Rental, Supply of manpower etc. (other than the work contract mentioned in para-3 above), where service tax rate till 30th June, 2017 was reimbursable @ 15% has been replaced with GST @ 18 % w.e.f. 01.07.2017.

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5. Deposit of GST to the Government account and Filing of GST monthly returns:

- (i) All the concerned Officers/DDOs are directed to make online payment of GST on services and sale of goods upto 5th of the following month and also provide the details of sales, services and purchase (in the prescribed format in Excel which shall be circulated soon) with copies of challans of GST paid upto 5th of the following month positively to the Tax Consultants to enable them to file GST monthly return before the due date i.e. 10th of the following month. In case Sales or services are to GST registered Dealers then, the billing will be B to B and in that case separate detail is required and GST number is required to be mentioned on the invoice as explained by M/s S.K. Mehta and Company, Tax Consultants vide their circular dated 30.06.2017.
- (ii) Delay in deposit of GST and filing of return will attract penalty and interest which is automatic through the System. Since, DDA has one GST registration number and one consolidated return is to be filed, therefore, all the concerned Officers are directed to send complete details in the given format with GST paid challans by 5th of following month to enable Tax Consultants to file monthly return by 10th of each month. The penalty imposed on the DDA will be deducted from the respective DDOs.
- (iii) Since, there is no provision of revising the monthly return, therefore, all the concerned Officers/DDOs are directed to ensure accuracy in the data of sales, service & purchase and calculation of GST etc.

This issues with the approval of Vice Chairman, DDA.


 [Santosh Kumar]
 Chief Accounts Officer

No. FE.5(17)2017/DDA/335

Dated: 20-07-2017

Copy to:

1. PS to VC/FM/EM for kind information of the latter;
2. All Zonal Chief Engineers/CE (HQ);
3. Commr-cum-Secy./Commissioner(Sports);
4. Chief Legal Advisor;
5. FA(H)/Director, LC/Works/Audit/Nazarat/Finance;
6. All Members of GST Facilitation Cell;
7. All Dy. CAOs/Dy. FA(H)-I & II;
8. All DDOs/Sr. AO, CAU (Sports)/PAO;
9. Guard File.


 Sr. Accounts Officer (F&E)