भारत सरकार(GOVERNMENT OF INDIA)
रेल मंत्रालय(MINISTRY OF RAILWAYS)
रेलवे बोर्ड (RAILWAY BOARD)

No.TCR/1078/2018/03

New Delhi, dated 12.02.2019

Principal Chief Commercial Manager
All Indian Railways.

Sub: Demand for GST under reverse charge mechanism (RCM) from CTOs.
Ref.: Northern Railway's letter No.36RD/GST/2017/PtII dated 19.03.2018.

Northern Railway vide its above referred letter forwarded the letter of Additional Director General of GST Intelligence (ADGSTI)/Ludhiana wherein ADGSTI/Ludhiana had issued a detailed notice to Northern Railway regarding payment of Service Tax/Goods & Service Tax on the services of maintenance provided by Indian Railways to CTOs on the main ground that transportation of trains and maintenance of wagons are two distinct services provided by Indian Railway to CTOs. CTOs, therefore, under Reverse Charge Mechanism are liable to pay full ST/GST on the 5% maintenance charges.

The issue was examined and it was considered that maintenance service is not independent standalone supply of haulage service but is naturally bundled and supplied in conjunction with haulage service. Thus haulage and maintenance of wagon is a composite supply, wherein haulage of wagons is to be treated as principal supply.

Railway Board had represented to Ministry of Finance for a clarification duly taking into account Railways' position on the issue. Ministry of Finance vide its Office Memorandum dated 16.01.2019 (enclosed herewith) has clarified that supply of the services of haulage and maintenance of wagons by Indian Railway to Container Train Operators (CTOs) satisfies all criteria of the definition of composite supply. The same should be considered as a composite supply with the haulage of wagons as the principal supply.

Zonal Railways are advised to take into cognizance the issue and clarification stipulated vide above referred Office Memorandum of Ministry of Finance, and other extant taxation laws while framing policy/contract conditions in consultation with Associate Finance.

DA: as above

(This disposes off Northern Railways letter referred above.)

Shilpi Bishnoi 12.02.19

(Shilpi Bishnoi)
Director, Traffic Commercial (Rates)
(Railway Board)

Draft replyASO-TCR

SM-30

516898
22/1/19

F.No. 354/375/2018-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)
****

146G, North Block, New Delhi,
16th January, 2019

OFFICE MEMORANDUM

Subject: GST on Haulage and Maintenance services provided by Indian Railways to Private Container Train Operators – reg.

The undersigned is directed to refer to your DO letter dated 06.09.2018 addressed to FS requesting for positive consideration on the issue of GST paid by Indian Railways on haulage charges including maintenance charges recovered from CTOs.

2. As recommended by the GST Council in its 31st meeting held on 22.12.2018 it is hereby clarified that supply of the services of haulage and maintenance of wagons by Indian Railway to Container Train Operators (CTOs) satisfies all criteria of the definition of composite supply. The same should be considered as a composite supply with the haulage of wagons as the principal supply.

3. This issues as per the approval of the Member(Budget).

(Harsh Singh)
TO, TRU-II

To,
Sh. Girish Pillai,
Member Traffic, Railway Board,
Ministry of Railways, Rail Bhawan,
New Delhi-110001

Copy to,
The Principal Director General (DGGI) /
The Principal Chief Commissioners/ Chief Commissioners of Central Tax (All)

1078/2018/3