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

Most Immediate
RBA No. 18/2020
GST Circular No. 10/2020

2016/AC-II/01/06(CRIS) 19.02.2020

General Managers,
All Zonal Railways/ Production Units

Sub : Availment/Adjustment of Input Tax Credit (ITC)-Interest thereof.

Ref : Railway Board's Circular (RBA No. 68/2018 dated 25.6.2018)

Kindly connect Railway Board's GST Circular ibid, wherein guidelines were brought out for capturing ITC to be offset with output tax liability. Following guidelines are re-iterated:-

a) All the Zonal Railways/Production Units should with the help of GST Consultants engaged by them, avail the ITC with due diligence;
b) In respect of Services rendered by Zonal Railways for Transportation of Passenger and Goods by rail, **ITC is available for GST paid relating to procurement of services only.**
c) It shall be the responsibility of respective offices of Zonal Railways/Production Units, who are making vendor payment to correctly identify the appropriate ITC and prove it to the GST authorities (if need arises).

In the letter ibid, it was also mentioned that since there is interest penalty, where a taxable person makes undue or excess reduction of output tax liability or undue or excess claim of ITC. Therefore utmost importance should be given for availing correct ITC.

The issue relating to applicable interest rate in case of excess claim of ITC made earlier and now paid to the Department, has been examined in consultation with GST Consultants who have opined as follows " As per section 50(3) of the CGST Act, 2017, when any registered person makes undue or excess claim of ITC under section 42(10) of the CGST Act, 2017 an interest @24% on such undue or excess claim of ITC shall be payable. It is important to note here that section 50(3) of the CGST Act, 2017 is applicable in case of availment of excess credit on account of reasons mentioned under section 42(10) of the CGST Act, 2017,which is related to excess availment of ITC for invoices not uploaded by supplier in his returns i.e does not get reconciled with GSTR-2A of the Railways". In view of

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this it is inferred that where ITC flagging has been done wrongly, section 50(1) of the CGST Act, 2017 shall be applicable and accordingly interest @ 18% per annum shall become payable. However, **it shall be the responsibility of the concerned Principal/Zonal Railways and Production Units** not only to check the interest calculations provided by CRIS/GSP but also to observe laid down due diligence and obtain the sanction of competent authority, duly concurred in by associate finance concurrence. This issues with the approval of competent authority.

(V.Prakash)
Joint Director/Accounts
Railway Board

Copy to:

1. PFAs of all Zonal Railways and Production Units;
2. All EDs of ED level Empowered Committee in Railway Board;
3. All Directors of GST Cell, Railway Board;
4. Director/ Finance, CRIS, New Delhi;
5. GM/GSTM, CRIS, New Delhi.

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