



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of parliament)
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TAX RESEARCH DEPARTMENT

Frequently Asked Questions.

Q. (1) IS RCM CHARGED ON WORKS CONTRACT UNDER GST?

Ans. No

Q. (2) If any works contracts done, what GST rate need to apply for given transaction , whether as a whole it should be considered as works contract(without considering the material) and charge GST or need to separately prepare invoice of material and services.(Even PO got as works contract basis only)

Ans. Notification No. 11/2017 (Central Tax) Rate dt. 28.6.2017 specifies that works contract service will attract 9% (CGST) rate. Hence, in total 18% is the GST rate for works contract service. This is to be paid on total value of contract.

Q. (3) We are public limited company having canteen in factory premises.

We have canteen contractors who run the canteen .As per scope we have to provide everything except grocery/grains & man power. From 15/11/2017 GST rate on almost all types of canteen ,restaurants etc has been reduced to 5% from 18%.Contractor is still charging 18% on the pretext that he has 80+units all over India and he has to take credit.

We are a power generating unit and our final product "electricity" is out of purview of GST and hence we cannot take input credit.

Under the situation what should be our final incidence? Contractor is also arguing that he is coming under "outdoor caterers" and GST is 18%.He argues the 5% GST is applicable if company runs it s own canteen.

It is ridiculous if company runs it s own canteen where is the question of billing. kindly give your valuable input.

Ans. GST @ 18% is applicable on Industrial Canteen. GST council has to take steps to reduce the GST rate on industrial canteens. Suggested the company sends the representation to reduce the GST rates on Industrial canteens for which the company is not able to avail input tax credit.

Q.(4) HSCL, Bokaro unit(Registered in Jharkhand) got works contract from E.C.Railway, Patna to be executed in U.P.

Query:1. Whether IGT @12% will be charged ?

or 2. Whether HSCL is to get registered in U.P and charge CGST & SGST?

Ans. In my opinion, both the options are open for you. In the first case, the place of supply will be location of the customer (i.e. Patna in this case). Hence IGST is to be charged.

However, if you opt to take separate registration in UP, then CGST and SGST will be charged.

Q. (5) Our Company is doing job work. Our Principal Buyer has sent the material to us and after finishing of job work, our Principal Buyer give us their Invoice and mention our company name in the loading point in the Invoice and after that our Delivery challan has been attached with the Invoice and from our company premises the material are directly sent to the Customer of our Principal Buyer i.e. in Nagpur. The Transportation cost has been borne by us and moreover, the consignment value is more than Rs. 50,000/-. Now my question is who will issue the E-Way bill whether our company or our Principal Buyer?

Ans. Your company need to prepare Eway Bill.