



No. RVNL/F&A/GST Implementation/2017

September 8, 2017

All JGMs/ DGMs (Finance),

Subject: GST on Advance Payment.

The matter of GST liability of RVNL on Advance Payment to Zonal Railways, Electricity Boards/Companies etc. has been discussed in detail with the Consultant and following clarifications are issued:

1. Advance payment to Government Departments (including Zonal Railways):

Goods & Services Tax (GST) Act effective from 1.7.2017 stipulates 'GST is payable when advance received from recipient, even if supply is to be made later'. However, GST on such advances becomes the liability of RVNL under the Reverse Charge Mechanism (RCM) since Zonal Railways are Government Organizations.

Therefore, while making advance payments to all the Government Departments, GST liability is to be booked for arranging deposit of GST by RVNL. In this regard, a Self Invoice is also to be prepared by Corporate Office.

2. Advance payment to other than Government Departments (Electricity Boards/Companies):

It is clarified that all those organisations/ PSUs which are owned either by the Central Government or the State Government and registered under the Companies Act 2013 should not be treated as Government organisations for the purpose of GST.

Therefore, while making advance payments to all such organisations, GST Invoice/ Receipt voucher should be obtained and GST will be deposited by these organisations.

While other issues are still under consideration for issuance of suitable instructions, above instructions may be followed scrupulously.

(A. K. Choudhary)
Executive Director (Finance)