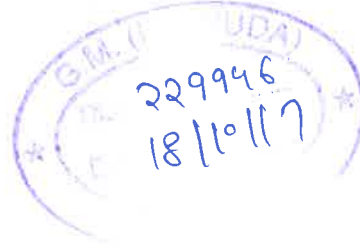


Instruction No.41

To

1. All the Zonal Administrators,
HUDA in the state
2. Chief Town Planner,
HUDA, Panchkula
3. Chief Architect,
HUDA, Panchkula.
4. All the Estate Officers,
HUDA in the state.
5. All Executive Engineers,
HUDA (in the State).



NO.HUDA/CCF/AO-Cash/2017/195400
DATED:- 17/10/17

Subject: GST implementation in HUDA- clarifications.

The following instructions are brought to the notice of all DDOs in respect of implementation of GST in HUDA:-

**Anti-Profitereing Measure under GST in prices in respect of the contracts
awarded prior to 1stJuly ,2017**

- 1.1 (i) Under the GST regime, number of Indirect Taxes/Cess levied by Centre & State Government have been subsumed into One Tax i.e. GST. Because of elimination of multiple taxes and cascading effect, it is likely to result into savings which will bring down the prices of final products.
 - (ii) As per Section 171 of the CGST Act, 2017, the following are required to be passed on by the contractor/supplier to HUDA by way of reduction in prices in respect of the contracts awarded prior to 1st July ,2017:-
 - (a) Benefit on account of reduction in Rate of Tax.
 - (b) Benefit on account of Input Tax Credit (ITC).
- 1.2. It is directed that while making payments in respect of contracts awarded prior to 1st July ,2017, a declaration should be taken from the supplier/contractor as

per the **Annexure 'A'** to ensure that benefits on account of GST have been passed on to HUDA.

- 1.3 Regarding the existing contracts which were already allotted to the persons who are not registered with GST department, the DDO should insist and guide suppliers to obtain GST registration. If still the supplier remains unregistered, procurement of his services/supplies should be discontinued.
- 1.4 While making payments to the supplier/contractors, it should be carefully examined whether the rates in the contract/supply order are inclusive of taxes i.e. all applicable taxes are included in the contract rates. In such case, no extra amount on account of GST is to be paid.
- 1.5 In both cases whether inclusive of tax rates or exclusive of tax rates, payment is to be released only after ensuring that benefits on account of GST have been passed on to HUDA by supplier/contractor.

Reverse Charge Mechanism

- 2.1 Various Wings of HUDA procures goods and services either from the suppliers or by allotting contracts by inviting tenders. There may be situations that some contractors/suppliers engaged by HUDA may not be registered with GST department. In such cases, the contractor shall not have any GSTIN number issued by the GST Department.
- 2.2 In this regard, it is clarified that if GSTIN of supplier, is not mentioned on the bill issued by the supplier of goods or services or both, such supply is to be treated as supply from unregistered supplier.
- 2.3 As per GST Law in case of supplies received from the unregistered dealer, HUDA is required to pay GST on reverse charge basis in terms of Section 9(4) of the CGST Act. For brevity, Section 9(4) of CGST Act the Section 9(4) of CGST Act is reproduced below:

*“(4) The central tax **in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.**”*

- 2.4 HUDA shall also be required to issue a self-invoice in respect of reverse charge liability in terms of Section 31(3) (f). The relevant extracts of Section 31 are reproduced below.

"(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both;"

- 2.5 Besides issuing a self-invoice, HUDA shall also be required to issue a payment voucher to the unregistered suppliers while making payment to the unregistered supplier in terms of Section 31(g). The relevant portion is reproduced below.

"(g) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier."

- 2.6 In order to avoid such compliances, it is directed that **all the Wings of HUDA should procure supplies of goods or services from registered person only**. The contracts in future should be allotted only to the persons who are registered with the GST Department. **Registration with the GST department should be incorporated as essential condition in the future tenders to be floated by the HUDA.**

- 2.7 The reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and under sub-section (4) of the section 5 of the IGST Act, 2017 has been suspended till 31.3.2018 for time being. But above procedure should be implemented to avoid any delay in implementation once reverse charge mechanism is introduced.

**No payments to be made without procuring invoice
from the supplier/contractor**

- 3.1 It has been observed that there is a practice by the Engineering Wing where under the payments are released periodically to the contractor/supplier based on running bill method. In other words, the invoice is not raised/ submitted by the contractor/supplier each time he receives the payment.

- 3.2 It is clarified that issuance of tax invoice is a mandatory requirement for a registered person under the GST legislation. Such invoice is also required to avail Input tax credit in respect of any inputs or input services procured by HUDA. The contractor/supplier is mandatorily required to issue a tax invoice.
- 3.3 Accordingly, it is directed that the DDO shall not make any payment without procuring invoice from the supplier/contractor. Such invoice should clearly mention the GSTIN number of the supplier/contractor as well as of HUDA. The DDO shall intimate GSTIN number of HUDA " **06AAAAH0087M1ZN**" to the supplier/contractor in advance to enable him to mention the same in the invoice.

TDS deduction under GST

- 4.1 As per provisions of GST law , each DDO of HUDA is required to deduct tax at source (hereinafter referred to as TDS) of 1% under State GST and 1% under Central GST from the payment made or credited to the supplier where the location of the supplier and place of supply are in the State of Haryana. Similarly, the tax at source shall be deducted @ 2% under Integrated GST (IGST) where the supplies are received by the Government Departments, local authorities and government agencies in the course of inter-state supplies. (See Section 51 of Haryana Goods and Services Tax Act, 2017 and Centre Goods and Service Tax Act, 2017 and section 20 of Integrated Goods and Service Tax Act, 2017).
- 4.2 TDS shall be deducted from the payment made or credited to a supplier where the total value of such supply under a contract exceeds 2.5 lakh rupees. While computing value of contract, taxes under GST i.e. State GST, CGST and IGST, and Cess, shall be excluded. Thus, TDS will have to be deducted even if the individual supplies is less that Rs. 2.5 lacs, but contract value is more than Rs. 2.5 lacs.
- 4.3 The TDS deduction shall be made w.e.f the date when notification is issued by Central Govt for the same.

Chief Accounts Officer,
For Chief Controller of finance
HUDA, Panchkula

CC:-

1. Chief Engineer-I/ Chief Engineer-II, HUDA, Panchkula.
2. GM(IT), HUDA, Panchkula
3. PA to CA HUDA for kind information of Chief Administrator HUDA ,Panchkula.

4. PA/ ECF HUDA for kind information of WJ CCF HUDA

Annexure 'A'

(On the letter head of the contractor/supplier of HUDA)

To

The Chief Administrator,
Haryana Urban Development Authority,
Sector-6, Panchkula.

Dated:

Subject: Anti- Profiteering Measure in respect of the supply orders/ contracts awarded prior to 1st July ,2017.

Reference: Supply orders/contract award by HUDA under F No. _____ dated _____

We, _____ acknowledge that Section 171 of the Central Goods and Services Act, 2017 (hereinafter referred to as "Act") deals with anti-profiteering measure. The provision requires us to pass on any reduction in rate of tax on any supply of goods and services or the benefit of input tax credit to HUDA by way of commensurate reduction in prices, in respect of the supply orders/ contracts awarded prior to 1stJuly,2017.

In compliance with the above mentioned statutory requirement, we have passed on the benefits of input tax credit available and /or reduction in rate of tax under GST regime to Haryana Urban Development Authority (HUDA).Further, we agree to pass on all future benefits to HUDA required to be passed as per the above provisions of the Act.

We are raising and submitting invoices to HUDA under the GST regime, after passing the benefit as above.

This declaration is being issued solely as a proof of compliance with the requirements laid down under Section 171 of the Act.

Yours faithfully,

Authorized Signatory

Name:

Designation: