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सं. एफ -19/जीएसटी/2018-19/ भाग-1/ फिन/जीएसटी _59

दिनांक: - 19.06.2018

जीएसटी अनुभाग

Various references are being received by this office regarding GST applicability on out of pocket expenses payable to the service provider.

Similar type of queries were addressed by this division vide FAQ (Q.-9), issued vide circular no. F-19/GST/2016-17/Part-I/Fin/GST-25 dated 11.08.2017 issued by FCI, HQRs. As per the clarification provided vide above FAQ, value of supply shall include incidental expenses charged by the suppliers to the recipient of supply in respect of the supply of goods and for services.

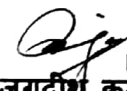
In addition to above, it is submitted that expenditure like typing, photocopy expenses, travelling expenses etc. claimed by advocate were treated as part of the value of supply and accordingly GST was applicable. Similarly, expenses like boarding, travelling and other expenses claimed by service provider in connection with main service provided by service provider e.g. stock audit by SBI will be treated as part of the value of the supply and accordingly GST will be applicable on these expenses claimed by service provider as applicable on main service.

Hence, it can be concluded that GST will be levied on all payment of out of pocket expenses related to main taxable service being made to party on their invoice (as per terms of contract).

In case of reimbursement of expenses by FCI to service provider, the service provider needs to raise a tax invoice in name of FCI and it will amount to application of GST on all payments being made to party on their invoice (as per terms of contract). In such cases, it is advisable that provision for out of pocket expenses may be made in contract, that bill/ invoice is to be raised after taking necessary ITC on out of pocket expenses, so that there is no double taxation i.e. out of pocket expenses etc. being claimed by service provider as value of service, on which he is going to charge GST, should not include the GST amount paid by him.

This is for your information and necessary action please.

संलग्न : यथोपरी।


19/6
(जगदीश कुमार)
महाप्रबंधक (वित्त)

वितरण:-

1. सभी ईडी (जोन) / जीएम (क्षेत्र), एफसीआई;
2. जीएम (एफ एंड ए) / डीजीएम (एफ एंड ए), जेडओ / आरओ, एफसीआई;
3. सभी क्षेत्रीय प्रबंधक, एफसीआई, डीओ;
4. निदेशक (आईएफएस), गुडगांव;
5. सभी ईडी, एफसीआई, मुख्यालय, नई दिल्ली;
6. पीएस से सीएमडी;
7. एजीएम (बिल), एफसीआई, मुख्यालय, नई दिल्ली;
8. जीएम (एफएपी), एफसीआई, मुख्यालय, नई दिल्ली;
9. जीएम (आईटी), एफसीआई, मुख्यालय.....एफसीआई वेबसाइट पर अपलोड करने के लिए;
10. जीएम (हिन्दी), एफसीआई, मुख्यालय.....कंटेंट को हिन्दी में परिवर्तित करने के लिए।