

Q.1. What are tax implications in GST regime on PEG Godowns hired on rent for storage with or without preservation and maintenance from private entrepreneurs through State Nodal Agencies?

Ans Supply of services by way of renting of immovable property for commercial purposes is a taxable supply under the GST Law and attracts levy of GST @ 18%.

Having said so, services in the nature of storage and warehousing of agriculture produce, food grains including Pulses, Rice etc. are fully exempted from GST.

Further renting or leasing of vacant land with or without a structure incidental to its use, in relation to agricultural produce would also be exempted from GST.

Accordingly, depending on the nature of the transaction, GST implications on the same would arise viz.:

- If the service provided by the vendor/lessor is in the nature of renting of immovable property (other than vacant land in relation to agricultural produce), the said lessor would charge GST @ 18%. Also, in such case, if the lessor is not registered under GST Law, GST would need to be discharged by FCI under reverse charge mechanism.
- If the service provided by the vendor/lessor is in the nature of storage/warehousing of food grains, pulses, rice, the said services would not attract any levy of GST.

Q.2. What are tax implications in GST regime on:

(a) Supply of Gunny on loan

(b) Chemicals on loan basis to State Agencies and

(c) Gunny Bags Recoveries from State Agencies?

Ans Gunny Bags and Chemicals are taxable goods under the GST Law and attracts levy of GST at the applicable rates.

Supply of gunny bags and chemicals on loan basis would also be treated as taxable supply.

Accordingly, at the time of issuance of gunny bag and chemicals on loan to State Agencies, concerned FCI office shall raise a Tax invoice charging applicable GST thereon. Accordingly, reporting of the said transaction should be done in Form GSTR-1 of the respective month.

Further, any recovery made towards gunny bags would also be taxable. Accordingly, tax invoice would need to be issued when such recovery is identified and applicable GST charged in the invoice. Further, reporting of the said transaction should be done in Form GSTR-1 of the respective month.

However in the case where gunnies being sent to anyone say agencies, millers or Arhtias, for filling the food grains on behalf of FCI so as to re-send the same to FCI, the same would not be a taxable supply. In such cases, there is no requirement to issue any Tax invoice and instead a delivery challan shall be issued while sending such gunnies. Accordingly, the serial numbers of delivery challans issued during a month have to be reported in Form GSTR-1.

Q.3. What are tax implications in GST regime on Barter Transactions i.e. replacement of equipments from the vendors on a buy-back basis?

Ans Barter transaction of taxable goods is also considered as supply hence barter transaction of any taxable goods would attract levy of GST at the applicable rates.

In such cases, Valuation, for the purposes of discharging GST, has to be done at the open market value of such old equipment being given by FCI; Accordingly GST at the applicable rates would be calculated on the said taxable value and the requisite reporting done in the GSTR 1 return.

Q.4. What are list of major services received by FCI which are fully exempted from levy of GST?

Ans Few services normally being availed by FCI offices are outlined in the exhibit hereunder that are fully exempted from the levy of GST:

- Services relating to loading, unloading, packing of agricultural produce and rice.
- Services relating to storage or warehousing of agricultural produce and rice;
- Services by way of transportation by road of agriculture produce and food grains including pulses and rice
- Services by way of transportation by rail or a vessel from one place in India to another for agriculture produce and food grains including pulses and rice
- Carrying out an intermediate production process as job work would be exempted in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce
- Services provided by APMC or commission agent for sale or purchase of agriculture produce

Q.5. What are tax implications in GST regime on Demurrage/Wharfage charges payable to Railways?

Ans Instructions in this regard has been issued vide Circular no. F-19/GST/ 2017-18/Part-I/Fin/GST_20 dated 31.07.2017.

Q.6. Whether the transportation of goods other than agricultural produce is taxable under GST regime?

Ans Services provided by way of transportation of goods by goods transport agency are taxable under the GST Regime except for the below mentioned products:

- a) agricultural produce;
- b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;
- d) milk, salt and food grain including flour, pulses and rice;
- e) organic manure;
- f) newspaper or magazines registered with the Registrar of Newspapers;
- g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- h) defence or military equipments

Services provided by way transportation of any goods by other than goods transport agency and courier agency, are also exempted.

Q.7. Whether the regular HTC (for foodgrains and gunny) shall come under the definition of GTA or not?

Ans Services provided by way transportation of any goods by other than goods transport agency and courier agency, are exempted from GST.

“Goods transport agency” means any person who provides service in relation to transport of goods by road and issues **consignment note**, by whatever name called.

‘Consignment note’ has not been specifically defined under the GST law.

However, Rule 54(3) of the CGST Rules 2017 prescribes that if the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consigner and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, Goods and Services Tax Identification Number of the person liable for paying tax whether as consigner, consignee or goods transport agency, and also containing other information as mentioned under rule 46.

Any document issued by the transporter containing aforementioned particulars may constitute a 'consignment note' and accordingly such transporter may get classified as a goods transportation agency.

Accordingly, based on the contractual agreement and the nature of documents being issued by HTC, a factual determination can be made as to whether the HTC would qualify as a goods transport agency or not.

Q.8. What are tax implications in GST regime in case of reimbursement of Hotel Bills etc. to employees pertaining to unregistered supplier?

Ans GST, under reverse charge mechanism, shall not apply on expenses incurred by employee on hotel bills from unregistered supplier etc. being in the nature of expenses made during official travel.

Q.9. What are tax implications in GST regime on payment other than legal fee paid to advocates i.e. reimbursable expenditure like typing, photocopy expense, travelling expenses and 10% Clerkage on legal fee under RCM?

Ans Value of supply shall include incidental expenses, charged by the supplier to the recipient of supply in respect of the supply of goods and/or services.

Hence said expenses mentioned in the question would *inter alia* be included in the value of supply of advocate service and accordingly GST liability would arise on the said value at the GST rate applicable on advocate services, under the reverse charge mechanism.

Q.10. What are provisions under GST regarding showing Guest House as additional place of business in GST Registration?

Ans GST law defines place of business as a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both.

Accordingly FCI would need to take the registration for such guest houses and the same may be shown as an additional place of business under the registration taken for that State/UT.

Q.11. What is tax implications in GST regime on RTI Fee collected from applicant?

Ans RTI fee is not taxable under GST regime.

Q.12. What are tax implications in GST regime on sale of damaged foodgrains?

Ans Supply of cattle feed is exempted under GST

Q.13. What are tax implications on reimbursement of medical bills to employees of FCI?

Ans Reimbursement of medical bills to employees is not taxable in the hands of FCI

Q.14. What are tax implications in GST regime on gunny given on loan before 01.07.2017 & received back on or after 01.07.2017?

Ans Gunny now being received by FCI would be taxable under GST law. Accordingly, the State Agencies would charge the applicable GST on such supply.

Q.15. What are tax implications in GST regime on recovery of gunnies from millers given for Paddy shelling?

Ans Such recovery on account of gunnies would attract levy of GST. FCI would accordingly need to issue a tax invoice for the same, charge the applicable GST in the invoice, deposit the taxes and do the requisite reporting in the GSTR 1 Return.

Q.16. What are tax implications in GST regime on honorarium paid to employees for lecture/training given?

Ans GST specifically excludes the services provided by an employee to the employer in the course of or in relation to his employment.

Accordingly if said honorarium is a part of the employment, then no tax liability arises.

In case the said services are not part of the employment, then FCI would need to discharge the tax liability under reverse charge mechanism since the employee would not be a registered person.

Q.17. What are tax implications in GST regime on Diverted/Missing/Unconnected Wagons?

Ans In case of diverted/missing/unconnected wagons, there would not be any tax implication with respect to movement of agriculture produce or food grains being exempted goods.

Also in case of intra-State movement of taxable goods, there would not be any tax liability arising on FCI and the same to be done through delivery challan.

However in case of Inter-State movement of taxable goods such as gunny, chemicals etc., the following to be taken care:

(i) Diverted wagons

- When actual movement starts for supply to FCI branch (Original Consignee) in different State/UT, the supplying branch (Consignor Branch) would issue Tax invoice in favour of the Original Consignee branch and report the same in his GSTR-1,
- In between the movement, if wagons are diverted and received by any other branch or party (Second Consignee), then the Original Consignee branch would:
- Issue another tax invoice in the name of Second Consignee Branch for the quantity so diverted and report the same in his GSTR-1,
- Report the tax invoice issued by the Consignor branch in its GSTR-2.

However this may result into additional liability on FCI if credit is not availed by the original consignee branch for any reason, basis decision taken by FCI. For taxable items, ITC may be claimed in such cases.

(ii) Missing wagons

- Supplying branch would first issue tax invoice and report the same in his GSTR-1,
- In between the movement, if wagons are missed and not found located to any FCI branch then original consignee branch may keep the invoice on hold for the time being,
- As and when the wagons are found then the abovementioned treatment may be followed.

(iii) Unconnected wagon

- Supplying branch would first issue tax invoice and report the same in his GSTR-1,
- In between the movement, if wagons are missed and found located to any other FCI branch then original consignee branch may keep the invoice on hold for the time being,
- Further actual receiving branch may continue to follow the existing practice until the wagons are linked,
- Once the same are linked, aforementioned procedure of missing wagon may be followed.

Q.18. What are tax implications in GST regime on recovery of weighment charges from state agencies?

Ans Weighment charges constitutes as supply of taxable services and attracts levy of GST @ 18%.

Q.19. What are requirement of billing by supplier under Composition Scheme under GST from which FCI received goods/services?

Ans Registered person who has opted for composition scheme would issue a bill of supply mentioning his valid GSTIN, name, address and other particulars.

Further this mention “composition taxable person, not eligible to collect tax on supplies” should be there at the top of the bill of supply.

Accordingly, no charge toward GST shall be made by the supplier from the recipient. Further, no reverse charge mechanism GST liability shall arise on FCI in case of procurements of goods/services from composition dealers.

Q.20. Whether reverse charge under GST is to be paid by FCI in case of payment to Casual labor hired for day to day work and no bill is received against said service?

Ans In the said case, FCI offices hires labor for casual work at respective office and are not specifically for handling of agriculture produce, pulses and rice.

Hence the same would be taxable under reverse charge and concerned FCI office would need to discharge the tax liability as the service provider (i.e. labor) would not be registered under GST.

Q.21. What are tax implications under GST regime on shortage observed in quantity of goods dispatched from unit office to another unit office of FCI?

Ans Since food grains are exempted under GST therefore no tax liability arises on the said dispatch and shortage thereof.

Further in case of movement of taxable goods, supplying branch may issue a credit note for the shortages and report in GSTR-1. Accordingly the same would be reported by the receiving branch in GSTR-2.

Q.22. Whether reimbursement of GST tax invoices is to be entered invoice-wise in FAP or not?

Ans Expenses incurred by employees in individual capacity and reimbursed by FCI office need not be reported by the FCI office in GST Returns.

However, expenses incurred by FCI offices shall be duly reported in GSTR-2 at invoice–line item level wise with respect to the purchases made from registered vendors as well as unregistered vendors.

Q.23. Whether in case of liability of GST under reverse charge any self-addressed tax invoice is to be issued?

Ans In case of procurement of taxable goods and/or services from unregistered vendors, concerned FCI office would need to issue a self-addressed tax invoice. Basis relaxation provided by the government, instead of issuing individual tax invoice, a monthly consolidated tax invoice may also be issued. Having said so, FCI would need to issue payment vouchers individually for each invoice which may require invoice wise recording in the FAP Systems.

Q.24. Whether reverse charge under GST is to be paid by FCI in case of payment to Retired employees who are hired as consultant in FCI and are unregistered under GST?

Ans Yes

Q.25. Whether services given by Cost trainees who are hired on contract basis for certain period (2-3 years) and PF is also paid to them comes under the definition of supply and whether GST is payable by FCI under reverse charge on same as they are unregistered under GST ?

Ans Basis information available, stipend is paid to the ICMAI trainees as against their article ship. Accordingly the same is not taxable under the GST.

Q.26. What are the scenarios in GST regime in case of payment of arrears for services pertaining to Pre-GST period?

Ans Concerned registered vendor would need to issue a debit note for any such arrear for services pertaining to Pre-GST period for which invoice has been issued prior to the GST implementation. Accordingly, the same would be taxable as per GST provisions.

In case of unregistered vendors, FCI would need to discharge the GST liability under reverse charge.

Q.27. When service is covered under RCM in GST and supplier is GSTIN registered. Are they expected to raise invoice with GST amount mentioned therein i.e. Invoice Amount include GST?

Ans Registered supplier may issue a tax invoice mentioning GST rate and amount applicable subject to mention of the fact that the liability to discharge the tax would be on recipient under reverse charge. Accordingly payment to such vendor shall be done only for the service charges and not for the GST liability.

Q.28. What are implications under GST regime in case procurement of goods/services is being done from registered suppliers but in the Tax Invoice issued by supplier GSTIN of FCI office has not been mentioned?

Ans This shall be ensured that procurements made for FCI office has the name of concerned FCI office with correct GSTIN.

If not so, then difficulty may arise while reporting such invoices in GSTR-2 of the concerned branch.

Q.29. What will be the place of business/place of supply in case the Storage point is in One State but the railhead point from where to load the stock is in Other State?

Ans In this case, place of supply would be the State of actual receiving branch as mentioned on the invoice/bill of supply.
Accordingly, location of railhead would not affect the determination of the place of supply.

Q.30. As per the headquarter policy reimbursement would be made to officer who purchases the laptop and the expenditure incurred on behalf of the corporation even the bill is also in the name of Corporation. Hence the following issue may arise and need to be clarified

- a) **Whether FCI will show it as Purchase of Laptop or reimbursement of Laptop?**
- b) **If it is considered as reimbursement then FCI liability under GST will arise or not?**
- c) **If it is considered as purchase then the rate of INR 50,000 is inclusive of taxes or not?**
- d) **Is it required to furnish the FCI GSTIN to registered dealer at the time of purchase of Laptop?**

Ans The laptop is capitalised in the books of accounts by FCI. The same practice will continue.

Further, it shall be ensured while purchasing the same from registered person, that the name and GSTIN of the concerned FCI office is coming on the tax invoice.

In case the said is purchased from any unregistered person, the liability would arise on concerned FCI office for discharging the tax liability under reverse charge on the total value charged by the said vendor.