

तार : 'फूडकोर्प'

Gram : 'FOODCORP'

फैक्स नं: एचएफसीआई एन डी

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No. - F-19/GST/ 2016-17/Part-I/Fin/GST_16

Dated: - 21.07.2017

GST CELL

GST has been implemented w.e.f. 1st July 2017. GST has replaced existing indirect taxes such as VAT, WCT, and Service Tax etc. There are many existing contracts on which service tax and VAT was applicable, which will now attract GST. New contracts are also going to be floated on which GST may be applicable. In this regard, following instructions may be followed:

1. **Existing Contracts interpretation** (i.e. those contracts which were awarded before 01.07.2017:-

- a) **Existing Contracts for Input supply of Goods and services**

Section 171 of Central Goods and Services Tax Act, 2017 ('the CGST Act') and similar provision in the State Goods and Services Tax Act, 2017 contains the provisions for 'Anti Profiteering Measures' and provides that it is mandatory for any supplier to pass on the benefits arising on account of:

- reduction in rate of tax of the goods/services being supplied by him; and
- incremental benefits from input tax credit available to the supplier

to the consumer by way of commensurate reduction in prices.

In view of above anti- profiteering clause, reduced quote(s) may be obtained from contractors.

Tax clause in existing contracts is to be interpreted as follows under GST regime.

Sl.	Existing Clause	Interpretation under GST
1	Inclusive of VAT (no Service Tax)	Inclusive of GST
2	Inclusive of Service Tax (no VAT)	Inclusive of GST
3	Exclusive of VAT (no Service Tax)	Exclusive of GST
4	Exclusive of Service Tax (no VAT)	Exclusive of GST

5	Inclusive of VAT/ Service Tax	Inclusive of GST
6	Exclusive of VAT/ Service Tax	Exclusive of GST
7	Inclusive of VAT and Exclusive of Service Tax	Exclusive of GST
8	Inclusive of Service Tax and excluding VAT	Exclusive of GST

The tax clause interpretation of existing contract may also be intimated to existing contractor while seeking their reduced quote, so that they are well informed before giving their reduced quote.

Based upon the tax clause interpretation and anti-profiteering clause, they are expected to give reduced quote. Only reduced quote or at par quote should be allowed and no increase in quote is allowed. For contract relating to item 7 and 8 at par quote to be arrived by reducing the existing quote for VAT/ Service tax already included in price.

This "reduce quote only" is being sought owing to statutory provision under CGST/SGST on anti profiteering. No increase in price is allowed as contractor has already assumed all price related risk at the time of award of the contract.

b) Existing contracts for output supplies of goods and services

For output supplies of goods and services tax clause interpretation of existing contracts under GST will be same as for input supplies. The interpretation may also be shared with the other contracting party (i.e goods/ service receiver) and got accepted .In view of anti-profiteering clause, gain, if any to FCI against specific contract due to GST implementation may be passed to goods/ service receiver, as required under anti-profiteering clause, by reducing price of goods/services. Operating Division concerned may examine and take immediate necessary action, where ever required.

2. Future Contracts:-

While floating future contracts, following guidelines may be adhered on price quote terms:-

- a) Relating to Input supply (which includes procurement of goods and services): Rates to be quoted by supplier should be exclusive of GST. Price quote may accordingly be availed.
- b) Relating to output supply (which includes supply of goods and services): In FCI there is no output supply where there is reverse charge. Rates quoted by buyer should be exclusive of GST. Price quote may accordingly be availed.

The changes required to be made in the Model Tender Forms and the standard terms and conditions would also be intimated in due course.

The above is for information and compliance.

अक्षय विशाल

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