

**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION
LIMITED,
(ACCOUNTS BRANCH)**

(Taxation Division)

From
M.Manoharan, M.Com., ACMA,
Director (Finance) (a/c)
144, Anna Salai
Chennai - 600 002

To
All Chief Engineers
All Superintending Engineers
All Financial Controllers
All DDO's Head Quarters

Lr.No.CFC/GL/FC/ACCTS/DFC/AO/Tax/F.GST - 8/D.NO. 79 /2017 dt. 24.7.2017.
Sir/Madam,

Sub: GST - Implemented from 1st July 2017 - Action points for smooth transition to GST regime - Service tax liability for regular service and RCM cases - Additional Guidelines for adherence- reg.

Ref: Lr.No.CFC/GL/FC/ACC/DFC/AO/Tax/F.GST-7/D.NO.38/2017
dt.12.07.2017.

There are many queries addressed to Head Quarters as to whether GST is applicable in respect of transactions wherein provision of service is completed upto June 2017 (pre GST) but the invoicing and the payment for the same are made **after July 2017** (post GST).

During the Pre-GST regime, the Service Tax liability has been determined based on the provisions of Point of Taxation Rules (POTR). For example, as per the POTR, if the provision of service is treated as completed during the month of June, then the Service Tax obligation has to be discharged by payment on or after 5th/6th of subsequent month i.e. July. The POTR rules prescribes situation both from the Service provider point of view and also from Service recipient point of view (to discharge service tax obligation under Reverse Charge mechanism). The POTR provisions are as under.

Provision for Point of Taxation for services Vs services under reverse charge mechanism:

S.No.	Point of Taxation for regular services (From Service provider view)	Point of Taxation for Reverse charge services (From Service Recipient view)
1.	Earliest of the following three events – is the triggering point for service tax liability	Earliest of the following two events - – is the triggering point for service tax liability
A	where the invoice is issued within 30 days from the date of completion of service, Invoice date	Date of Payment to the service provider
B	Where invoice is not issued within 30 days from the Date of completion of service, Date of Completion of service	Where payment is not made within three months from the invoice date, Date immediately following the said period of three months
C	Date of Payment to the service provider	

Examples for ST discharge under Reverse Charge (RCM) :
(like vehicle hire charges, Advocate fees, etc)

Example 1 : Bill dated on 10 June on which Service tax payable under RCM

Payment made to service provider on 15 July 2017.

Since payment made within 3 months,

POT is 15 July (Date of Payment) and it is to be deposited by 5 August

Example 2 :

Suppose Bill dated on 10 March on which Service tax applicable

Payment to service provider made on 10 July

Since payment not made by 9 June (within 3 months)

POT is 10 June (Date of Expiry of 3 months), thus

Service is to be deposited by 6 July

Example 3

Payment made in advance on 14 April

Bill received later on 10 June

When is Service tax payable

POT is 14 April (Date of Payment)

and it is to be deposited by 6 May itself

To have a smoother GST transition, the circles are instructed to strictly follow the below mentioned procedures.

A. Applicable tax in respect of services: (Whether GST or Service Tax)

S No.	Date completion of service	of Invoice raised	Date of Payment	Tax applicable
1	Before 30 th June 2017	Before June 2017	After June 2017	Service Tax
2	Before 30 th June 2017	After June 2017	After June 2017	Service Tax
3	Before 30 th June 2017	After June 2017	Before June 2017 (Advance payment)	Service Tax
4	After 30 th June 2017	After June 2017	Before June 2017 (Advance payment)	Service Tax
5	After 30 th June 2017	Before June 2017	Before June 2017	Service Tax
6	After 30 th June 2017	Before June 2017	After June 2017	Service Tax

The circles are instructed to insist the service providers to submit invoices for services rendered before 30th June 2017 within 30 days from the date of completion of service. i.e., within 30th July 2017.

A. Applicable tax in respect of services covered under Reverse Charge Mechanism :

TANGEDCO is incurring payments on Services like hiring of vehicles, advocate fees, work contract and manpower services from individuals/Partnership Firms/HUF, which attract payment of service tax under reverse charge basis. The service tax under RCM is payable at the earliest of the date of payment to the service provider or the first day that occurs immediately after a period of 3 months from the date of invoice.

At present, the service tax returns for the **1st quarter** i.e. from 1st April, 2017 to 30th June, 2017 is to be filed on or before **15th August 2017** which is notified vide notification no. 18/2017. In respect of services under RCM, where the date of payment to the service provider or the period of 3 months falls after 15th August 2017, the service tax on such invoices shall be remitted on or before 10.08.2017 and ST return shall be filed on or before 15.08.2017. Any slippages like delayed admission of such invoices, belated remittance of service tax, belated filing of service tax returns will attract penal provisions under the erstwhile Service tax rules.

SERVICE TAX PAYABLE under various scenarios

Bills date during	Date of Payment to the service providers	Due Date for payment of service tax under RCM
Till Feb'17	Paid / not paid	Should have been remitted already
March 2017	During April to June'17	Should have been remitted by 06 th of NEXT month of payment
March 2017	Though Not paid	Should have been remitted by 06-07-2017
April 2017	During May to June'17	Should have been remitted by 06 th of NEXT month of payment
April 2017	During July'17	05-08-2017
April 2017	Though Not paid	05-08-2017
May 2017	June 2017	06-07-2017
May 2017	July 2017	05-08-2017
May 2017	On or before 10 th August 2017	10-08-2017
May 2017	Though Not paid	10-08-2017
June 2017	July 2017	05-08-2017
June 2017	On or before 10 th August 2017	10-08-2017
June 2017	Though Not paid	10-08-2017
July 2017 (services before 30 th June 2017)	During July 2017	05-08-2017
July 2017 (services before 30 th June 2017)	Paid before 10 th Aug'17 and also unpaid cases	10-08-2017

In respect of RCM services also, **the circles are instructed to request the service providers to submit invoices for services rendered before 30th June 2017 and service tax under RCM may be remitted and included in the service tax return for the quarter ending 30th June 2017.**

The service tax return is to be filed for the period of 1st April, 2017 to 30th June, 2017 on or before 15th August 2017, which can be **revised within 45 days** of filing the original return. Since the due date falls on public holiday, this return shall be filed well in advance, so as to avoid penalty.

Therefore all the circles are instructed to pay the service tax payable on reverse charge mechanism for hiring of vehicles, advocate fees, work contract tax and manpower services in respect of all services completed upto June 2017 and to include the payments in the quarterly return for the period from April 2017 to June 2017 to avoid penal charges. Utmost care must be taken to ensure that all the pending service tax payments under RCM has to be made before 5th August or 10th August 2017 as applicable.



Director Finance (A/c) .