



AAI/CHQ/TAX CELL/GST-Circular/2017

07.07.2017

To

Regional Executive Director,
Airports Authority of India
Northern/Eastern/Western/Southern/North-eastern Region,
New Delhi/Kolkata/Mumbai/Chennai/Guwahati.

Airport Director,
Airports Authority of India
Kolkata Airport /Chennai Airport,
Kolkata/Chennai.

Sub.: Guidelines for Implementation of GST in AAI w.e.f. 01.07.2017.

Sir,

In continuation to this office letter of even number dated 21.06.2017, it is to inform you that all the services provided by Airports Authority of India on which 15% Service Tax was applicable has been replaced with 18% under GST regime. Service Codes (SC) & service wise GST rates have already been circulated to all concerned which are required to be mentioned in all types of bills/invoice (CASH/CREDIT) raised w.e.f. 01.07.2017 for the service supplied by AAI.

All applicable GST Rules have been defined in SAP-ERP for implementation of business transactions. However, updation of rules for GST Return are under process. Airport Information Management System (AIMS) has been updated for Cash Invoices but for credit invoices updation is under progress. Accordingly, all Cash invoices must be raised through AIMS only.

The following guidelines may be followed during Transition & Migration Phase of GST regime:-

A) REVENUE BILLING & ACCOUNTING FOR SERVICES SUPPLIED:-

(i) TRAFFIC BILLING & ACCOUNTING: All traffic bills for the services rendered upto 30.06.2017 & post introduction of GST period are to be raised as per the instructions issued by GM (F&A), CHQ vide mail dated 29.06.2017.

(ii) NON-TRAFFIC BILLING & ACCOUNTING: All non-traffic bills shall be raised as mentioned below:-

a) In case Invoice is raised annually on or before 30.06.2017 and payment is also received before 30.06.2017, Service Tax shall be applicable.

- b) Services for which Invoice is raised annually on or before 30.06.2017 and payment is received after 01.07.2017, Service Tax shall be applicable.
- c) Services for which Invoice are raised on monthly basis on or after 01.07.2017, GST shall be applicable.

Note - Services for which invoices are to be raised annually for the F.Y . 2016 17, invoices should be raised dated 30.06.2017 latest by 15.07.2017.

B) PROCESSING OF PAYMENT TO VENDORS/CONTRACTORS FOR SERVICES RECEIVED: -

1) APPLICABILITY OF SERVICE TAX FOR SERVICES RECEIVED UPTO 30.06.2017:

All the contractors, vendors, suppliers may be asked to submit their bills dated 30.06.2017 pertaining to the period prior to 01.07.2017 latest by 15.07.2017.

- a) In case of invoice raised on or before 30.06.2017 for the services received upto 30.06.2017, Service Tax will be applicable.
- b) In case of invoice raised on or before 30.06.2017 for services received after 30.06.2017, service tax shall be applicable and paid to the vendor. Credit of same shall be claimed under Tran – 01.
- c) In case of invoice dated 30.06.2017 or earlier is received after 01.07.2017 for services already received upto 30.06.2017, liability to be created in AAI books of account as on 30.06.2017 so that Input tax credit can be availed.
- d) In case invoice for which liability could not be created in AAI books of account, it is mandatory to prepare party-wise & state-wise details of payment made including service tax, GSTIN of party & AAI of respective state, Invoice Number etc. for filing of TRAN-1 to claim CENVAT against the GST.
- e) TDS deducted on payment made after 01.07.2017 for services received before 30.06.2017 can be deposited on or before 07.07. 2017.Hence any invoice dated 30.06.2017 or earlier received after 01.07.2017, same can be released and TDS can be deposited in August 2017 provided the Contractor has deposited the Service Tax Liability on due basis. Input tax credit can be availed within three months form the date of payment.
- f) Service Tax Return for the period from April 2017 to June 2017 is to be filed by 15th August 2017.

2) APPLICABILITY OF GST FOR SERVICES RECEIVED AFTER 01.07.2017: -

- a) In case of invoice raised on or after 01.07.2017 for the services received upto 30.06.2017, GST will be applicable.
- b) In case of Works contract, no taxes like WCT, Entry Tax etc. need to be deducted. It is to be ensured that the Contractor/Vendor must raise GST invoice showing his GSTIN, HSN code/SAC, Address of Contractor/Vendor, cost of work done, CGST/SGST/IGST (as applicable) etc. so that input tax credit can be availed under GST Regime.

3) Services under Reverse Charge Mechanism (RCM): GST Council has approved 12 nos. of services under Reverse Charge Mechanism. AAI is liable to pay 100% GST for the services received.

Any purchases/services taken from Unregistered GST supplier or supplier exempted from GST under threshold limit as prescribed under GST Act, AAI is liable to deposit GST.

In terms of Notification No. 13/2017-Central Tax (Rate), Dated 28.06.2017 read with Notification No. 10/2017-Integrated Tax (Rate) services under Reverse Charge Mechanism for which, AAI shall be liable to pay 100% GST for the services received is enclosed as per Annexure1:

- 4) **IMPACT OF GST ON FRESH CONTRACT & EXISTING CONTRACT:** The detailed instructions to follow separately.
- 5) **IMPACT OF GST ON COMPOSITE CONSTRUCTION CONTRACT:** In case of Composite contracts like SITC break up of cost of Construction and cost of Electrical Works needs to be bifurcated as Input tax credit is not available for construction work whereas for plant & machinery Input tax credit is available. The price bid of all fresh NIT must clearly indicate cost of Construction & Cost of Electricals/Plan & Machinery, similarly all the existing contract the cost of Construction & Cost of Electricals/Plan & Machinery needs to be reviewed and needs to be modified accordingly.
- 6) **STOCK/ASSETS TRANSFER (INTER STATES):** Stock/Assets transferred from one unit/Airport to another unit/Airport of AAI located in different state shall be treated as an inter-state supply and hence liable to pay IGST. Accordingly, Invoice for stock/assets transfer needs to raise by supplier Airports. Airport/Unit making the supply shall charge and deposit IGST and Airport/Unit receiving the goods can claim input tax credit of IGST paid.
- 7) **STOCK/ASSETS TRANSFER (INTRA STATE):** Transfer of Stock/Assets from one unit/Airport to another unit/Airport of AAI located in same state would get covered under single GSTIN (GST registration number). Thus, any asset/stock so transferred would not amount to supply and, no tax would be levied accordingly transfer to be made under delivery challan.
- 8) **EXPENDITURE OUT OF IMPREST ACCOUNT:** All purchases should be made through GST registered dealers only to avail input tax credit. In case of emergency, any purchases made from unregistered GST dealers & provides Invoice without tax, AAI is responsible for deposit of CGST/SGST. In such a situation, a GST invoice is to be raised showing the price of goods/service, amount of Central Goods & Service Tax (CGST) & State Goods & Service Tax (SGST) as per applicable rates of GST. The amount of CGST & SGST is to be deposited by AAI under Reverse Charge Mechanism (RCM). However, it is advised that all purchases must be made through Registered Dealers only to avoid above problems.
- 9) **NON CREDITABLE INPUT SUPPLIES:** The list of Input services for which Input Tax Credit is not available is enclosed in Annexure-II.
- 10) **ORDER OF SETTING OFF OF ITC :- The Input Tax Credit will be set off in the following order**

Credit of	Allowed for Payment of		
	IGST	CGST	SGST
IGST	1	2	3
CGST	2	1	
SGST	2		1

The numbers represent the order of utilization of credit.

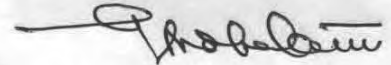
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The above guidelines may be circulated among all concerned for strict compliance. In case of any clarifications/query may be sent to CHQ at gstchq@aai.aero, geetha01@aai.aero kdsehgal@aai.aero gsmohapatra@aai.aero with a subject as "AAI-GST QUERY:_____".

This issues with the approval of the competent Authority

Thanking you,

Yours faithfully



(G.S. Mohapatra)

Jt. General Manager(F&A)

Copy for information to

1. OSD to Chairman/Member(Planning)/Member(Finance)/Member(HR)/Member(ANS)/Member(Operation)
2. Executive Director (Engg.)-I/II/III/IV/V/CNS-P/CNS-OM/Airport System/Internal Audit/ IT/GSS-Equip/Tech, CHQ./JVC/Finance/IA
3. General Manager (F&A),AAI, NR/ER/WR/SR/NER/Chennai/Kolkata Airport.
4. Dy. General Manager (F&A), RAU, RC & DU, New Delhi.



Annexure-I

List of Services under Reverse Charge Mechanism (RCM)

SL. No.	Description of Supply of Services as applicable in case of AAI
1	Supply of Services by a goods Transport Agency in respect of transport of goods by road
2	Services supplied by an individual advocate including a senior advocate by way of representational services, before any court, tribunal or authority, directly or indirectly including where contract for provision of such service has been entered through another advocate or a firm of advocates or by a firm of advocates, by way of legal services to AAI
3	Services supplied by an arbitral tribunal to AAI
4	Services provided by way of sponsorship to AAI
5	Services supplied by the Central Government, State Government, Union territory or local authority to AAI excluding the following services: <ol style="list-style-type: none">1. Renting of Immovable Property Services2. Services by Department of Posts by way of speed post, express parcel post, life insurance and agency services3. Services in relation to an aircraft or a vessel4. Transport of goods or passengers
6.	Services supplied by a director of AAI to the AAI
7.	Supply of services by photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original artistic works to the AAI
8.	Any service supplied by any person who is located in a non-taxable territory to AAI
9.	Services supplied by a person located in a non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India

Annexure-II

NON Creditable Input Supplies

SL NO	List of Input Supplies for which credit would not be available (General)
1	Motor Vehicles and other conveyances except in some cases.
2	Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except in certain situations
3	Membership of a Club, health and fitness centre
4	Rent-a-cab, life Insurance, health Insurance except for some specified cases
5	Travel benefits extended to employees on vacation
6	Works Contract services when supplied for construction of immovable property (other than plant and machinery) except when it is input service for further supply of works contract service
7	Goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery) on own account
8	Goods or services on which Tax paid under composition scheme
9	Goods or services used for personal consumption
10	Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
11	Any Tax paid by way of fraud or willful misstatement or suppression of facts, tax on detained or confiscated goods

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