

## Controller General of Defence Accounts Ulan Batar Road, Palam, Delhi Cantt - 110010 Ph No. 011 - 25665577, 25665729 FAX No. 011- 25674806. (IAW-9)

E-Mail: cgdanewdelhi@nic.in



IAW/9/9504/GST/Query

Dt.: 18.12.2017

To,

Dte of Fin & Materials Management 'A' Block, 1st Floor, DRDO Bhawan, New Delhi- 110 011

Sub: Registration with GST for disposal of scrap/unserviceable items.

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This has the reference to this office letter bearing no. DFMM/II/GP/0000117/M dt. 05.10.2017.

2. In this context, please find enclosed a copy of reply received from MoD(Fin), GST Facilitation Cell w.r.t. this office letter bearing no. IAW/9/9504/GST/Query dt. 20.11.2017 for information and necessary action at your end please.

ACGDA(IAW)

Copy to:

EDP Cell(Local)

: For uploading on CGDA Website.

ACGDA(IAW)

## Government of India Ministry of Defence (Finance) GST Facilitation Cell

Subject: Registration with GST for disposal of scrap/unserviceable items.

Reference: UO No. IAW/9/9504/GST/Query dated 20-11-2017.

The query from CGDA office in regard to onus on payment of GST/tax to Govt has been examined in GST Facilitation Cell MoD and the issue here is in relation to disposal of scrap/unserviceable items held at various DRDO labs through MSTC Ltd. The MSTC is of the view that invoice is to be issued at the time of delivery of goods and also to have correct information about exact quantity, transportation details, classification number, place of supply and may other information which MSTC would never be able to have on real time basis. Perhaps, MSTC desires this aspect to be handled by DRDO itself. We are of the view that the issue needs to be sorted out by the concerned parties with mutual agreement, though payment of GST (on disposal of scrap/unserviceable items) is now on reverse charge basis and onus on payment of GST will be on recipient.

2. This issues with the approval of AS & FA(Acq).

(Úmrav Meena) SO (GST)

Tel No. 23013828

Email: umrav.meena7@nic.in

Shri R S Agarwal, ACGDA, Ullan Battar Road, Delhi Cantt MoD(Fin/GS-II) ID No. 30(10)/GS-II/2017 Pt-III dated 08.12.2017

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## Controller General of Defence Accounts Ulan Batar Road, Palam, Delhi Cantt – 110010 Ph No. 011 – 25665592, 25665729 FAX No. 011- 25674806. (GST Cell)

E-Mail: cgdanewdelhi@nic.in



## Sub: Registration with GST for disposal of scrap/unserviceable items.

This has the reference to DRDO HQ letter No: DFMM/II/GP/0000117/M dated  $05^{th}$  Oct 2017 (copy enclosed) on the above mentioned subject.

2. Queries received from DRDO HQrs and clarification of this Office on disposal of scrap/ unserviceable items held at various DRDO Labs disposal through MSTC Limited, Visakhapatnam are as follows:

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Sl.	DRDO HQr	View of MSTC for disposal of	Views of GST Cell of CGDA
No	query	Scrap/ Unserviceable items	
No 1.			A 'taxable person' under GST, is a person who carries on any business at any place in India and who is registered or required to be registered under the GST Act. Any person who engages in economic activity including trade and commerce is treated as taxable peron.  Person here includes individuals, HUF, Company, Firm, Body corporate incorporated under laws of foreign country, Cooperative Society, Local authority, Government, trust, and artificial juridical person.  GST registration is mandatory any business whose turnover in a financial year exceeds Rs.20 lacs (Rs.10 lacs for special category state). If your turnover is supply of only exempted goods/services which are exempt under GST, this
2.	Payment of tax on reverse charge basis	Regarding Reverse Charge:  a. Section 9(4) of the GST Act has a provision to pay tax on a reverse charge basis by the recipient of goods or services where the supplier is unregistered.  b. However, even if the tax is paid by the recipient of goods in DRDO case, the liability to take registration and pay tax is not absolved in your	The Central Government may on recommendations of the council, by notification, specify categories of supply of goods or services, the tax on which shall be paid on Reverse Charge (RCM) basis by the recipient of such goods and services. The Central tax in respect of supply of taxable goods and services by a non-registered supplier to a registered person, shall be paid by such person on reverse charge basis as the recipient liable for paying tax in

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			case since they are liable to be registered under the law as stated above unless specific exemption is granted.  c. Accordingly and to MSTC view, the payment of tax under the RCM may not be suitable in DRDO case.	goods and services".  When a person becomes liable to pay tax on the reverse charge, certain provisions like threshold exemption, time of supply, availing of input credit changes.
3.	Onus payment tax	on of	Onus on payment of tax: In the normal course, the tax would be payable by the supplier of goods and / or services. So, the complete onus of the GST will be on the supplier / seller of the Goods, and MSTC which is your service provider will not be able to collect GST on behalf of any department as per the new provisions. Further invoice is to be issued at the time of delivery of goods and also to have correct information about exact quantity, transportation details, classification no, place of supply and many other information which MSTC would never be	The same will be referred to MoD (Fin) for clarification.

2. For better appreciation of the case. It is requested that necessary guidelines/instructions/clarification on the subject issue may kindly be provided to CGDA HQrs please.

able to have on real time basis.

GST Cell, MoD(Fin) South Block , New Delhi

UO No. IAW/9/9504/GST/Query dt.: 20 11.2017

Copy to:

DRDO HQrs Rajaji Marg New Delhi For information w.r.t the above mentioned letter.

Sr. Accounts Officer