



भारत हेवी इलेक्ट्रिकल्स लिमिटेड  
(भारत सरकार का उपक्रम)  
Bharat Heavy Electricals Limited  
(A Government of India Undertaking)  
इण्डस्ट्रियल सिस्टम्स ग्रुप  
INDUSTRIAL SYSTEMS GROUP

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पी.बी.नं 1249, प्रो. सी एन आर राव सर्कल  
आईआईएससी पोस्ट मल्लेश्वरम  
बंगलूर - 560 012  
P.B. No.1249, Prof. C N R Rao Circle  
II Sc Post Malleswaram  
Bangalore-560 012

Ref:

Date:

To

Sub-Contractor for E&C or Civil/Structural works

Dear Sir / Madam,

Sub : Regarding applicability and implementation of GST on balance works

Ref : Our WO No

For *works description* for *project ref*  
and subsequent amendments there on, if any

This has reference to our above work order and our earlier communication of certain basic information on GST, vide our letter dated 13<sup>th</sup> June 2017 (copy enclosed).

We further refer to point 6 of our letter with regard to "GST law on anti profiteering", which is produced here below:

Sec.171 (1) of The Central Goods and Services Act-2017 mandates that "any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices."

Further, it has been provided that in case of non-compliance with the above mentioned provisions the National Anti-profiteering Authority (hereinafter "NAPA") shall pass an order after following the procedure specified in the APR Rules:

- Reduction in prices;
- Return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of 18% from the date of collection of higher amount till the date of return of such amount;
- Imposition of penalty as prescribed under the Act; and
- Cancellation of registration under the Act.

Keeping in view of above clauses, we would like to state that any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices. Hence we request you to immediately furnish a certificate / undertaking as per Format-1 (enclosed), duly signed & stamped by the authorized signatory of your company.



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The reduction in prices on account of GST, may please be furnished as per the Format-2 (enclosed), duly signed & stamped by the authorized signatory within three months from the date of furnishing Format-1.

On receipt of your filled-in price reduction sheet (Format-2), amendment to your P.O./W.O. will be issued, in accordance with the GST compliance.

Meanwhile, in line with "your certificate / undertaking furnished as per Format-1", you are advised to go ahead with further raising of Running Account Bills (RABs) of the items/ services and raise the invoices with GST (as per applicable rates), covering all the details as indicated in "GSTN/Invoicing details", to be issued case to case basis.

**For immediate invoicing, Billing value shall be excluding WCT component (wherever applicable) which was included in the price.**

In case of non-receipt of the certificate (format-1), we shall withhold 10% of the gross bills and pay the balance till compliance of this clause of GST. This is in addition to all other deductions like retention money, security deposit etc as provided under the Purchase order/ work order referred to herein. However the 100% payment of GST will be made. On receipt of your certificate (Format-1) to our satisfaction, the withheld amount shall be released.

The final bill of P.O./ W.O. will be settled on receipt of certificate (Format-2).

During the invoicing, please ensure that the conditions as given in Annexue-1 are followed.

Thanking You,

Yours sincerely,  
For Bharat Heavy Electricals Ltd

(R BABU)  
Addl General Manager/ Head-MM



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## Annexure-1

### Special Conditions of Contract GST:

For supplies and services after implementation of GST i.e. after 01.07.2017, the following conditions will apply and supplier/ contractor shall fully comply to the below points.

### Indigenous suppliers:

1. Vendor shall have a valid GST registration. If any specific exemption is available, a declaration with due supporting documents need to be furnished.
2. Supplier shall mention their GSTN registration number in all their invoices and invoices shall be in the format as specified/prescribed under GST laws. Invoices shall necessarily contain Invoice number (in case of multiple numbering system is being followed for billing like SAP invoice no, commercial invoice no etc., then the Invoice No which is linked/uploaded in GSTN network shall be clearly indicated), item description as per PO, Quantity, Rate, Value, applicable taxes with nomenclature (like IGST, SGST, CGST & UTGST) separately, HSN/ SAC Code, etc.
3. All invoices shall bear the HSN Code for each item separately (Harmonized System of Nomenclature)/ SAC code (Services Accounting Code).
4. A declaration to the effect that all invoice particulars are/were uploaded in the GSTN network/ portal & all tax liability as per GST rules and regulations have been and will be discharged, shall be mentioned in the invoice. If not mentioned in the invoice, a separate declaration shall be submitted as per the requirement of BHEL.
5. All documents like Mill Test Certificate, LR copy, Guarantee/Warrantee certificate, work completion certificate, any other document mentioned in PO, shall be sent along with the vehicle/consignment. For all consignments received within the calendar month, input credit will be availed within that month in line with monthly returns filing cycle. In case of any discrepancy in the document or non-submission of documents mentioned in the PO, then BHEL will not be able to accept or account the material, in such case availing of tax credit will be deferred to next month or so.
6. In case of discrepancy in the data uploaded by supplier in the GSTN portal or in case of any shortages or rejection in the supply, then BHEL will not be able to avail the tax credit and will notify the supplier of the same. Supplier has to rectify the data discrepancy in the GSTN portal or issue credit note



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(details to be uploaded in GSTN portal) for the shortages or rejections in the suppliers, within the calendar month notified by BHEL.

7. For any such delay in availing of tax credit for reasons attributable to supplier (as mentioned above), interest (calculated @ SBI Base Rate + 6%) along with penalty if any will be deducted for the delayed period i.e. from the month of receipt till the month tax credit is availed, from the running bills.
8. This is to inform that GST portion of invoice ,Shall be released only upon Vendor declaring such invoice in his GSTR-1 and receipt of goods and Tax invoice by BHEL and Confirmation of payment of GST thereon by vendor on GSTN portal.  
Alternatively, BG of appropriate value may be obtained from vendor which shall be valid At least one month after the confirmation of date of payment of GST by vendor on GSTN portal and receipt of Tax invoice and receipt of goods, whichever is later. Above is subject to receipt of goods/service and tax invoice thereof along with vendor declaring invoice in his return and paying GST within timeline prescribed for availing ITC by BHEL.
9. that in case vendor delays Declaring such invoice in his return and GST credit availed by BHEL is denied or reversed subsequently as per GST law, GST amount paid by BHEL towards such ITC reversal as per GST law shall be recoverable from vendor/contractor along with interest levied/ leviabale on BHEL.
10. **GST registration by vendor/ contractor for site works like Civil/ Structural Works, E&C Works, Supervision Services, Loading/ Unloading Services, any other site work:** As per GST law, where the services are provided from the fixed establishment, location of supplier of services will be the location of such establishment. As per GST law, "Fixed establishment" means a place (other than the registered place of business) which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs. In cases qualified as "Fixed establishment", the vendors/ contractors are advised to get GST registration in the state where the project site is located and declare the respective sites as additional place of business. All bills raised on BHEL, in such cases, must be raised using the vendor's/ contractor's GSTIN of the state where the project site is located, i.e. all such must be billed only as **CGST + SGST/ UTGST**.



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11. **Revision of basic price where the present basic price includes WCT:**  
The unit rates of the billing schedule of such work orders shall be revised as mentioned below:

**Revised Unit Rate=[Present Unit Rate (which includes WCT)]-  
[Applicable WCT]**

However, the final unit rates for the BBU shall be arrived at considering the price reduction with reference to the **Anti-profiteering clause** as described below.

10. Anti-profiteering clause:

GST law has a provision that any reduction of rates in GST or the benefits of ITC shall be passed on to the recipient by way incommensurate reduction in price of goods/services. Hence, Bidder to ensure that benefit of reduction of rates in GST and benefit of ITC are being passed on by way of commensurate reduction in price of goods/services including capital goods. Such benefit would accrue to vendors/contractors due to availability of ITC for inter state Supplies under GST which was not available in existing law due to CST credit not being available or ITC reversals under existing law for stock transfers, ITC reversals under Existing law on account of common credit etc. Further any element of taxes like Excise, VAT, CST, Service Tax, WCT, Entry Tax etc which are embedded into price of goods/services under contracts/PO/WO placed on vendors/contractors under existing law shall also be taken into account for working out the benefits and for seeking price reduction from contractors/vendors.



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## FORMAT -1

### C E R T I F I C A T E

Date:

To

Addl GM/ Head-MM  
BHEL-Industrial Systems Group  
Bangalore 560 012

PO / WO Ref: ----- for *item ref* for *Project Ref*

It is hereby certified that as per GST anti-profiteering law, any reduction arising due to reduction in price will be passed on to BHEL and the detailed calculation will be submitted as per the calculation sheet (format-2) enclosed

(Authorised Signature)

For M/s -----





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**FORMAT -2**

**Computation of Revised Order Value Considering Additional Input Tax Credit due to GST & Embedded taxes & duties subsumed under GST**

**Vendor/Contractor Name :**

**PO/WO Number :**

**GSTIN No. :**

**Item Description :**

	Particulars	Amount (INR)
<b>A</b>	<b>Total Basic Order Value as per WO/ PO</b>	
<b>B</b>	<b>Unexecuted Basic Order Value as on 30.06.2017</b>	
<b>C</b>	<b>Taxes and Duties included in the Unexecuted Basic Price indicated under 'B'</b>	
1	WCT amount included in the Basic Price	
2	Excise Duty amount included in the basic price	
3	CST/ VAT amount included in the basic price	
4	Entry tax amount included in the basic price	
5	Any other taxes & duties included in the basic price which are not applicable/ replaced by GST under the GST regime	
<b>6</b>	<b>Total of "C"</b>	
<b>D</b>	<b>Input Tax Credit available under GST (not available earlier)</b>	
1	CST savings on inter-state procurement of vendor	
2	Entry Tax savings on vendor procurement	
3	Savings on account of excise duty credit on non-creditable goods becoming creditable under GST (i.e., structures for Capital goods, office equipments, etc.)	
4	Savings on account of VAT credit on non-creditable goods becoming creditable under GST (i.e., consumables, office equipments, etc.)	
5	Savings on account of ED/ CVD/ SAD credit not availed by the vendor (i.e., purchases from a trader, etc.)	
6	Savings on account of VAT credit where vendor does not have output VAT	
7	Savings on account of reversal of VAT credit for stock transfer	
8	SBC savings on services procurement of vendor	
9	KKC savings on services procurement of vendor	
10	Savings on account of service tax credit on non-creditable services becoming creditable under GST	
11	Savings on account of service tax credit where vendor does not have output service tax / excise duty	
12	Any other Savings on account of introduction of GST	
<b>13</b>	<b>Total of "D"</b>	
<b>E</b>	<b>Revised Pending Order Value E = B-[C+D]</b>	

**Signature of Authorized Signatory**