GOVERNMENT OF INDIA (भारत सरकार)
MINISTRY OF RAILWAYS (रेल मंत्रालय)
(RAILWAY BOARD रेलवे बोर्ड)

No.TC-I/2012/214/1 Pt. New Delhi, Dt. 24.07.2017

Chief Commercial Manager
All Zonal Railways

Sub: Timely issue of Service Tax Certificate for transportation of Goods(STTG)
Ref: Board’s letter No.TC-I/2012/214/1 Pt. dated 03.02.2017

Please find enclosed herewith SAIL’s letter dated 27.06.2017 and Tata Steel Ltd.’s letter dated 18.05.2017 regarding timely issue of STTG Certificate.

Zonal Railways may please ensure to issue STTG Certificate to all rail users in time, keeping in view the validity of time deadline for availing of credit by Railway customers.

DA:as above

(Shilpi Bishnoi)
Director, Traffic Commercial (Rates)
Railway Board
Mr. Mohd Jamshed  
Member (Traffic),  
Railway Board,  
Rail Bhawan  
New Delhi – 110 001

Respected Sir,

Sub: Timely Issue of Service Tax Certificate for Transportation of Goods (STTG)

As you are kindly aware, the proposed Goods and Services Tax Act, 2017 is to be implemented w.e.f. 1st July 2017.

Presently, SAIL Plants/Units have been availing of the services in relation to transportation of coal, iron ore, etc. from ports/mines to steel plants and finished products from steel plants to various customers/stockyards across India. On an average, SAIL pays approx. ₹ 600 crore to Indian Railways for the said services per month. Further, about ₹ 27 crore is paid monthly for the Service Tax leviable on the said services with provision for availment of tax credit. However, Service Tax Certificate for Transportation of Goods, i.e. the document on the basis of which steel plants/units avail credit of said Service Tax, is generally made available to us about 2 to 3 months after the date of receipt of services. In some cases, it is noticed that the same is pending for more than 3 months also.

As per the Transitional Rules framed under the Central Goods & Services Tax Act, 2017, for availment of credit in a situation where the Service Tax is paid by the service provider under the existing law and the service is provided before the appointed date but the invoice in respect of the service is recorded in the books of the recipient after the appointed date, there exists no provision for taking credit after the appointed date. In the absence of any benevolent provision, the Service Tax portion on services in relation to transport of goods provided by the Railways before 30th June, 2017, STTG for which are issued after 30th June, 2017, would become a cost to SAIL, as Steel Plants/Units will not be able to record the transactions in credit ledger in time.

We have highlighted the issue to various authorities in Railway Board. However, as on the date, the STTG have been issued only up to February-March 2017. We apprehend that if the STTG are not made available in time, we may lose CENVAT credit worth crore of Rupee, for no fault of ours.
Based on the above background, it is requested that you may kindly advise the Zonal Offices to issue the STTG on railway freight collected up to 30th June, 2017 by 30th June, 2017 itself to enable smooth transition into the GST regime without any credit loss or chance of dispute.

Alternatively, it is requested that the matter may be taken up with concerned authorities including GST Council seeking relaxation of time limit for submission of STTG and allowing credit to SAIL and other service receivers provisionally on the basis of the Railway Receipts (RRs) issued.

Thanking You,

Yours faithfully,

(Amil Chaudhary)
Director (Finance)

Copy to:

//Financial Commissioner, Railway Board, New Delhi - with a request to kindly extend help in this regard.
Subject: GST related issues

GST, the most significant indirect tax reform, is being implemented from 1st July 2017. For your consideration, we would like to highlight a few points which are of importance not just to Tata Steel but also to all other B2B customers of Railways:

1. Service Tax Certificate for Transportation of Goods (STTG Certificates) is issued by Railways to rail customers for availing cenvat credit currently. However, STTG certificates have not been included in the list of approved documents as per Input Tax Credit Rules applicable in GST regime. We would request you to take up the matter with the GST council for inclusion. This document is also used to transfer cenvat credit by rail customer (consignor) to its eligible customers (consignee) - Reference Circular No. 1048/36/2016-CX dated 20th September, 2016.

We would also like to inform you that STTG certificates from Nov-16 till the current date amounting to Rs 57 crores are pending for issuance with various zonal offices of railways (SER: Rs 42 crores; ECoR: Rs 10 crores; ECR: Rs 4.5 crores; Others: Rs 0.05 crore). We are working with them for the issuance of these certificates given that these certificates are required to be issued by 30th June, 2017 so that Tata Steel can avail of the cenvat credit. In case the certificates are not issued by 30th June, 2017, the entire cenvat balance will become cost to Tata Steel. We seek your kind intervention on this subject.

2. The entire system of availing credit in the GST regime is based on the matching concept and dependent upon upload of invoices on the GSTN. Also tax credits can be availed only when (a) the counter party has deposited the GST with the government & (b) uploaded the correct information in the GSTN.

A letter highlighting these points has been submitted by Tata Steel to Dy Chief Commercial Manager (FM), SER, Kolkata. A copy of the same is also attached for your kind reference. We look forward to your support in this crucial transition to GST.

Thanking you.
Yours faithfully,

(Marish Mishra)
Chief Regulatory Affairs

Enclosure: Letter dated 18th May, 2017 addressed to Dy Chief Commercial Manager (FM), SER, Kolkata.
ACCS/FRT/FP 2017
18th May 2017

To,

Dy Chief Commercial Manager (Claims)
South Eastern Railways
Claims Branch,
14, Strand Road, 10th Floor,
Kolkata 700001

Ref. – Impact of GST on transactions between Tata Steel and Railways.

Dear Sir,

As you are aware that the GST will be implemented w.e.f. 1st July 2017, so we like to highlight and discuss the following points which are the key concerns and immediate action is required to avoid any financial impact on Tata Steel.

1) Cenvat credit availed in the last return till 30th June 17 will be allowed to be carry forward in GST regime. In case the credit is not availed till 30th June then service tax on rail freight will be a cost for Tata Steel. At present normally there is a delay of 3 to 4 month in receiving the service tax certificate from Railways. For example- From South Eastern Railways we are yet to receive the certificates from Nov 16 onwards. We request you to kindly expedite to send the certificates at the earliest.

2) Service tax certificate issued by Railways is not an eligible document for claiming the Tax credit under GST regime. We request you to kindly make necessary representation for clarification what should be the eligible document for tax credit by the assessee.

3) Matching Concept has been introduced in GST regime which means that the Tax credit on GST paid on rail freight will be available only when Railway uploads supply details in GST return and have made GST payment to Government and if there is any mismatch between the supply details return filed by Tata Steel and Railways then the Tax credit will be disallowed.
Keeping in view all of the above 3 major concerns we like to discuss the preparedness of Railways for ensuring the smooth transition into GST regime.

Looking forward for your support.

Thanking you,

Yours faithfully,

For Tata Steel Ltd

Suraj Kumar
Senior Manager (Sales and EPA Accounts)
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