

CIRCULAR

Circular No :- PXIL/BD/2018-2019/ 246
Date of Issue :- 07th June, 2018
Subject :- GST rate on Renewable Energy Certificates (RECs) – w.r.t Ministry of Finance Circular dated 06th June, 2018.

Dear Member(s)

This circular is in continuation to our earlier Circular No PXIL/2017-2018/238 dated 13th March, 2018.

Ministry of Finance, Department of Revenue in its Circular No 46/20/2018-GST dated 06th June, 2018, has clarified that Renewable Energy Certificates are classifiable under **Heading 4907 and attract 12% GST.**

Members are requested to kindly take note of the same and inform their respective seller clients to raise invoice(s), in the name of counterpart buyer and in accordance to details as already provided by us, with GST applied @ 12%.

In case of any clarification please contact Mr. Sanjeev Satpathy (sanjeev.satpathy@pxil.co.in /022-40096649) for any further queries.

For and on behalf of

Power Exchange India Ltd

Chandrashekhar Bhat
VP (Business Development)

Encl : Ministry of Finance Circular No :-46/20/2018-GST dated 06.06.2018.

F. No. 354/149/2017 –TRU

Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

North Block, New Delhi
Dated the 6th June, 2018

To

The Principal Chief Commissioner/ Principal Directors General/Chief Commissioner/
Directors General/Principal Commissioner/ Commissioner of Central Excise and Central
Tax (All) / Director General of Systems

Madam / Sir,

**Subject:Applicable GST rate on Priority Sector Lending Certificates (PSLCs),
Renewable Energy Certificates (RECs) and other similar scrips -regarding**

Representations have been received seeking clarification regarding the classification and applicable GST rate on the Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs).

2. Earlier, in response to a FAQ, it was clarified (vide advertisement dated 27.07.2017), that MEIS and other scrips like SEIS and IEIS are goods classified under heading 4907 and attract 12% GST, which is the general GST rate for goods falling under heading 4907. Subsequently, the duty credit scrips classifiable under 4907 were exempted from GST, while stock, share or bond certificates and similar documents of title [other than Duty Credit Scrips], classifiable under heading 4907, attract 12% GST.

3. Later on, Circular No. 34/8/2018- GST dated 01.03.2018 (S.No.3) was issued clarifying that PSLCs are taxable as goods at a standard rate of 18 % under the residual entry S. No. 453 of Schedule III of notification No. 01/2017-Central Tax (Rate).

4. As a result, there is lack of clarity on the applicable rate of GST on various scrips/certificates like RECs, PSLCs etc.

5. The matter has been re-examined. GST rate of 18 % under the residual entry at S.No. 453 of Schedule III of notification No. 01/2017-Central Tax (Rate) applies only to those goods which are not covered under any other entries of Schedule I, II, IV, V, or VI of the notification. In other words, if any goods are covered under any of the entries of Schedule I, II, IV, V, or VI, the GST rate applicable on them will be decided accordingly, without resorting to the residual entry 453 of Schedule III.

6. As such, various certificates like RECs, PSLCs etc are classified under heading 4907 and will accordingly attract GST @ 12 %, though duty paying scrips classifiable under the same heading will attract Nil GST {under S.No. 122A of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, as amended *vide* Notification No. 35/2017-Central Tax (Rate) dated 13.10.2017}.

7. Accordingly, in modification of S.No. 3 of Circular No. 34/8/2018- GST dated 01.03.2018, it is hereby clarified that Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs) and other similar documents are classifiable under heading 4907 and attract 12% GST. The duty credit scrips, however, attract Nil GST under S.No. 122A of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017.

8. If any difficulty is faced, the same should be brought to the notice of the Board. Hindi version would follow.

Yours faithfully,

(Dr. Ajay K. Chikara)
Technical Officer
Tax Research Unit