

Power Exchange India Limited

CIRCULAR

Circular No : PXIL/CNS/2021-2022/353
Date of Issue : November 29, 2021
Subject : GST Rate applicable on Renewable Energy Certificate

Dear Member(s),

Ministry of Finance, Department of Revenue vide its Circular No. 46/20/2018-GST dated 06 June 2018 had clarified that Renewable Energy Certificates fall under Heading 4907 for the purpose of applicable GST rate (copy of Circular attached at Annexure-I).

Further, Ministry of Finance, Department of Revenue vide its Notification No. 8/2021-Central Tax (Rate) dated 30.09.2021 has clarified that applicable GST rate for Heading 4907 is now 18% w.e.f 1st October 2021. (copy of Notification attached at Annexure-II).

Any transaction of REC on or after 1st October 2021 is therefore liable to tax @18%. Sellers would be required to raise their invoices considering the 18% GST rate and Buyers would need to provide a margin and thereafter make payment to Seller considering GST at 18% rate.

With reference to said Notification, below steps are being facilitated by Exchange for the REC trade concluded on 24th November, 2021.

- All the GST Invoice uploaded by Seller on PRATYAY system for REC trade concluded on 24th November will be cancelled / rejected by Exchange.
- Sellers not eligible of E-Invoicing can download new GST Invoice from PRATYAY system with updated GST rate and upload the same with Digital Signature.
- Seller eligible for E-Invoicing can upload revised Invoice on PRATYAY system with 18% applicable GST rate.
- Buyer has to provide additional 6% GST based on the Trade Value to Exchange and same will be transferred to Seller once the fresh GST Invoice with 18% tax rate is approved by Buyer.

For further details or any further assistance feel free to get in touch with Membership / Clearing & Settlement Department on below mentioned phone numbers:

SR	Name	Mobile Number
1	Mr. Arun Mishra	9869845829
2	Mr. Manas Sahoo	9930902778
3	Mr. Shailesh Prajapati	7021921824
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For and on behalf of

Power Exchange India Limited
Sd/-

Mukti Prakash Marchino
AVP & Head (Market Operations, Membership and Clearing & Settlement)

Circular No. 46/20/2018-GST

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

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)
Notification No. 8/2021-Central Tax (Rate)

New Delhi, the 30th September, 2021

G.S.R.(E).- In exercise of the powers conferred by sub-section (1) of section 9 and sub-section (5) of section 15 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.1/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 673(E), dated the 28th June, 2017, namely:-

In the said notification, -

(a) in Schedule I – 2.5%, -

(i) after S. No. 71 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

"71A	1209	Tamarind seeds meant for any use other than sowing";
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(ii) S. Nos. 138 to 148 and the entries relating thereto shall be omitted;

(iii) after S. No. 186 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

"186A	3826	Bio-diesel supplied to Oil Marketing Companies for blending with High Speed Diesel";
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(iv) S. No. 187A and the entries relating thereto shall be omitted;

(v) S. No. 234 and the entries relating thereto shall be omitted;

(vi) in List 1, after item number 231 and the entries relating thereto, the following shall be inserted, namely: -

"(232) Pembrolizumab (Keytruda)";

(vi) in List 3, after item number (B) (2) and the entries relating thereto, the following shall be inserted, namely: -

"(3) Retro fitment kits for vehicles used by the disabled";

(b) in Schedule II – 6%, -

(i) against S. No. 80A, in column (3), for the entry, the following entry shall be substituted, namely: -

"Bio-diesel (other than bio-diesel supplied to Oil Marketing Companies for blending with High Speed Diesel)";

(ii) S. No. 122 and the entries relating thereto shall be omitted;

(iii) S. Nos. 127 to 132 and the entries relating thereto shall be omitted;

(iv) after S. No. 201 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

"201A	84, 85 or 94	<p>Following renewable energy devices and parts for their manufacture:-</p> <p>(a) Bio-gas plant;</p> <p>(b) Solar power based devices;</p> <p>(c) Solar power generator;</p> <p>(d) Wind mills, Wind Operated Electricity Generator (WOEG);</p> <p>(e) Waste to energy plants / devices;</p> <p>(f) Solar lantern / solar lamp;</p> <p>(g) Ocean waves/tidal waves energy devices/plants;</p> <p>(h) Photo voltaic cells, whether or not assembled in modules or made up into panels.</p> <p>Explanation:- If the goods specified in this entry are</p>
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		supplied, by a supplier, along with supplies of other goods and services, one of which being a taxable service specified in the entry at S. No. 38 of the Table mentioned in the notification No. 11/2017-Central Tax (Rate), dated 28 th June, 2017 [G.S.R. 690(E)], the value of supply of goods for the purposes of this entry shall be deemed as seventy per cent. of the gross consideration charged for all such supplies, and the remaining thirty per cent. of the gross consideration charged shall be deemed as value of the said taxable service.”;
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- (v) S. Nos. 205A to 205H and the entries relating thereto shall be omitted;
- (vi) S. No. 232 and the entries relating thereto shall be omitted;
- (c) in Schedule III – 9%, -
- (i) after S. No. 26B and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

*26C	2601	Iron ores and concentrates, including roasted iron pyrites.
26D	2602	Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20% or more, calculated on the dry weight.
26E	2603	Copper ores and concentrates.
26F	2604	Nickel ores and concentrates.
26G	2605	Cobalt ores and concentrates.
26H	2606	Aluminium ores and concentrates.
26I	2607	Lead ores and concentrates.
26J	2608	Zinc ores and concentrates.
26K	2609	Tin ores and concentrates.

26L.	2610	Chromium ores and concentrates.”;
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(ii) after S. No. 101 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

*101A.	3915	Waste, Parings and Scrap, of Plastics.”;
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(iii) for S. No. 153A and the entries relating thereto, the following S. No. and the entries shall be substituted, namely: -

*153A.	4819	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like.”;
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(iv) after S. No. 157 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

*157A.	4906 00 00	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing.
157B.	4907	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title (other than Duty Credit Scrips).
157C.	4908	Transfers (decalcomanias).
157D.	4909	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings.
157E.	4910	Calendars of any kind, printed, including calendar blocks.
157F.	4911	Other printed matter, including printed pictures and photographs; such as Trade advertising material, Commercial catalogues and the like, printed Posters, Commercial catalogues, Printed inlay

		cards, Pictures, designs and photographs, Plan and drawings for architectural engineering, industrial, commercial, topographical or similar purposes reproduced with the aid of computer or any other devices.”;
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(v) after S. No. 398 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

398A	8601	Rail locomotives powered from an external source of electricity or by electric accumulators.
398B	8602	Other rail locomotives; locomotive tenders; such as Diesel electric locomotives, Steam locomotives and tenders thereof.
398C	8603	Self-propelled railway or tramway coaches, vans and trucks, other than those of heading 8604.
398D	8604	Railway or tramway maintenance or service vehicles, whether or not self-propelled (for example, workshops, cranes, ballast tampers, track liners, testing coaches and track inspection vehicles).
398E	8605	Railway or tramway passenger coaches, not self-propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self-propelled (excluding those of heading 8604).
398F	8606	Railway or tramway goods vans and wagons, not self-propelled.
398G	8607	Parts of railway or tramway locomotives or rolling-stock; such as Bogies, bissel-bogies, axles and wheels, and parts thereof.
398H	8608	Railway or tramway track fixtures and fittings; mechanical (including electro-mechanical) signalling, safety or traffic control equipment for railways, tramways, roads, inland waterways, parking facilities, port installations or airfields; parts of the foregoing.”;

(vi) against S. No. 447, in column (3), for the entry, the entry “Ball point pens; felt tipped and other porous-tipped pens and markers; fountain pens; stylograph pens and

other pens; duplicating stylos; pen holders, pencil holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 9609.", shall be substituted;

(d) in Schedule IV – 14%, -

(i) after S. No. 12A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

"12B	2202	Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice.";
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2. This notification shall come into force on the 1st day of October, 2021.

[F.No.190354/206/2021-TRU]

(Rajeev Ranjan)

Under Secretary to the Government of India

Note: - The principal notification No.1/2017-Central Tax (Rate), dated the 28th June, 2017, was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 673(E), dated the 28th June, 2017, and was last amended by notification No. 01/2021 – Central Tax (Rate), dated the 2nd June, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 374(E), dated the 2nd June, 2021.