

From	Karvy Data Management Services Ltd.
Date	March 09, 2019
Subject	Clarification on the nature of supply of Priority Sector Lending Certificates (PSLCs)
Category	Circular
Reference	Circular No. 93/12/2019-GST dated 08.03.2019
Series	Karvy/GST/103

Representations were made to the Government, requesting to clarify the nature of supply of Priority Sector Lending Certificates (PSLCs) between Banks on e-Kuber portal of RBI. Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No. 93/12/2019-GST dated 08.03.2019 clarifying the nature of supply for this transaction.

Below mentioned are the key takeaways from the Circular:

Circular No. 62/36/2018-GST dated 12.09.2018 was earlier issued by CBIC clarifying that GST on PSLCs for the period 01.07.2017 to 27.05.2018 will be paid by the seller bank on forward charge basis and GST rate of 12% will be applicable on the supply.

Notification No. 11/2018-Central Tax (Rate) dated 28.05.2018 was issued by CBIC, levying GST on PSLC trading on reverse charge basis from 28.05.2018 onwards to be paid by the buyer Bank.

CBIC vide this Circular has clarified that - Nature of supply of PSLC between banks may be treated as a "Supply of goods" in the course of "inter-State" trade or commerce.

IGST shall be payable on the supply of PSLC traded over e-Kuber portal of RBI for both the periods i.e. 01.07.2017 to 27.05.2018 and from 28.05.2018 onwards.

Where the Bank liable to pay GST has already paid CGST/SGST or CGST/UTGST as the case may be, such Banks for payment already made, shall not be required to pay IGST towards such supply.

Henceforth, Banks may start paying IGST under reverse charge, on trading of PSLCs, treating the same as an inter-State supply.

Link to download the Circular No. 93/12/2019-GST dated 08.03.2019 – <http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-93.pdf;jsessionid=E7EFBD9D617C62522318A4D4A94088BE>

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In India, GST Team of KDMSL are located in following cities: Hyderabad, Mumbai, Bangalore, New Delhi, Chennai, Pune and Kolkata. For more information about KDMSL service offerings, visit www.karvygst.com

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