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**CIRCULAR**  
**(No. 21 /2017-2018-GST)**

**Subject: Clarification on supplies made to the Indian Railways classifiable under any chapter, other than Chapter 86 – regarding.**

Representations have been received that certain suppliers are making supplies to the railways of items classifiable under any chapter other than chapter 86, charging the GST rate of 5%.

2. The matter has been examined. Vide notification No. 38/1/2017-Fin(R&C)(1/2017-Rate) dated 30th June, 2017, read with notification No. 38/1/2017-Fin(R&C)(5/2017-Rate) dated 30th June, 2017, both published in Extraordinary Official Gazette No. 3, Series I No. 13 dated 30<sup>th</sup> June, 2017, goods classifiable under Chapter 86 are subjected to 5% GST rate with no refund of unutilised input tax credit (ITC). Goods classifiable in any other chapter attract the applicable GST, as specified under notification No. 38/1/2017-Fin(R&C)(1/2017-Rate) dated 30th June, 2017 or notification No. 38/1/2017-Fin(R&C)(2/2017-Rate) dated 30th June, 2017, both published in Extraordinary Official Gazette No. 3, Series I No. 13 dated 30<sup>th</sup> June, 2017.

3. The GST Council during its 25th meeting held on 18th January, 2018, discussed this issue and recorded that a clarification regarding applicable GST rates on various supplies made to the Indian Railways may be issued.



4. Accordingly, it is hereby clarified that

- only the goods classified under Chapter 86, supplied to the railways attract 5% GST rate with no refund of unutilized input tax credit and
- other goods [falling in any other chapter], would attract the general applicable GST rates to such goods, under the aforesaid notifications, even if supplied to the railways.



(Dipak M. Bandekar)  
Commissioner of State Tax

Note: Similar circular is issued under Central Goods and Services Tax Act, 2017 by Tax Research Unit, Dept. of Revenue, Ministry of Finance, GOI vide Circular No. 30/4/2018-GST dated 25<sup>th</sup> January, 2018.