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**CIRCULAR
(No. 12 / 2018-19 - GST)**

**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 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. 02/2018-2019-GST dated 27.04.2018 (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. 38/1/2017-Fin(R&C)(1/2017-Rate) published in the Extraordinary Official Gazette Series I No.13 dated 30.06.2017.

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. 38/1/2017-Fin(R&C)(1/2017-Rate) published in the Extraordinary Official Gazette Series I No.13 dated 30.06.2017 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. 38/1/2017-Fin(R&C) (2/2017-Rate) published in the Extraordinary Official Gazette Series I No.13 dated 30.06.2017, as amended vide Notification No. 38/1/2017-Fin(R&C)(35/2017-Rate)/3590 published in the Extraordinary Official Gazette Series I No.30 dated 24.10.2017}.

7. Accordingly, in modification of S.No. 3 of Circular No. 02/2018-19-GST dated 27.04.2018, 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. 38/1/2017-Fin(R&C) (2/2017-Rate) dated 30.06.2017.

8. If any difficulty is faced, the same should be brought to the notice of the undersigned.




(Dipak M. Bandekar)
Commissioner of State Tax, Goa

Note: Similar circular is issued under the Central Goods and Services Tax Act, 2017 by Tax Research Unit, Department of Revenue, Ministry of Finance, GOI, North Block, New Delhi, vide Circular No. 46/20/2018-GST dated 06.06.2018.