

## Clarification on supplies made to the Indian Railways classifiable under any chapter, other than Chapter 86

Circular No: 30/4/2018-CT

F. No: 354/1/2018-TRU

Classification: Levy

Date: 25-01-2018

### **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. 1/2017 –Central Tax \(Rate\) dated 28th June, 2017](#), read with [notification No. 5/2017-Central Tax \(Rate\) dated 28th 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. 1/2017 –Central Tax \(Rate\) dated 28th June, 2017](#) or [notification No.2/2017-Central Tax \(Rate\) dated 28th 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 unutilised input tax credit and
- other goods [falling in any other chapter], would attract the general applicable GST rates to such goods, under the aforesaid notification, even if supplied to the railways.

