



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆ ಅನ್ವಯ ಸ್ಥಾಪಿತ

KARNATAKA STATE FINANCIAL CORPORATION

Established under the State Financial Corporations' Act, 1951



IS / ISO 9001:2008

ಸಂಖ್ಯೆ : ಕ.ರಾ.ಹ.ಸಂ./ಪ್ರ.ಕ./
Ref. No. KSFC/H.O./

ದಿನಾಂಕ :
Date.....

ED-II/DGM[C]/c 2657/2017-18

25-07-2017.

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INTER OFFICE NOTE

Subject: Goods and Service Tax (GST).

The Government of India has implemented GST with effect from 1st July 2017. GST is an indirect Tax applicable throughout India, which replaces multiple Taxes such as Service Tax, Central Excise Duty, Sales Tax, Vat etc., levied by the Central and State Governments. In respect of financial services, with the implementation of GST, existing Service Tax rate of 15% (14% plus 0.50% plus 0.50%) shall be replaced by GST rate of 18% with effect from 1st July 2017. The total GST rate consists of two parts namely State GST (SGST) and Central GST (CGST) at 50% each applicable GST rate. In other words for all services rendered, the Corporation is required to collect 9% (50% of 18%) as SGST and 9% (50% of 18%) as CGST.

The following points may be noted:

1. The following services rendered by the Corporation attracts GST at 18%
 - a. LC processing fee
 - b. Rent received
 - c. penalty for dishonor of cheque
 - d. penalty for non submission of stock
 - e. documentation charges
 - f. Soft seed capital service charges
 - g. service charge received on sale of stamp paper
 - h. one time disbursement fee
 - i. premium on prepayment of loan
 - j. loan processing fee etc.
 - k. monitory agency services
 - l. Cersai
 - m. Credit risk premium.
2. The sale of fixed assets as scrap attracts GST at 18% consists of SGST at 9% and CGST at 9% each
3. Sale of application & Brochure fee attracts GST 5%. % consists of SGST at 2.50 % and CGST at 2.50 % each
4. The sale of second hand vehicle attracts GST at 28% consists of SGST at 14% and CGST at 14% each
5. GST on rent received is to be accounted on accrual basis before month end process. It is required to enter master data one time and generate the rent proposal every month under the menu- Accounting Process-Month End Process-Rent proposal. The master data is to be updated at the time of revision in rent. At the time of receipt of rent receipt may be drawn to rent accrued but not due (GL code 983000).

PTO

ಪ್ರಧಾನ ಕಛೇರಿ : ಕೆ.ಎಸ್.ಎಫ್.ಸಿ. ಭವನ, ನಂ. 1/1, ತಿಮ್ಮಯ್ಯ ರಸ್ತೆ, ಕಂಟೋನ್ಮೆಂಟ್ ರೈಲ್ವೆ ನಿಲ್ದಾಣದ ಹತ್ತಿರ, ಬೆಂಗಳೂರು-560 052

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HEAD OFFICE : KSFC Bhavan, No. 1/1, Thimmaiah Road, Near Cantonment Railway Station, Bangalore-560 052.

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6. The issue of invoice with Consecutive serial numbers is compulsory for each transaction except service charges received on sale of stamp paper. Each BO and HO will issue separate Serial No., which will be generated in suitable format by IT Department. In case of service charges received on sale of stamp paper one consolidated invoice at the end of the day is to be raised.
7. GST amount is to be excluded while deducting TDS in case of payment as in case of Service Tax.
8. Debit note is to be issued to parties in case of cheque reversal / refund of amount if any in respect of services rendered by the Corporation. The refund can be effected not later than 31st August of following end of financial year.
9. The passing, approving and payment for GST related bills is available with suffix of GST under the menu bills packaging.
10. In certain cases the recipient of service is made liable to remit GST. As the recipient is made liable to remit tax instead of service provider, this mechanism is called as Reverse Charge mechanism (RCM). Here also it is required to maintain separate account for SGST and CGST. The rate for SGST and CGST at 50% each on applicable GST rate. The percentage of reverse tax and rate of GST is indicated in the following table :-

Sl.No.	Particulars	Percentage of Reverse charge.	Rate of GST
01.	Recovery Agent Service	100	18%
02.	Mutual Fund Agent Service	100	Not liable
03.	Legal Service (Advocate)	100	18%
04	Renting of passenger vehicle	100	Not liable
05	Supply of man power	100	Not liable
06	Security Services	100	Not liable
07	Insurance Agents service	100	18%
08	Directors Service	100	18%
09	Guarantee Commission	100	18%
10	Sponsorship Fee	100	18%

In above cases, the Corporation is required to raise invoice in case service provider is unregistered and not having GSTIN number.

11. Further, it may be noted that purchasing/obtaining of any goods/ service from unregistered person/concern, those who are not having GSTIN numbers, attracts 100 % reverse charge in following cases. Hence, it is advised to insist for GSTIN numbers from service provider.

Sl. No.	Particulars	Percentage Of Reverse charge.	Rate of GST
01.	Rent	100	18%
02.	Printing & Stationery	100	12%
03.	Repairs & maintenance of building	100	18%
04	Repairs & maintenance of Vehicle	100	18%
05	Repairs of Equipment/Furniture & Others	100	18%
06	Mis. coffee expenses for visitors	100	18%
07	Mis Lunch Expenses	100	18%

In these cases also, the Corporation is required to raise invoices.



12. The Input credit (Cenvat Credit) can be availed during GST regime also if credit is connected to business. The Corporation can avail an amount equal to 50% of input credit as in case of Service Tax Act. Further input credit can be utilized only under same category i.e. input credit of CGST against CGST payable and input credit of SGST against SGST payable.
13. In order to comply with above, the following new G L Codes have been introduced:

Sl.No.	GL Code	Particulars
01.	8500	GST Payable
02.	8501	CGST Payable
03.	8502	SGST Payable
04	8503	CGST Input Credit
05	8504	SGST Input Credit
06	8505	CGST Reverse Charge Payable
07	8506	SGST Reverse Charge Payable
08	8507	CGST Reverse Charge Input Credit
09	8508	SGST Reverse Charge Input Credit
10	8509	CGST Reverse Charge - Unregistered Supplier
11	8510	SGST Reverse Charge - Unregistered Supplier
12	15020	HO Account GST Payable
13	15021	HO Account CGST Payable.
14	15022	HO Account SGST Payable
15	15023	HO Account CGST Input Credit
16	15024	HO Account SGST Input Credit
17	15025	HO Account CGST Reverse Charge Payable
18	15026	HO Account SGST Reverse Charge Payable
19	15027	HO Account CGST Reverse Charge Input Credit
20	15028	HO Account SGST Reverse Charge Input Credit
21	15029	HO Account CGST RCM Unregister Supplier
22	15030	HO Account SGST RCM Unregister Supplier

14. The online system has been modified and will generate the required JE's.
15. However, on 1st working day of following month the balances should be transferred to respective GL codes maintained at Head Office nullifying the balances by way of following manual JE's as is being done in respect of Service Tax.

Debit 8500 and Credit 15020

Debit 8501 and Credit 15021

Debit 8502 and Credit 15022

Credit 8503 and Debit 15023

Credit 8504 and Debit 15024

Debit 8505 and Credit 15025

Debit 8506 and Credit 15026

Credit 8507 and Debit 15027

Credit 8508 and Debit 15028

Debit 8509 and Credit 15029

Debit 8510 and Credit 15030

It may be noted that non compliance of the above will attract penalty under GST Act. The receipt invoices of all transaction need to be uploaded in the GSTN system on



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the 10th of the subsequent month. Similarly, the payment invoice for input credit and reverse charge mechanism has to be uploaded on the 15th of subsequent month and finally the GST returns have to be filed on 20th of subsequent month. Since all the above process has to be carried out on-line, any changes or modifications subsequently are not entertained by the Tax Authorities. Hence it is advised to all the Branches to transfer the correct amount to Head Office on the 1st working day of the subsequent month without fail and avoid penalty. The branches are advised to strictly comply the above

Under the GST system three returns to be filed on or before 10th and on or before 15th and on or before 20th of every month. The same will be filed at HO after compilation. However, BOs have to transfer the balances to HO as indicated above.

16. The Internal Audit Department and Internal Audit Cells are advised to verify the compliance of the same during their Branch visit and report.

The contents of this Circular shall be brought to the notice of all the concerned in your office.

Executive Director - II

All the Department/Section Heads at HO
All the DGMs /AGMs/BMs of Branch Offices
All the DGMs / AGMs of Audit Cells
EA to MD
Library

The General Managers} for infn.
The Executive Director -I }for infn.