



Circular No.: IEX/MO/289/2018

Date: 6th June, 2018

Applicable GST rate on REC @ 12%

Members may kindly note that Department of Revenue, Tax Research Unit, Ministry of Finance vide its circular number 46/20/2018-GST dated 6th of June 2018 (copy attached) has clarified that Renewable Energy Certificates (REC) is classified under heading 4907 and will accordingly attract **GST @ 12%**.

Members are once again advised to convey to their seller clients to issue all pending invoices and send the original invoice to exchange within 15 days of issuance of this circular. It may be noted that this will be the last opportunity given to the sellers for issuance of invoices in the name of their respective buyers, details of which have already been provided.

In case if the exchange does not receive any confirmation on issuance of invoices, the balance advance amount collected from the buyer will be refunded to them and subsequently seller will have to follow up with their respective buyers for recovering the GST amount.

Members are requested to advise their sellers to send the original invoices to the exchange at the address as mentioned below:-

Indian Energy Exchange Limited
Unit no.3,4,5 & 6, Fourth Floor,
Plot No.7, TDI Center, District Center,
Jasola, New Delhi 110 025

These invoices shall be collected and provided to member of the buyer client. Members may also note that for all succeeding REC sessions, this will be the methodology followed till further notice.

**For and on Behalf of
Indian Energy Exchange Limited**

**Akhilesh Awasthy
Director – Market Operations**

----- Corporate office-----
Indian Energy Exchange Limited
Unit no.3,4,5 & 6, Fourth Floor, Plot No.7, TDI Center, District Center, Jasola, New Delhi 110 025
Phone: 011 - 4300 4000 | Fax: 011 - 4300 4015 | www.iexindia.com
CIN: L74999DL2007PLC277039

F. No. 354/149/2017 –TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

North Block, New Delhi
Dated the 6th June, 2018

To

The Principal Chief Commissioner/ Principal Directors General/Chief Commissioner/
Directors General/Principal Commissioner/ Commissioner of Central Excise and Central
Tax (All) / Director General of Systems

Madam / Sir,

**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 (vide advertisement dated 27.07.2017), 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. 34/8/2018- GST dated 01.03.2018 (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. 01/2017-Central Tax (Rate).

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. 01/2017-Central Tax (Rate) 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. 2/2017-Central Tax (Rate) dated 28.06.2017, as amended vide Notification No. 35/2017-Central Tax (Rate) dated 13.10.2017}.

7. Accordingly, in modification of S.No. 3 of Circular No. 34/8/2018- GST dated 01.03.2018, 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. 2/2017-Central Tax (Rate) dated 28.06.2017.

8. If any difficulty is faced, the same should be brought to the notice of the Board. Hindi version would follow.

Yours faithfully,

(Dr. Ajay K. Chikara)
Technical Officer
Tax Research Unit