

TRANSMISSION CORPORATION OF TELANGANA LIMITED

From:-
Chief Engineer (IT&QC)
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TSTRANSCO
Hyderabad.

To:-
All Chief Engineers/Zones
All Chief Engineers/Hqrs

Lr.No.CE / I T & Q C / SAO / SAP / D.No. 91 /17 Dt. 25- 09-2017.

Sir,

Sub:- SAP – FICO transaction – Guide lines to end users – Reg.

Consequent on implementation of GST in SAP system with effect from 01-09-2017 in TSTRANSCO, the end users are raising several queries with regard to processing of FICO transactions. Further, different users are adopting different procedures in calculating GST taxes on petty miscellaneous procurements. There by GST compliance becomes critical.

In view of the above, the following guide lines are issued to end users to observe while doing day to day transactions in SAP system.

I. Opening of Imprest and Temporary Advance:

Existing Practice will continue.

II. Recoupment of Permanent Imprest:

Tax consultant has openioned that the petty expenses incurred by the employees from the Regd. Vendors need not be filed through GSTR-2. Since these vouchers have already been suffered with GST, do not contain GSTIN of TSTRANSCO and will not trigger in GSTR-1 filed by vendor. As such the following procedure is suggested to capture Imprest / Temporary advance transactions in SAP system.

A. Steps to be followed by Imprest Holder.

1. Separate the Vouchers based on the Vendor Registration.
2. Create single document (FV60) for all the vouchers (procurement from unregistered vendors) considering Vendor code “39000260” Unregistered Vendor. However, Line items in the invoice shall be entered based on the HSN CODE. I.e. Separate line is to be entered for each item. Relevant tax code needs to be selected (GA to GE). Relevant HSN code is to be selected.
3. Create the separate document (FV60) for the vouchers (procurement from GSTIN Registered Vendor) using the Employee Vendor as was done earlier. In this case, Tax code need not be selected as these items already suffered with GST in the vendor invoice.
4. HSN code shall be selected from the list.
5. Provide the Document Numbers in PCB against Each Voucher.

B. Steps to be followed by Finance User.

1. On receipt of closed PCB, verify documents by simulating. Ensure proper tax codes, Payment Term and HSN/SAC code numbers are assigned.
2. On ensuring correctness of document, approve documents. System will post the liability against Vendor Code “39000260” for the vouchers of Unregistered Vendors. Similarly, Liability against Registered vendor documents will be posted against Employee Vendor. TAX under RCM will trigger to TAX GLs in case of unregistered vendors.
3. Transfer the liability from Unregistered Vendor (39000260) to Employee Vendor by providing appropriate payment term using Transaction Code F-04.
4. Now the document will be in LOC. LOC PROCESS and payment will be as usual (Existing process)

III. Closing of Permanent Imprest and Temporary advance:

1. No change in Steps to be followed by Imprest Holder as explained above. (Payment Term shall be Closing of Imprest).
2. No change in Step No.1 & 2 to be followed by FI USER.
3. Clear the Temporary advance/Permanent Imprest duly matching the liability documents of Unregistered Vendor (39000260) and Employee Vendor with the Advance document of Employee Vendor through Transaction code F-44.

IV. Reimbursement of expenses incurred by Employee:**A. Steps to be followed by Claimant.**

1. Separate the Vouchers based on the Vendor Registration.
2. Create single document (FV60) for all the vouchers (procurement from unregistered vendors) considering Vendor code “39000260” Unregistered Vendor. However, Line items in the invoice shall be entered based on the HSN CODE. I.e. Separate line is to be entered for each item. Relevant tax code needs to be selected (GA to GE). Relevant HSN code is to be selected.
3. Create the separate document (FV60) for the vouchers (procurement from GSTIN Registered Vendor) using the Employee Vendor as was done earlier. In this case, Tax code need not be selected as these items already suffered with GST in the vendor invoice.
4. HSN code shall be selected from the list.
5. Provide the Document Numbers on Vendor Invoice/Voucher.

B. Steps to be followed by Finance User.

1. On receipt of documents, verify documents by simulating. Ensure proper tax codes, Payment Term and HSN/SAC code numbers are assigned.
2. On ensuring correctness of document, approve documents. System will post the liability against Vendor Code “39000260” for the vouchers of Unregistered Vendors. Similarly, Liability against Registered vendor documents will be posted against Employee Vendor. TAX under RCM will trigger to TAX GLs in case of unregistered vendors.
3. Transfer the liability from Unregistered Vendor (39000260) to Employee Vendor by providing appropriate payment term using Transaction Code F-04.
4. Now the document will be in LOC. LOC PROCESS and payment will be as usual (Existing process).

V. Recovery of Penalty, Rebate and Bank charges from the Vendor Claim:-

As per the opinion of Tax consultants, Penalty, Rebate and Bank charges attract GST. Hence, user has to follow the following steps while accounting Penalty, Rebate and Bank charges.

1. In case of Penalty, it may be refundable or Non-Refundable depending on the terms and conditions of Purchase Order. As per terms and condition of legacy Purchase orders, there is a provision for waiver of penal charges. In such case, Penalty will not be the revenue of TSTRANSCO. Hence, it will not attract GST. But, final decision with regard to waiver of penalty will arise at later date or at the time of closure of Order. Till closure of order, user may not know whether refundable or not. Hence, at the time of processing running bills, the existing practice of posting Penalty amount through Amount Split TAB will continue. System will post the amount against the GL (460403) – Liability towards Adhoc Recovery.
2. If the final decision is waiver of penalty, then total amount recovered towards penalty and kept under GL (460403) – Liability towards Adhoc Recovery shall be transferred to Vendor Account through T.Code F-04 (Instead update Payment Term) and payment is to be released through LOA/LOC as the case may be.
3. If the Final decision is partly waived or completely not waived, then user has to create Credit Memo through Transaction Code FB-65 for the Non- refundable amount by using appropriate Out Put Tax code (OA to OO) and HSN/SAC Code. Later, the user has to clear the amount kept under GL (460403) - Liability towards Adhoc Recovery with Credit Memo using Transaction Code F-51 or F-44 and

the balance waived amount is to be refunded to vendor by transferring the amount to vendor account using T.Code F-04.

4. In case of Non-Refundable Penalty & Rebate, it is the revenue for TSTRASNCO. Hence, user has to create Credit memo through T.code FB-65 for the amount using appropriate Out Put Tax Code (OA to OO) and HSN/SAC code. Later, the amount kept under GL (460403) - Liability towards Adhoc Recovery is to be set off against Credit Memo. The LOC/LOA payment process will remain same.

VI. BSNL AND OTHER MOBILE OPERATOR BILL PAYMENTS:-

1. All mobile operators are registered under GST. Hence, expenditure incurred against BSNL mobile bills is procurement from registered vendors. As per the opinion of consultant, the details of petty procurements from registered vendors need not be furnished to GSTIN through GSTR-2 as these invoices do not contain GSTIN of TSTRANSCO and already suffered with GST.
2. The user has to create the document in SAP using T.code FV60/FB60 as was done earlier without using TAX code. In line items, Cost centre wise details are to be captured. Relevant HSN/SAC code (998413) needs to be selected.
3. Amount Payable against bill shall be filled in the Amount Field of Basic data TAB with Tax.

VII. Recovery of Excess call charges from employee salary.

1. Existing practice will continue.

VIII. Payment of Advocate Fees, Consultancy Fees, Professional Charges, Audit Fees and Honorarium to faculty.

1. All these transactions are taxable supplies under GST.
2. If such services are procured from unregistered vendors, TSTRANSCO shall be liable for GST under reverse charge.
3. Additionally, if any legal services are received from an individual advocate or a firm of advocates, the same shall be liable to GST under reverse charge mechanism irrespective of GST Registration. This is a notified mandatory reverse charge. Hence, vendor class of Advocate shall be unregistered.
4. While creating the document (FV60), relevant tax code and HSN/SAC code shall be provided in the relevant field.

IX. Service Charges payment to BHEL and other Vendors on sanctioned estimates.

1. All these transactions are taxable supplies under GST.
2. If such services are procured from unregistered vendors, TS TRANSCO shall be liable to remit GST under reverse charge mechanism.

3. While creating FV60/FB60 appropriate tax code and HSN/SAC code needs to be selected.

X. Reimbursement of Toll gate charges to the Hired Vehicle Contracts.

1. Toll gate charges are exempted from the GST by way of entry no. 23 to exemption notification No.12/2017- Central Tax (Rate) dated 28 June 2017.
2. Hence, the vehicle contractors shall neither incur any GST on such toll gate charges nor is TS TRANSCO liable to remit GST on the same.
3. As such, while doing transaction through FV60/ FB60, necessary tax code applicable for exempted purchases and respective HSN/SAC code shall be used.

XI. Tender specification Cost.

1. Tender Specification Cost attracts GST @18%.
2. If the Tenders specification is sold to Registered Vendor, Credit Memo against Vendor is to be created through Transaction Code FB65 by using appropriate Tax Code (OE) and HSN/SAC code (998599).
3. The DD shall be accounted for against Vendor debit balance by matching through T.Code F-28.
4. If the Tender Specification cost is collected from Unregistered Vendor, the transaction shall be accounted for through T.Code FBCJ as usual by selecting necessary Tax Code (OE) and HSN/SAC code (998599).

XII. Procurement of Stationery Items without Purchase Order and Payment directly made to Vendor/Supplier.

1. If procurement is made from Registered Vendors, while posting the vendor invoices through T.Code FV60/FB60, relevant tax code and HSN/SAC needs to be selected.
2. In case of procurement from unregistered vendors, RCM will apply. TSTRANSCO has to discharge the tax liability under RCM. While posting the vendor invoices through T.Code FV60/FB60, relevant tax code and HSN/SAC needs to be selected.
3. The payment process through LOC is as usual.

XIII. Supervision Charges.

1. Supervision Charges attracts GST @18%.
2. If Supervision charges are collected from Registered Customer, Manual Customer Invoice needs to be created through T.code FB70 by using appropriate Tax Code (OE) and HSN/SAC code (998331).

3. The DD shall be accounted for against Customer debit balance by matching through T.code F-28.
4. If Supervision charges are collected from Unregistered Vendor, the transaction shall be accounted for through T.code FBCJ as usual by selecting necessary Tax Code (OE) and HSN/SAC code (998331).

XIV. Expenses for Conducting of Departmental Examination.

1. Expenses incurred for conducting departmental examination attracts GST.
2. If these services are procured from unregistered vendor, RCM will apply. TSTRANSCO has to discharge the tax liability under RCM. While posting the vendor invoices through T.code FV60/FB60, relevant tax code and HSN/SAC needs to be selected.
3. In case of Registered Vendor, RCM will not apply. However, necessary tax code and appropriate HSN/SAC code is to be assigned in the FV60/FB60.

XV. Vendor Registration Fees and Application Cost.

1. Vendor Registration Fees and Application cost attracts GST @18%.
2. If these charges are collected from Registered Customer/Vendor, Manual Customer Invoice/Vendor Invoice needs to be created through T.code FB70 by using appropriate Tax Code (OE) and HSN/SAC code (998599).
3. The DD shall be accounted for against Customer/Vendor debit balance by matching through T.code F-28.
4. If Supervision charges are collected from Unregistered Vendor, the transaction shall be accounted for through T.code FBCJ as usual by selecting necessary Tax Code (OE) and HSN/SAC code (998599).

XVI. Collection of Rent for Department Quarters, Buildings and Guest Houses.

1. Renting of immovable property for commercial purpose is liable under GST, Hence rent of office building liable under GST.
2. Manual customer Invoice is to be created by using appropriate Tax code and HSN/SAC CODE through T.code "FB70".
3. Customer Debit balance is to be cleared through T.code F-28 by debiting the Receipt Account incoming gl.

XVII. Payment of Rent for Office Buildings.

1. Payment of Rent for office Buildings attracts GST.
2. If the rent is payable to unregistered vendor, RCM is applicable.
3. While processing the Vendor Invoice, through T.code FV60/FB60 provide appropriate Tax code (GD) and HSN/SAC code (998599).
4. The payment of Bill through LOC is as usual.

XVIII. Xerox Bills.

1. Payment of Xerox bills attracts GST.
2. If the Xerox bill is payable to unregistered vendor, RCM is applicable.
3. While processing the Vendor Invoice, through T.code FV60/FB60 provide appropriate Tax code (GD) and HSN/SAC code (998594).
4. The payment of Bill through LOC is as usual.

XIX. Seminars:

1. Payment of Seminar bills attracts GST.
2. If the Seminar bill is payable to unregistered vendor, RCM is applicable.
3. While processing the Vendor Invoice, through T.code FV60/FB60 provide appropriate Tax code (GD) and HSN/SAC code (998399).
4. The payment of Bill through LOC is as usual.

XX. Training & Participation Fees :

1. Training & participation fees are liable under GST. In case of training service, place of supply is, training services to
 - a) Registered person shall be location of such registered person.
 - b) Other than Registered person, shall be location where the training actually performed
2. Hence, if place of supply is in Telangana the CGST+SGST apply. If place of supply is in other than Telangana the IGST apply.
3. While processing the Vendor Invoice, through T.code FV60/FB60 provide appropriate Tax code (GD) for within state and Tax code (I3) for outside Telangana and HSN/SAC code (999294).
4. The payment of Bill through LOC is as usual.

XXI. Advertisement Bills:

1. Advertisement services are taxable under GST regime. GST rate and description of advertisement as follows
 - a) Selling of space for advertisement in print media- HSN Code -998363 GST rate – 5% - Tax code – GB for with in state and Tax code (I1) for Outside Telangana.
 - b) Other mode of advertisement – HSN Code -998361, GST rate – 18% - Tax code (GD) for with in state and Tax code (I3) for Outside Telangana.
2. While processing the Vendor Invoice, through T.code FV60/FB60 provide appropriate Tax code and HSN/SAC code as mentioned above.

3. The payment of Bill through LOC is as usual.

XXII. Legal Charges excluding Advocate Fees:

1. Legal charges excluding advocate fee are liable under GST and covered under RCM only if it received from unregistered supplier.
2. While processing vendor invoice, provide appropriate TAX code (GD) for within state and (I3) for Outside Telangana and HSN/SAC code (998212).
3. The payment of Bill through LOC is as usual.

XXIII. The existing practice will continue in respect of following items. However, relevant HSN/SAC code needs to be selected while creating vendor invoice through transaction code FV60/FB60.

1. Payment of TA Bills, Daily Allowance and Lodge Claims.
2. Reimbursement of LTC claims.
3. Reimbursement of expenses incurred in attending Business activity(Travel)
4. Reimbursement of Medical expenses to employees.
5. Payment of Hospital Medical Bills.
6. Recovery of ineligible amount of the medical bill from the employee.
7. Reimbursement of News paper, Books and Periodical Expenses to employees.
8. Payment of Vehicle Insurance and Taxes.
9. Crop Compensation payments.
10. Land procurement for construction of Sub-Stations and offices.

All the users are requested to adhere the above guide lines while entering day to day transactions in SAP System.

Yours faithfully,


Chief Engineer (IT & QC)

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Copy to FA&CCA/Accounts/VS/Hyderabad.

Copy to CGM/HRD/TSTRASNCO

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