



PM Cell – MM

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Circular No. 13/2020 cum-BL Amendment No. BL/03/49

No: MAT/PMC/13(117)GST/2020

Dated: 16.03.2020

Sub: Applicability of GST on material rendered by ONGC/Contractor.


As per provisions under clause No. 5.1(a)-ii of Standard Booklet no. ONGC/MM/03 for Charter Hire of Rigs, in case any material required to be furnished by ONGC are furnished by the contractor then in addition to the material cost, contractor's fee @ 7.5% / 5% (as the case may be) shall be paid to the contractor. Similarly, as per clause No. 5.1(a)-iii, in case any material which are the obligation of contractor but are supplied by ONGC, then in addition to the material cost, service fee @ 7.5% / 5% (as the case may be) shall be charged from the contractor.

An issue has been raised regarding applicability of GST on the said contractor's fee / Service fee of 7.5% / 5% (as the case may be).

Above, issue has been examined under consultation with Indirect Tax Department. It is clarified that aforesaid contractor's fee or Service fee should be paid @ 7.5% or 5% (as the case may be) plus applicable GST.

Accordingly provisions under clause No. 5.1 (a) of BL ONGC/MM/03 stand modified as per enclosed Annexure-1

Above guidelines should be meticulously followed by all concerned.


16/3/2020
(A.P. Tripathi)

ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'ongcreports.net').

All concerned may download the circular from the site. Hard copies are not distributed separately.

Copy to:

1. CEA to CMD, ONGC, Jeevan Bharti Building, New Delhi.
2. EA to Director (HR) / Director (Finance) / Director (Offshore) / Director (T&FS) / Director (Onshore) / Director (Exploration), ONGC, Jeevan Bharti Building, New Delhi.
3. CVO, ONGC, Jeevan Bharti Building, New Delhi.

Annexure-'A'

**Statement showing existing vis-à-vis modified provisions
Standard Booklet ONGC/MM/03 for Charter Hire of Rigs**

Clause No.	Existing Provisions	Modified Provisions	Remarks
5.1	MATERIALS, SUPPLIES,EQUIPMENT, SERVICES & PERSONNEL	MATERIALS, SUPPLIES,EQUIPMENT, SERVICES & PERSONNEL	No Change
5.1(a)-ii	<p>All items of equipment, materials, supplies, services and service personnel required for operations hereunder, other than those items set forth in Article 4 hereof or otherwise required to be replaced or furnished by Operator will be furnished by Operator, or at Operator's request, such items or any other items which Operator is required to furnish under this Agreement may be furnished by Contractor and billed to and be reimbursed by Operator at actual invoice cost provided that if the item is furnished out of Contractor's inventory the lowest quote from two reputable vendors/suppliers will establish the replacement cost less any cash discount obtained by Contractor, plus actual documented freight, packing and insurance costs of such items obtained outside the area of operations.</p> <p>Further, if the operator on scrutiny finds quotation of some other reputable vendors to be lower, then Operator will have the discretion to pass the invoices based on the lower quotation. When such items are sent by air, at the specific request of Operator the entire cost thereof shall be</p>	<p>All items of equipment, materials, supplies, services and service personnel required for operations hereunder, other than those items set forth in Article 4 hereof or otherwise required to be replaced or furnished by Operator will be furnished by Operator, or at Operator's request, such items or any other items which Operator is required to furnish under this Agreement may be furnished by Contractor and billed to and be reimbursed by Operator at actual invoice cost provided that if the item is furnished out of Contractor's inventory the lowest quote from two reputable vendors/suppliers will establish the replacement cost less any cash discount obtained by Contractor, plus actual documented freight, packing and insurance costs of such items obtained outside the area of operations.</p> <p>Further, if the operator on scrutiny finds quotation of some other reputable vendors to be lower, then Operator will have the discretion to pass the invoices based on the lower quotation. When such items are sent by air, at the specific request of Operator the entire cost thereof shall be</p>	Under lined ported added.

Clause No.	Existing Provisions	Modified Provisions	Remarks
	<p>for the account of Operator, including Air freight. In the event contractor is requested to furnish any single item <u>or</u> equipment, materials or supplies which, operator is required to furnish under this Agreement, Contractor's fee of 7.5% will be payable by Operator on F.O.B. value less discount if any, for each procurement costing US\$ 60,000 and 5% for each procurement costing more than US\$ 60,000 to cover total costs, to contractor on account of such procurement and actual cost of services against documents. In addition, customs duty paid if any, would be reimbursed at actuals against documentary evidence.</p>	<p>for the account of Operator, including Air freight. In the event contractor is requested to furnish any single item or equipment, materials or supplies which, operator is required to furnish under this Agreement, Contractor's fee of 7.5% <u>(Plus applicable GST on contractor's fee)</u> will be payable by Operator on F.O.B. value less discount if any, for each procurement costing US\$ 60,000 and 5% <u>(Plus applicable GST on contractor's fee)</u> for each procurement costing more than US\$ 60,000 to cover total costs, to contractor on account of such procurement and actual cost of services against documents. In addition, customs duty paid if any, would be reimbursed at actuals against documentary evidence.</p>	
5.1(a)-ii	<p>For all services rendered or materials supplied to Contractor by Operator at Contractor's request which services or materials are the obligations of the Contractor, and which services or materials the Operator may agree to provide at its discretion the Operator shall charge the Contractor for actual costs as supported by vendor's invoice plus 7.5% service fee on FOB value for each procurement costing upto US dollars 60,000 and 5% for each procurement costing more than US dollars 60,000, thereon to cover costs on account of such procurement and cost for services. The Contractor shall make the payment to Operator as provided above without raising any objection or dispute about the same.</p>	<p>For all services rendered or materials supplied to Contractor by Operator at Contractor's request which services or materials are the obligations of the Contractor, and which services or materials the Operator may agree to provide at its discretion the Operator shall charge the Contractor for actual costs as supported by vendor's invoice plus 7.5% service fee (<u>Plus applicable GST on service fee</u>) on FOB value for each procurement costing upto US dollars 60,000 and 5% (<u>Plus applicable GST on service fee</u>) for each procurement costing more than US dollars 60,000, thereon to cover costs on account of such procurement and cost for services. The Contractor shall make the payment to Operator as</p>	Underlined portion added.

Clause No.	Existing Provisions	Modified Provisions	Remarks
	<p>The Contactor also agrees to pay the Operator, applicable GST or any other tax for providing the services or materials. It will be the sole discretion of the Operator to accept or refuse such request(s) of Contractor. In case such request (s) is refused by the Operator, no claim of any nature will be preferred by the Contractor against the refusal of such requests by the Operator.</p>	<p>provided above without raising any objection or dispute about the same. The Contactor also agrees to pay the Operator, applicable GST or any other tax for providing the services or materials. It will be the sole discretion of the Operator to accept or refuse such request(s) of Contractor. In case such request (s) is refused by the Operator, no claim of any nature will be preferred by the Contractor against the refusal of such requests by the Operator.</p>	