



PMC Cell – MM

Oil and Natural Gas Corporation Ltd

Corporate Materials Management

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Sub: Liability to bear GST on account of forfeiture of Bid Security and Security Deposit/PBG.

Reference is invited to Circular No. 37/2017 dated 24.08.2017 wherein it was, *inter alia*, stated that GST shall be payable on the amount of transactions pertaining to forfeiture of Bid Security and Security Deposit/PBG.

With respect to procurement of Goods/Services/LSTK cases finalized in pre-GST era but PBG forfeited subsequent to the implementation of GST, a query has been raised as to whose account (i.e. ONGC or vendor) the GST on such forfeited amount will be charged.

In this regard, it is clarified that in case of Bid Security (EMD), Security Deposit (PBG) received as per pre-GST regime, applicable GST on the amount of transactions pertaining to forfeiture of Bid Security, Security Deposit shall be borne by ONGC from such forfeited amount and no amount on account of GST shall be charged from the vendors. Therefore, the GST would be calculated in following manner where forfeited amount is inclusive of GST:

$$\frac{\text{Forfeited amount} \times \text{Rate of GST}}{(100 + \text{Rate of GST})}$$

Further, the GST would be paid to Tax Authorities by ONGC and the GST Invoice would be required to be issued to Vendor.

Above guidelines should be meticulously followed by all concerned.

Ashwini Nagia
26/7/18
(Ashwini Nagia)
ED-Chief MM Services

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