



SOLAR POWER DEVELOPERS ASSOCIATION

910, 9th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi- 110001

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SPDA/PG/2021/314

May 05 2021

To,

Shri Indu Shekhar Chaturvedi
Secretary

Ministry of New and Renewable Energy
Government of India.

Subject: Request letter for immediate intervention with respect to demand of Goods and Services Tax on Power Purchase Agreement tariff discovered by e-reverse auction in Telangana

Dear Sir,

Greetings from Solar Power Developers Association.

This has reference to the discussion held during the monthly meeting with Solar Developers held under the Chairmanship of Secretary MNRE in February 2021, regarding the issues faced by few Solar Power Developers engaged in the business of generation and evacuation of electricity (generated through solar power) to Southern Power Distribution Company of Telangana Limited ('DISCOM').

One of the SPDs, Talletutayi Solar Projects Ltd has informed that received Notice No. C.No. V/G/A/I/04/2019-20/SAG-63 dated 23rd November 2020 ('the Notice') wherein it is alleged that the IPP had not discharged GST liability since 01st July 2017 till September 2020 on generation and evacuation of electricity (generated through solar power) to DISCOM considering the same as a mixed supply of generating and transmission/distribution of electricity. Further, basis the said allegation, the following GST liability has been determined in the Notice on the turnover disclosed by the Company in GSTR-3B.

S No	Period	Income from Generation of Electricity	CGST @ 9%	SGST @ 9%	Total GST Liability
1	2017-18 (July to March)	4,62,58,946	41,63,305	41,63,305	83,26,610
2	2018-19 (April to March)	13,89,50,527	1,25,05,547	1,25,05,547	2,50,11,095
3	2019-20 (April to March)	13,51,49,738	1,21,63,476	1,21,63,476	2,43,26,953
4	2020-21 (April to Sep)	6,71,22,281	60,41,005	60,41,005	1,20,82,011



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	Total	38,74,81,492	3,48,73,333	3,48,73,333	6,97,46,669
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Copy of the Notice is enclosed as “Annexure-1”.

In this regard, the SPDs has submitted its reply vide letter dated 14th December 2020 and denied all the allegations made in the Notice. The Company further distinguished between transmission of electricity vis-à-vis evacuation of electricity and accordingly, substantiated that no GST is applicable on the Company on the evacuation of electricity. Copy of the letter is enclosed as “Annexure-2”. In this respect, it may further be noted that if any demand is created by GST Authorities , it will completely disrupt the Solar Industry.

In the view of above, it would be pertinent to note that it is a well-established fact that the SPDs can only act as a generator and has to evacuate the generated electricity at the designated sub-station as per terms of RFs and signed Power Purchase Agreement. Accordingly, the SPDs can never assume the role of transmission company (TRANSCO) as that is the role of State and Central agencies. Thus, it is a gross error on the part of the GST authorities to assume that RE generators are engaged in the transmission of electricity.

Request:

Accordingly, we request you to kindly use your good office to resolve this issue so that the GST Authorities withdraw the notices issued to SPDs and do not levy GST on the generation and evacuation of electricity.

We look forward to your favorable consideration in the matter.

Thanking you.

Yours Sincerely

Praveen Golash
Joint Secretary, SPDA

CC:

- 1. Shri Amitesh Kumar Sinha**
Joint Secretary,
Ministry of New and Renewable Energy
CGO Complex, New Delhi
- 2. Shri Ruchin Gupta**
Director
Ministry of New and Renewable Energy
CGO Complex, New Delhi