



**USAID**  
FROM THE AMERICAN PEOPLE

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To: All USAID/India Implementing Partners

From: Charles S. "Chuck" Pope, Director, ROAA/USAID/India   
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Subject: Government of India (GOI), Goods and Services Act Guidelines for USAID India Implementing Partners.

Subsequent to the Government of India's introduction of the Goods and Services Tax (GST) Act which has subsumed all the other sales-based taxes such as Service Tax, Value Added Tax (VAT), and Excise and Customs duty. This new GST Act provides no upfront exemption for USAID or for any diplomatic entity. Consequently, all the exemption letters issued by USAID hence are null and void.

As all GST paid by USAID will be refunded by the GOI, the following guidelines apply to all our implementing partners for both acquisition and assistance instruments:

**Partners registered under GST:**

- All organizations that are registered under the GST Act are requested to bill GST to USAID on all taxable goods and services which form a part of the monthly project expenses. When calculating the GST to be charged from USAID, the taxes resulting from any intermediate stage of the transaction should be reduced and only the GST on the actual value of goods/ service should be charged.
- The unique invoice number assigned to a SF-1034 that will be created by the implementing partner in which GST is charged to USAID should be used for reporting to GOI in the monthly GST reports.
- The GSTIN of the implementing partner should be quoted in the Payee's Name and Address section of SF-1034/reimbursement voucher claim.
- USAID's GST Unique Identification Number (UIN) number 0717UNO00166UNP should be cited in the column "Articles or Services" after describing the nature of expenses in the SF-1034.

- Our implementing partners would have to ensure that the same Services Accounting Code (SAC Code as per GST Law) is reported in the SF-1034 voucher form that was quoted to report the GST to GOI.

As GOI will refund the GST paid by USAID on “matching –principle” based on the reports filed by each implementing partner and refund request submitted by USAID, any rejection of refund by the GOI will be recovered immediately in the subsequent invoice after the rejection.

- As partners are billing GST to USAID, there is no need to obtain all invoices of goods/ services from them and their sub-partners in the name of USAID.

**Partners not registered under GST:**

- Organizations that are not registered under GST are not required to bill GST. They will continue to submit their invoices to USAID as they were submitting previously.
- In case of any procurement of Goods/Equipment (value \$500 or more) then the same has to be procured in the name of USAID quoting UIN no. 0717UNO00166UNP.
- As it is against local laws for obtaining the invoices in the name of USAID for service expenses and goods (value less than \$500) incurred by the partner/grantee and its sub partners, so the invoices must be obtained under the organization’s respective name. Therefore, any GST paid by the partner to their sub-partners/sub-contractors/vendors in such cases, is allowable expense and can be claimed from USAID. This is in line with the service tax allowability provision for sub-partners which existed in the earlier tax regime.

Note:

- (1) All implementing partners with Fixed Amount Award (FAA) instruments should consult the Regional Office of Acquisition and Assistance (ROAA) with details on the implications of GST on their budget as soon as possible before incorporating the same in the invoice/claim to USAID.
- (2) While this guidance deals with implementing partners registered/not registered under GST, it is the responsibility of the partner/grantee to comply with the local laws, obtain expert advice and do the needful to register/not register under GST. USAID will not be liable for any penalties imposed by the GOI over non-registration of our partner/grantee under the GST provision. It is solely the implementing partner’s decision and responsibility.