

66546/Manual/GST/ 130 /E8

23 Nov 2017

All CEs Command, ADG(OF & DRDO)
All CEs Zone, All CWEs
All GEs(I), GEs, AGEs (I)

GST ON WORKS CONTRACTS & GST RATE REVISIONS

1. Reference this Dte letters :-

- (i) No. 66546/Manual/GST/65/E8 dated 05 Aug 2017
- (ii) No. 66546/Manual/GST/77/E8 dated 23 Aug 2017
- (iii) No. 66546/Manual/GST/79/E8 dated 29 Aug 2017
- (iv) No. 66546/Manual/GST/102/E8 dated 01 Nov 2017
- (v) No. 66546/Manual/GST/127/E8 dated 20 Nov 2017

2. Various instructions have been issued from this HQ for proper implementation of GST in Works Contracts. It has been made clear that the Special Condition in MES contracts stipulates for variation of taxes directly related to contract value. Accordingly, instructions have been issued vide this Dte. letter referred at Para 1(i) above that the adjustment amount for pre-GST contracts shall be based on actual difference in tax liability pre-GST viz-a-viz post-GST based on actual proof of payment. This will vary from state to state and from case to case basis for various types of contracts. Suitable action in various contracts under each CE Zone need to be coordinated & monitored at CE Command level.

3. The following further actions have been taken:-

- (i) To arrive at cost impact assessment for planning data and costing in future works, CEs Command and ADG (OF&DRDO) have been asked to constitute Committee obtaining views of local branch of MES BAI. This Dte letters at Para 1(ii) & 1(iii) above refer. Reports are awaited in this regard. Vide this Dte letter at Para 1 (v) above, CEs Command/ ADG (OF &DRDO) have been asked to ensure submission of Final Reports latest by 30 Nov 2017.
- (ii) MES BAI has approached for quotation of GST separately. This has been referred to CGDA on 17 Oct 2017 for their views from audit point of view.
- (iii) Vide their letter No. MBAI/E-in-C/162/2017 dated 14 Oct 2017, MES BAI have requested for minimum 10% extra payment towards the implementation of GST for pre-GST contracts. Comments on this have been asked from CEs Commands vide the letter at Para 1(iv) above which are awaited.

Contd...2/-

4. There has been certain changes in GST slabs and for Works Contracts; the following notifications are relevant:-
- (a) Initial rate of GST for Works contract was 18% (9% CGST + 9% SGST). (Srl No.3 (ii) of Notification No.11/2017 of Central Tax (Rate) dated 28 Jun 2017).
 - (b) The GST rate was reduced to 12% (6% CGST + 6% SGST) against certain specific types of work contracts supplied to Govt. and other works contracts of specific type vide Notification No.20/2017 of Central Tax (Rate) dated 22 Aug 2017.
 - (c) The GST rate was made 12% for various Works Contracts for structures supplied to Govt. vide Notification No.24/2017 of Central Tax (Rate) dated 21 Sep 2017.
5. Thus the GST liability of bids submitted till 22 Aug 2017 for the type of works in Para 4 (b) above having GST 18%, has reduced to 12% from 23 Aug 2017 onwards. Similarly for the type of works contracts listed in Notification No.24/2017 of Central Tax dated 21 Sep 2017, for bids submitted till 21 Sep 2017 having GST 18%, the liability has reduced to 12% w.e.f. 22 Sep 2017. The Special Condition incorporated in MES contracts is for adjustment in prices (whether plus or minus). In view of the above, please ensure to adjust the amounts consequent to GST rate reductions for the types of contracts in GST Notifications dated 22 Aug 2017 and 21 Sep 2017 for tenders with end dates of bid submission 22 Aug 2017 and 21 Sep 2017 respectively
6. This has the approval of Offg DGW.



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for Engineer-in-Chief

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