

Ref.-June/GST/04

Date: 18/06/2018

To,
GST CELL,
Office of PFA, HQ
G.M. Building
West Central Railway
Jabalpur (MP)

Subject: - GST on fine imposed on non-performance of a contract

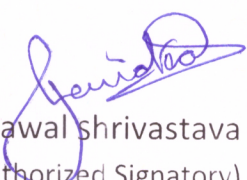
Ques - What is the rate of GST on tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is received?

Ans – As per entry No. 62 of Notification No. 12/2017- Central Tax (Rate) dated 28th June, 2017:-

“Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.” shall be exempt from GST.

Hence, fines or liquidated damages collected on account of tolerating non-performance of a contract, shall not be liable to GST.

Thanks and Regards
For, Rahul & Co.
Chartered Accountants


Dhawal Shrivastava
(Authorized Signatory)