



RAHUL & CO
CHARTERED ACCOUNTANTS

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W.C.R.

Ref.-July/GST/06

Date: 12/07/2018

To,
GST CELL,
HQ, FA & CAO Office
G.M. Building
West Central Railway
Jabalpur (MP)

Subject: Applicable GST rate on Track Work.
Ref:- AC/JBP/BUD/GST/2018-19 dated 10th July 2018.

Dear Sir,

In reference to the subject cited above, as per the letter of Sr. DEN (CO) JBP dated 09.07.2018, it is clarified therein that said work is an original work as per CGST Act, 2017.

Item No.(v) of Entry No.3 of Notification No. 11/2017 Central Tax (Rate) dated 28th June 2017 issued by Ministry of Finance (as amended from time to time), prescribes GST rate of 12% for "Composite supply of works contract, as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, or installation of original works pertaining to railways".

Hence, if said work qualifies to be a Works Contract as per section 2(119) of CGST Act, 2017 and is in the nature of construction, erection, commissioning or installation it can be categorized under aforementioned entry.

However, applicability of rate and its classification may differ if the nature of work involves supplies other than by way of construction, erection, commissioning or installation. Like repairs and maintenance to a civil structure or original work meant to be used for commerce or business may fall under taxable category of 18%.

For reference definition of original work and work contract services are reproduced hereunder:-

"Works Contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract".(Section 2(119) of CGST act 2017).

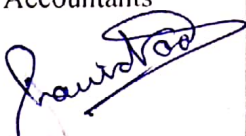
"Original work" means- all new constructions;

(i) All types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(ii) Erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise; (Notification No. 12/2017-Central Tax (Rate) dated 28 Jun 2017)

Therefore ascertaining the type of work to be a "Works Contract", involving construction of original work would be of significance to classify the works accordingly.

Thanks and regards
For, Rahul & Co.
Chartered Accountants


Dhawal Shrivastava
(Authorised Signatory)