



RAHUL & CO
CHARTERED ACCOUNTANTS

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Ref.-July/GST/02

Date: 03/07/2018

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

Subject: Levy of Different rate of GST.
Ref: -JBP/WA/BILL/ dated 26th June 2018

Dear Sir,

As per Entry No.(v) of Notification No. 11/2017 dated 28th June 2017 as amended from time to time, **"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" is taxable @ 12%.

And, as per Entry No.(vi) of Notifications no. 11/2017 dated 28th June 2017 as amended from time to time, **"Composite supply of works contract"** as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, provided to the Central Government, State Government, Union Territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession is taxable @ 12%.

Hence applicability of rate of GST on works contract depends upon the nature of work, it may be checked that, if the work can be categorized as 'original work', whether the work pertains to new construction or repairs and maintenance of existence work.

On the basis on the information provided to us, nature of the subject work seems to be repairs and maintenance to us, if such work is of the nature of repairs it cannot be categorized under entry no. (v) of Notification No. 11/2017 dated 28th June 2017 (as amended from time to time). Further if such work relates to be used for business or commerce it may not be categorized under Entry No (vi) of Notification No. 11/2017 dated 28th June 2018 as mentioned above.

If, the said work cannot be classified under aforesaid entries, applicable rate of GST on other works contract services shall be applicable and may be taxed @ 18%.

Definition and meaning of original work and work contract services are reproduced hereunder for ready reference.

"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 :- According to Notification No. 12/2017-Central Tax (Rate) dated 28 Jun 2017 "original works" 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;

Thanks and regards
For, Rahul & Co.
Chartered Accountants

Dhawal Shrivastava
(Authorised Signatory)

