



भारत सरकार
केंद्रीय लोक निर्माण विभाग महानिदेशकालय
तकनीकी अनुप्रयोग एवं मानक एकाई
कमरा सं० 418, ए-विंग, निर्माण भवन, नई दिल्ली।
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OFFICE MEMORANDUM

No. SE/TAS/GST/21

(Issued by Authority of Director General, CPWD)

F. No. 158/SE(TAS)/GST/2022/ **409-H**

Date: **30** /09/2022

Sub: Adjustment on account of change in the rate of GST effective from the date prescribed by the GST authority in agreements drawn on or before the date prescribed by the GST authority.

1. According to the provisions under Clause 38 of GCC-2014 amended vide No. DG/CON/298 dated 29.09.2017 and DG/CON/299 dated 27.11.2017 or Clause 34 of GCC-2019 / GCC-2020/GCC-2022 for CPWD Works, the GST on output of works contract shall be adjusted (increase / decrease) for the effect of variation in rate of GST.
2. The change in the rate of GST is also adjustable on the amount of escalation paid under various clauses of the contract.
3. References have been received from field units for issue of model calculations for working out additional payment on account of change in GST rate on output of works contract. Accordingly, following model calculations are issued for reimbursement on account of change in the rate of GST on works contract effective from the date prescribed by GST authority in respect of agreements drawn on or before the date prescribed by the GST authority, wherever applicable as per contract.

S. No.	Type of contracts	GST Calculations (For change in rate of GST w.e.f. the date prescribed by GST authorities)	
		Payments based on Agreement rates for Agreement drawn before prescribed date	Payments based on Market Rates for Agreement drawn before prescribed date
(i)	Maintenance contracts	The amount payable to contractor as per agreement items inclusive of GST @ $r_1\%$ for contract drawn on or before the prescribed date = W Hence, amount (excluding GST component) = $W/(1+r_1/100)$	Not applicable
(ii)	Construction works contract	Now, adjustable amount on account of change in rate of GST from rate $r_1\%$ to $r_2\% = (r_2 - r_1)\%$ of $(W/(1+r_1/100))$	Market rate shall be worked out as per the GST rate prevalent as on the date of award of work and shall be adjusted as hereunder –
(iii)	Works contract under EPC mode	Illustration: Prescribed Date = 17.07.22 Prevailing GST rate as on prescribed date, $r_1\% = 12\%$ Revised GST rate after prescribed date, $r_2\% = 18\%$ Amount paid to contractor after prescribed date (on agreement rates) = Rs 100.00	The amount payable to contractor for market rate items inclusive of GST @ $r_1\%$ for contract drawn on or before the prescribed date = W Hence, amount (excluding GST component) = $W/(1+r_1/100)$ Now, adjustable amount on account



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OFFICE MEMORANDUM

No. SE/TAS/GST/19

Date: 30/05/2022

F. No. 158/SE(TAS)/GST/2022/ 207-हि०

Sub: Deduction of TDS under GST on works contract – regarding.

1. 'Standard Operating Procedure (SOP) on 'TDS' issued by CBIC (updated as on 18th February, 2019) available on the CBIC Portal at the link <https://www.cbic.gov.in/htdocs-cbec/gst/gst manual--SOP-TDS-AS-ON-18th Feb2019.pdf> clarifies that " for the purpose of deduction of TDS, the value of supply shall exclude the taxes leviable under GST (i.e. 'Central tax', 'State tax', 'UT tax', 'Integrated tax' & Cess). Thus, no tax shall be deducted on 'Central tax', 'State tax', 'UT tax', 'Integrated tax' and cess component levied on supply.

2. Therefore, if any value of contract includes tax component, the TDS has to be deducted on the value of work done excluding the GST.

3. Further, as per Para 2.4 of above said SOP on TDS issued by CBIC, composite supplies to Government/local authorities also covers works contract services such as road, bridge, building, development/renovation/repairing/maintenance services involving supplies of both goods and services.

4. Since, the gross amount paid to contractors under works contract of CPWD includes the amount of GST. Therefore, 2% TDS under GST is to be deducted on taxable value i.e. Gross amount of work done (including GST) divided by 1.12.

Illustration :

Suppose, the Total value of gross work done (including GST)

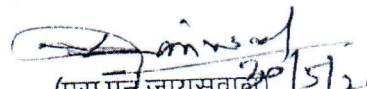
= 'A'

Hence, taxable value of work done (excluding GST)

= A/1.12 = 'B'

TDS for GST may be deducted on 'B' above

5. DDOs should submit the details of taxable value of work done (excluding GST) and GST component separately while submitting TDS details to GST authority.


(एस.एन.जायसवाल)
कार्यपालक अभियंता (टास)

(के०लो०नि०वि० वेबसाईट के माध्यम से)

के० लो० नि० वि० तथा लो० नि० वि० दिल्ली के सभी अधिकारियों को आवश्यक सूचना एवं कार्यवाही हेतु।