

GOVERNMENT OF ASSAM
OFFICE OF THE COMMISSIONER OF TAXES, ASSAM :: KAR BHAWAN
DISPUR, GUWAHATI-6

CIRCULAR NO. 6 / 2017-GST

Dated Dispur the 5th September, 2017.

**Sub : Deduction of Tax at Source (TDS) in respect of works contractors and suppliers
– regarding.**

No. CT/GST-15/2017/16.— Please refer to Circular No. 3/2017-GST dated 24th August, 2017 (CT/GST-10/2017/194 dtd. 24-08-2017). A large number of communications have been received from the field formations, tax consultants, etc citing variation in the interpretation of above referred circular in respect of rate of tax under GST on works contract.

Therefore, for the purpose of uniformity in the implementation of the Act, following issues are being clarified hereunder:

Under GST, a works contract is considered as composite supply, however, it is deemed to be a supply of services by virtue of entry 6(a) of Schedule II of the Assam GST Act, 2017.

The effective rate of tax for a works contract shall be either 12% or 18%, as the case may be. However, irrespective of such rate of tax, the applicable rate for deduction of tax at source (TDS) shall be: SGST @ 1% and CGST @ 1% in case of intra-State supply or IGST @ 2% in case of inter-State supply.

For the sake of convenience, the relevant portion of works contract from Notification No. 11 (as amended vide Notification no. 20/2017), along with tax rate is reproduced in the table below:-

Table

Sl. No.	Description of Construction Services	Intra-State Supply		Inter-State Supply
		CGST Rate (per cent.)	SGST Rate (per cent.)	IGST Rate (per cent.)
(1)	(2)	(3)	(4)	(5)
3.	(i) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. (Please refer to para 2 for valuation of this service)	9	9	18

(ii) Composite supply of works contract as defined in clause 119 of section 2 of Assam Goods and Services Tax Act, 2017.	9	9	18
(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Assam Goods and Services Tax Act, 2017, supplied to the Government, a local authority or a Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,- (a) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958); (b) canal, dam or other irrigation works; (c) pipeline, conduit or plant for (i) water supply(ii) water treatment, or (iii) sewerage treatment or disposal.	6	6	12
(iv) Composite supply of works contract as defined in clause (119) of section 2 of the Assam Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,- (a) a road, bridge, tunnel, or terminal for road transportation for use by general public; (b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana; (c) a civil structure or any other original works pertaining to the "In-situ rehabilitation of existing slum dwellers using land as a resource through private participation" under	6	6	12

	<p>the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana, only for existing slum dwellers;</p> <p>(d) a civil structure or any other original works pertaining to the “Beneficiary led individual house construction / enhancement” under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana;</p> <p>(e) a pollution control or effluent treatment plant, except located as a part of a factory; or</p> <p>(f) a structure meant for funeral, burial or cremation of deceased.</p>			
	<p>(v) Composite supply of works contract as defined in clause (119) of section 2 of the Assam Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-</p> <p>(a) railways, excluding monorail and metro;</p> <p>(b) a single residential unit otherwise than as a part of a residential complex;</p> <p>(c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;</p> <p>(d) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under-</p> <p>(1) the “Affordable Housing in Partnership” component of the Housing for All (Urban)</p>	6	6	12

	<p>Mission / Pradhan Mantri Awas Yojana;</p> <p>(2) any housing scheme of a State Government;</p> <p>(e) post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or</p> <p>(f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.</p>			
	(vi) Construction services other than (i), (ii), (iii), (iv) and (v) above.	9	9	18

Paragraph 2 : In case of supply of service specified in column (2) of the entry at item (i) against serial no. 3 of the Table above, involving transfer of property in land or undivided share of land, as the case may be, the value of supply of service and goods portion in such supply shall be equivalent to the total amount charged for such supply less the value of land or undivided share of land, as the case may be, and the value of land or undivided share of land, as the case may be, in such supply shall be deemed to be one third of the total amount charged for such supply.

Explanation .- For the purposes of paragraph 2, “total amount” means the sum total of,-

- (a) consideration charged for aforesaid service; and
- (b) amount charged for transfer of land or undivided share of land, as the case may be.

The above rates are based on notifications issued by the Central and State Government which may undergo amendments from time to time. All are requested to go through the latest notifications on rate of tax for works contract which shall be available at www.tax.assam.gov.in and at www.cbec.gov.in.

It is again reiterated that the provision relating to TDS under GST Law is put on hold for the time being and the same will be brought into force from a date which will be notified later.

This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and rules.

Sd/- Anurag Goel,
Commissioner of State tax, Assam,
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Copy to :

- 1) The Additional Chief Secretary to the Government of Assam, Finance Department, Dispur, Guwahati-6 for favour of kind information.
- 2) The Principal Secretary to the Government of Assam, Finance Department, Dispur, Guwahati-6 for favour of kind information.
- 3) The Commissioner of Central GST, Guwahati / Dibrugarh Commissionerate for favour of kind information.
- 4) The Additional Commissioner of State tax, Assam (All) / Joint Commissioner of State tax, Assam (All) for information.
- 5) The Deputy Commissioner of State tax (All) for information and necessary action.
- 6) The Assistant Commissioner of State tax (All) / Superintendent of State tax (All) / Inspector of State tax (All) for information and necessary action.
- 7) The Information Technology Officer, Office of the Commissioner of State tax, Assam for uploading it on the website of the Commissionerate for information of all concerned.



Commissioner of State tax, Assam,
Dispur, Guwahati