



GOVERNMENT OF ODISHA  
HOUSING & URBAN DEVELOPMENT DEPARTMENT

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Letter No.: HUD-WS-SCH-0015-2017 25878 /HUD. Date : 9.11.17

From

Belalsen Behera,  
Under Secretary to Government

To

The E.I.C., P.H.,  
Odisha, Bhubaneswar.

**Sub:- Clarification on implication of GST in respect of Works Contract.**

Sir,

I am directed to refer to your letter No. 10143. dt.07.07.2017 on the subject noted above and to say that the point-wise clarification of Finance Department on Works Contract as sought for are as indicated below:-

1. **Rate of GST leviable on sale of tender paper :-**

Tender paper is sold by the Executive Engineers/ Supdt. Engineers/ ULBs for execution of works through the contractors. The works contract is treated as composite supply of service and contractors are registered under GST Act (CGST, IGST and SGST) as tax payer for supply of service. Executive Engineers/ Supt. Engineers/ ULBs are not required to be registered under GST Act for execution of works contract. Hence, the contractors will purchase tender papers and will pay GST on reverse charge basis on the receipt value of tender paper.

2. **Rate of GST to be adopted in analysis of rates towards labour component for framing of estimate :-**

Works contract is a composite service taking into account goods and services (including labour component). Govt. works for construction of roads, bridges or infrastructure, the GST rate is 12% (CGST 6% and SGST 6%). Hence, the cost of labour will be included in the estimated cost of the project /works contract value on which 12% GST will be charged separately in the new estimate after 1.7.2017.

(P.T.O.)

3. **Rate of GST in places labour cess and royalty to be adopted in the analysis of rate for framing of estimate :-**

Royalty is payable on minor minerals i.e. sand, morum, metal etc. Labour cess is also deducted from the contractors' bill and sent to the Board constituted for welfare of the labourers. Hence, GST has no impact on labour cess and royalty. The current schedule rate decided by Works Department after introduction of GST will be followed.

4. **Rate of GST to be recovered at source from contractors' bill towards execution of works :-**

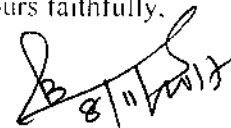
As per Section 51 of OGST Act / CGST Act, the deductor i.e. Government Departments/ local authority/ ULBs are required to deduct tax @ 2% (CGST 1% and OGST 1%) from the contractor's bill where the total value of such supply under a contract exceeds Rs.2.50 lakhs. But this provision has not come into force. Hence, the deductors under Section 51 of the OGST/ CGST Act are not required to deduct any tax towards GST from 1.7.2017 till the notification issued in this regard for deduction of Tax.

5. **Head of Account for classification of GST collected :-**

For SGST, the Heads of Account is "0006-State Goods and Service Tax – 00-101-0235-01064 to 01074". Similarly the CGST Heads of Account is 0005-00-101(Tax)-01(collection) and IGST Heads of Account is 0008-00-101(Tax)-01 (Collection).

You are therefore requested to look into the observation of Finance Department and take further appropriate action on the matter.

Yours faithfully,



Under Secretary to Government