



ଓଡ଼ିଶା ସରକାର  
ଗ୍ରାମ୍ୟ ଉନ୍ନୟନ ବିଭାଗ  
GOVERNMENT OF ODISHA  
DEPARTMENT OF RURAL DEVELOPMENT

By Fax/E-mail/Speed Post

ଓଡ଼ିଶା ରାଜ୍ୟ ସଚିବାଳୟ,  
ସଚିବାଳୟ ମାର୍ଗ, ଭୁବନେଶ୍ୱର-୭୫୧୦୦୧

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No. 28235301632018/RD

Dt. 07-03-2019

From

Sri A.K.Prusti, OFS(SAG)  
FA-cum-Additional Secretary

To

The Chief Engineer, PMGSY,  
Odisha, Bhubaneswar.

**Sub: Revised Guidelines relating to works contract under GST.**

Sir,

In inviting a reference to the subject cited above, I am directed to say that in enclosing a copy of Finance Department OM No. 38535 Dt. 10.12.2018 containing revised guidelines relating to work contract under GST vide Letter Dt. 24.12.2018, you had been requested to offer your views whether the above guidelines issued by Finance Department, Govt. of Odisha, shall be made applicable in case of PMGSY works to make payment in respect of the works put to tender prior to 01.07.2017 but executed either wholly or partly after 01.07.2017, i.e the date GST came into force in view of separate guidelines issued by NRIDA in this regard vide No.NRRDA-G021(17)/32017-FA Dt.06.06.2018 . But, your views in the matter is still awaited. In the mean time, so many Writ Petitions Cases, relating to differential GST in respect of PMGSY works, have been disposed by Hon"ble Orissa High Court with the direction to make payment as per guidelines of FD OM dt.10.12.02018.

In this regard, it may be noted that as per NRRDA guidelines: Value of work including taxes and duties such as Customs Duty, taxes on petroleum products and other Non-VAT taxes that have not been subsumed into GST should be worked out after which the balance will be the value of taxes subsumed into GST such as Central Excise Duty and VAT i.e. GST Component. The value of subsumed taxes under GST needs to be separated out from the contract amount to arrive at the value of work which is required to be done in respect of each item.

But, as per Finance Department O.M., the revised estimated work value for the balance work is to be determined as per the Revised SOR, 2014 in which item rates has been fixed excluding all taxes i.e. Excise Duty, VAT, Entry Tax, Service Taxes etc. It is further clarified that in case of the rates of any goods or service used in execution of balance work not covered in the revised SOR, 2014, the tax exclusive basic value of goods or service shall be determined by

removing the embedded tax incidences of Excise Duty, VAT, Entry Tax, Service Taxes etc. from the estimated price/ quoted price.

Thus, it may be seen that although the purpose of both the circulars is same i.e. to work out the net value of work excluding taxes which was included in the estimated cost, but the procedure prescribed in FD Circular is easier to adopt. Besides, the Hon'ble Orissa High Court vide order dtd. 12.12.2018 has disposed 24 WP(C) cases, which includes some cases relating to PMGSY works, have directed to dispose the said cases in light of the Notification dtd-10.12.2018 issued by FD.

Besides, it is to inform that in the meeting on implementation of the direction of FD on deduction of tax at source under GST and implementation of the orders of Hon"ble High Court of Orissa passed in WP(C) No.6178/2018 and similar other cases held under the Chairmanship of Principal Secretary, Finance Department on 21.01.2019, it has been directed to strictly adhere to the direction of FD as regards to deduction of tax at source under GST and implement the orders of Hon"ble High Court of Orissa passed in WP(C) No.6178/2018 and similar other cases after making re-calculation of tax liability of the works contractors, latest by 30.03.2019 on the basis of FD OM No.38535/F Dt.10.12.2018.

As such, in enclosing a copy of minutes of the meeting of FD, I am directed to request you to issue instructions to all the PIUs (Executive Engineers) to implement the guidelines of FD OM Dt. 10.12.2018 for making of payment of differential amount in respect of PMGSY works and comply the directions of FD contained in the minutes, within the stipulated date, without fail.

Encl: (1) FD OM No.38535 dt 10.12.2018

(2) Minutes of FD meeting dt.21.01.2019

Yours faithfully,



FA-cum-Addl. Secretary

CC:

1. Copy along with enclosures forwarded to Director (F&A), NRIDA, MoRD, GoI, 15 NBCC Tower, 5<sup>th</sup> Floor, Bhikaji Cama Place, New Delhi- 110066 for information and advice if any.
2. Copy along with enclosure forwarded to all the SEs/ EEs under Rural Works Organisation for information and necessary action.