

GOVERNMENT OF ASSAM
OFFICE OF THE PRINCIPAL COMMISSIONER OF STATE TAX
CUM COMMISSIONER OF TAXES, ASSAM
KAR BHAWAN :: DISPUR, GUWAHATI-6

CIRCULAR NO. 105/2021-GST

Dated Dispur the 21st June, 2021.

Subject : Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis-reg.

No. CT/GST-15/2017/470.— Reference has been received by Principal Commissioner of State Tax for a clarification whether services supplied to a Government Entity by way of construction such as of “a ropeway” are eligible for concessional rate of 12% GST under entry No. 3 (vi) of notification No. 11/2017-(Rate) [FTX.56/2017/24 dated 29th June, 2017]. On the recommendation of the GST Council, this issue is clarified as below.

2. According to entry No. 3(vi) of notification No. 11/2017-(Rate) [FTX.56/2017/24 dated 29th June, 2017], GST rate of 12% is applicable, inter alia, on-

“(vi) Composite supply of works contract as defined in clause (119) of section 2 of the Assam Goods and Services Tax Act, 2017, (other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above) 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) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession; “

....

2.1 Thus, said entry No 3 (vi) does not apply to any works contract that is meant for the purposes of commerce, industry, business of profession, even if such service is provided to the Central Government, State Government, Union Territory, a local authority a Governmental Authority or a Government Entity. The doubt seems to have arisen in the instant cases as Explanation to the said entry states, the term ‘business’ shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities. However, this explanation does not apply to Governmental Authority or Government Entity, as defined in clause (ix) and (x) of the explanation to said notification. Further, civil constructions, such as rope way for tourism development shall not be covered by said entry 3(vi) not being a structure that is meant predominantly for purposes other than business. While road, bridge, terminal, or railways are covered by entry No. 3(iv) and 3(v) of said notification, structures like ropeway are not covered by these entries too. Therefore, works contract service provided by way of

construction such as of rope way shall fall under entry at sl. No. 3(xii) notification No. 11/2017-(Rate) [FTX.56/2017/24 dated 29th June, 2017] and attract GST at the rate of 18%.

3. This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and rules.
4. Difficulties, if any, in implementation of the above instructions may be brought to the notice of the Commissioner at an early date.
5. This Circular shall be deemed to have been issued on 17th June, 2021.

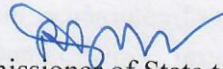
Sd/= Rakesh Agarwala, IAS.,
Principal Commissioner of State tax, Assam,
Dispur, Guwahati

Memo No. CT/GST-15/2017/470-A

Dated Dispur the 21st June, 2021.

Copy to :

1. The Commissioner & Secretary to the Government of Assam, Finance (Taxation) Department, Dispur, Guwahati-6 for favour of kind information.
2. The Commissioner of Central GST, Guwahati / Dibrugarh for information.
3. The Special Commissioner of State tax (All) / Additional Commissioner of State tax (All)/ Joint Commissioner of State tax (All) / Deputy Commissioner of State tax (All) / Assistant Commissioner of State tax (All) / Superintendent of State tax (All) for information and necessary action.
4. 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.


Principal Commissioner of State tax, Assam,
Dispur, Guwahati