

2100-225 Dt 9-8-17

GOVERNMENT OF TELANGANA
FINANCE (WP) DEPARTMENT

Memo No.33/WP/A2/2017

Dated:08-08-2017

Sub:-Public Works- On going Works Contracts- implementation of GST for payment of bills in respect of works executed on and after 1-7-2017-Further instructions - Reg.

Ref:-1) Govt Memo No.33/WP/A2/2017, Finance (WP) Department, dt.07-07-2017.
2) Govt Memo No.33/WP/A2/2017, Finance (WP) Department, dt.02-08-2017.

The newly launched GST regime has a system of Input Tax Credit throughout the supply chain and across all the States under a common tax base. The works contracts are also covered under new GST law and entails payment of GST after adjustment of ITC as the indirect taxes that were included in works contracts are now subsumed in GST.

2. Instructions were already issued vide reference 2nd cited that TVAT Act, 2005 continues to operate for legacy-collection of arrears and also for payment of bills of works done prior to 30-6-2017, but paid after 1-7-2017.

3. The issue of implementation of GST in respect of ongoing works contracts executed on and after 1-7-2017 and assessment of actual tax liability due to subsuming of all indirect taxes already loaded/provided in these works contracts and availability of Input Tax Credit to the suppliers/agencies is under examination of Board Of Chief Engineers.

4. In view of necessity of payment of bills for the works done on and after 1-7-2017 to which the provisions of GST shall apply, Government direct that, as an interim arrangement, 5% of the value of work recorded in each bill may be allowed and added to that bill towards GST liability of the agency concerned in lieu of all indirect taxes provided in part-B of agreement, subject to GSTDS as and when applicable and subject to final adjustment as per actual GST liability and ITC.

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5. The above interim arrangements shall be applicable only for Running Account bills and not final bills.

6. The excess allowance, if any noticed later on this account, shall be recovered from the balance payments or/and security deposits including Bank Guarantees of the agency available with the Department, as the case may be.

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7. The Heads of the Departments dealing with works contracts are requested to issue instructions to their DDOs accordingly and also to ensure GSTN registration of the agency for allowing the above provision.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT

To
The Spl. Chief Secretary to Government, I&CAD Department,
The Pri. Secretary to Government, TR&B Department,
The Pri. Secretary to Government, PR & RD Department,
The Secretary to Government, MA & UD Department,
All Secretariat Departments.

Copy to:-
All the ENC's,
The Director of Works Accounts (for regulation of payments accordingly),
The Director of Treasuries Accounts (for regulation of payments accordingly),
The Pay and Accounts Officer, Hyderabad,
The P.S to Chief Secretary,
The P.S. to Pri. Secretary to Government, Finance Department,
SF/SC's.

//FORWARDED::BY ORDER//

Encl: 10/- APAD/42P/5-5/100/19-10/34

Dt: 9/08/17
SECTION OFFICER

Copy communicated to all DDO's for information and to take necessary action

Asst. Pay & Accounts Officer
W&P Jayashankar Dist