



रक्षा लेखा नियंत्रक का कार्यालय, गुवाहाटी उदयन विहार, नारंगी, गुवाहाटी-781171
CONTROLLER OF DEFENCE ACCOUNTS, GUWAHATI
UDAYAN VIHAR" NARANGI, GUWAHATI-781171

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No. E/III/C/Misc/Corr/Vol-XII

Circular

Dated:

23

06

2023

To

The All AO GE/AGE(I)

Sub: Guidelines for Reimbursement due to variation of Taxes(GST) rate from 12% to 18%.

Please refer to this office circular of even no. dt. 23.03.23 in which it was intimated to all AO GEs to submit Hand Receipt duly audited by AO GE with all connected documents to this office regarding reimbursement due to variation of Taxes(GST) rate from 12% to 18%.

As per GOI, Ministry of Finance (Deptt. of Revenue) notification no 03/2022-Central Tax(Rate) dated 13.07.2022 forwarded vide HQ office letter no. A/IV/65/Rev Sc/ Vol-XXIV, dt. 13.12.22, GST rate has increased from 12% to 18% on Works Contract. E-in-C branch has issued clarification/guideline vide letter no. 66546/Manual/GST/46/E8 dated 23.11.2022

Now it has been decided by the competent authority that differences due to variation of GST rate i.e from 12% to 18% on works contract in respect of ongoing works having Bid Submission end date before 18.07.2022 may be verified and processed at AO GEs level as per guidelines issued by E-In-C Branch letter mentioned above.

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(Debapriya Das)

Sr. Accounts Officer (E)

Copy to:

1. The All GE/AGE(I)
(As per standard list)

For Information w.r.t. above.

✓ 2. The IT & SW
(Local)

For uploading on official website.

(Debapriya Das)

(Debapriya Das)
Sr. Accounts Officer (E)

Tele: 23019154

REGD BY POST

Engineer-in-Chief's Branch
Military Engineer Services
Dte of Contract Management
Kashmir House, Rajaji Marg
New Delhi -110 011

66546/Manual/GST/ 46 /E8

23 Nov 2022

List 'A'
List 'B'

GST ON WORKS CONTRACTS

1. Reference this HQ letter No 66546/Manual/GST/29/E8 dated 07 Sep 2022.
2. Various MES formations have requested to issue Model calculation for working out reimbursement to contractors on account of change in GST rates from 12% to 18% w.e.f 18 Jul 2022 on Works Contracts after issue of Gov. Min of Finance (Deptt of Revenue) notification No 03/2022-Central Tax (Rate) dated 13 Jul 2022.
3. The guidelines for implementation in respect of ongoing works having Bid Submission End date before 18 Jul 2022 are detailed below:-
 - (a) In cases where services have been provided in works contracts before the change in GST rates i.e. before 18 Jul 2022 -
 - (i) Where either the RAR bills have been raised or payment has been received by the contractor before the change in GST rate, the old rate i.e. 12% shall be applicable.
 - (ii) Where RAR bills have been raised after the change in GST rate and the payment is also received by the contractor after the change in GST rate, the new rate i.e. 18% shall be applicable.
 - (b) In cases where services have been supplied on or after the change in GST rate i.e. 18 Jul 2020, the new rate 18% shall be applicable.
4. Following model calculation may be adopted wherever applicable as per Contract conditions:-
 - (a) The amount payable to contractor as per items of the agreement inclusive of GST @ R1 % for contract drawn on or before the prescribed date = W
 - (b) Hence, amount (excluding GST component) $W1 = W/(1+R1/100)$
 - (c) Now, adjustable amount on account of change in rate of GST from rate R1 % to R2% = $(R2-R1)\%$ of W1.

Illustration:

Prescribed Date = 17.07.22

Prevailing GST rate as on prescribed date, R1% = 12%

Revised GST rate after prescribed date, R2% = 18%

Amount paid to contractor after prescribed date (on agreement rates) = Rs 100 00

Contd.. 2-

Hence, amount (excluding GST component) = $100/1.12 = \text{Rs } 89.29$

GST component = Rs 10.71

Now, adjustable amount on account of change in rate of GST
from 12% to 18% = 6% of 89.29 = Rs 5.36


5. The above model calculation is specific to the increase in GST rates, consequent to GOI Min of Fin notification dated 13 Jul 2022 referred in Para 2 above only and subject to submission of GST Return/GST Invoice indicating GST liability @ 18%.

6. The contractor shall submit following undertaking on Rs 100/- non-judicial stamp paper duly notarized along with his claim for adjustment of GST for payments made to him on agreement rates:-

"I hereby certify that I have paid GST on the output on works contracts @ _____ (fill in revised rate of GST on works here) for the amount on which additional GST has been claimed for adjustment in the work of (Name of work with Agreement Number). In case, my claim of adjustment of additional liability of the difference due to change in GST rate is found to be incorrect, I shall return forthwith full or any additional amount paid to me along with simple interest @ 10% per annum as demanded by the GE/AGE (I) and I shall also be liable for disciplinary action for debarment from taking up work in MES for a minimum period of six months. Decision of the Accepting Officer in this regard shall be final and binding upon me/us".

7. Suitable instructions may be issued to the concerned formations upto JE level under your jurisdiction.

8. This has the approval of Director General Works


(Bhavesh Gupta)
Director (Contracts)
for Engineer-in-Chief

Copy to:-

Controller General of Defence Accounts
Ullan Batar Road, Delhi Cantt – 110010

- w.r.t. MES BAI New Delhi letter No MBI/E-in-C/84/2022 dt 02 Nov 22. It is requested to issue suitable directions to all PCDA/CDA for reimbursement of GST of the contractors on account of increase in GST rate from 12% to 18% vide Gol Notification No 03/2022-Central Tax(Rate) dated 13 Jul 2022 to avoid financial hardship to the Builders.

MES Builders Association of India
807-808, Sahyog 58, Nehru Place,
New Delhi - 110019

- For info please.