

**GOVERNMENT OF TAMIL NADU
COMMERCIAL TAXES DEPARTMENT
OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES
EZHILAGAM, CHENNAI- 600 005**

**PRESENT: Thiru M.A. SIDDIQUE I.A.S.,
PRINCIPAL SECRETARY/ COMMISSIONER OF STATE TAX**

**Circular No: 10/2021 – TNGST
(PP6/GST-15003/28/2021)**

Dated:21.09.2021

Sub: 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.

Ref: Circular no 152/08/2021-GST, dated 17.06.2021 issued by Ministry of Finance, Department of Revenue, Government of India, New Delhi

Reference has been received by the Board 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 G.O. (Ms) No. 72 Commercial Taxes and Registration Department dated 29.06.2017 published in the Tamil Nadu Gazette Extraordinary in Issue No. 202 in Notification No. II(2)/CTR/532(d-14)/2017, dated 29.6.2017. On the recommendation of the GST Council, this issue is clarified as below.

2. According to entry No. 3(vi) of G.O. (Ms) No. 72 dated 29.06.2017 published in Tamil Nadu Gazette Extraordinary in Issue No. 202 in Notification No. II(2)/CTR/532(d-14)/2017, dated 29.6.2017 , 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 Central 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 –

(b) 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) of G.O. (Ms) No. 72 dated 29.06.2017 published in Tamil Nadu Gazette Extraordinary in Issue No. 202 in Notification No. II(2)/CTR/532(d-14)/2017, dated 29.6.2017 and attract GST at the rate of 18%.

Sd/-M.A.Siddique
Principal Secretary/
Commissioner of State Tax

To

All the Joint Commissioners (ST) (Territorial) in the state including LTU

Copy to:

1. The Principal Secretary to Government, CT & R Department, Chennai – 600 009.
2. All Additional Commissioners, O/o the CCT, Ezhilagam, Chennai – 600 005.
3. The Joint Commissioner (CS) to host in the departmental website
4. The Director, Commercial Tax Staff Training Institute, Chennai-6
5. The Secretary, TNSTAT, Chennai 600 104.
6. All the Joint Commissioners (ST) (Intelligence) in the state
7. All the Deputy Commissioners (ST) in the State including intelligence
8. All the heads of assessment circles

Stock file

//Forwarded //by Order//

M.A.Siddique
23/09/17
Deputy Commissioner (P&P)

23/9/17