

**CIRCULAR**

**Sub: Guidelines in respect of confirmation/ checklist to be followed in case of ongoing contracts awarded prior to 30<sup>th</sup> June, 2017 and work executed post 1<sup>st</sup> July, 2017**

**Ref:** i) CIDCO/SE(HQ)/2017/656 dtd 19.12.2017  
ii) D.F. No. 50/2018 of SE(HQ)

The GST has come in to force from 01.07.2018, regime covering the Maharashtra GST Act, 2017, Central GST Act, 2017 and Integrated GST Act, 2017 (herein after referred to as "The Said Act") is implemented with effect from July 1, 2017.

In respect of contractors payment pertaining to contracts awarded prior to 30<sup>th</sup> June, 2017 and work executed post 1<sup>st</sup> July, 2017, a process / methodology to be followed for processing contractor's payment in respect of differential tax recoverable / payable under GST regime is as under:-

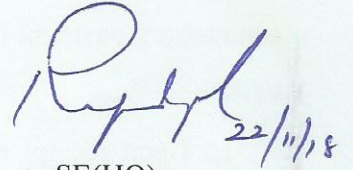
1. Upon receipt of contractor's claim for incremental reimbursement of taxes, important areas / points that need to be perused are as under:
  - 1.1 Embedded taxes subsumed in GST i.e. Service Tax, MVAT, Excise Duty, Central Sales Tax, Countervailing Duty on imports, surcharge, Octroi and Cess, etc. are included in the value of contract awarded prior to 30<sup>th</sup> June, 2017.
  - 1.2 Contractor shall submit detailed working determining quantum of taxes subsumed in GST i.e. Service Tax, MVAT, Excise Duty, Central Sales Tax, Countervailing Duty on imports, surcharge, Octroi and Cess, etc. embedded in the contract value as per the instructions given by Engineering section.
  - 1.3 In this regard, it is pertinent to note that impugned working of embedded value of tax may be on the information / estimates / assumptions which are as under:
    - 1.3.1 Working of embedded value of tax on Billable and Non Billable material.
    - 1.3.2 Estimates in respect of proportion of various types of material to be utilized ( i.e. quantity) vis-à-vis Bill of Quantity (BOQ) mentioned in the contract.
    - 1.3.3 Prices per unit considered for arriving at value of material.
    - 1.3.4 Jurisdiction in which contracts to be executed i.e. within Municipality limits or otherwise.
    - 1.3.5 Tax rates under various Tax regimes considered in detailed working determining quantum of taxes as i.e. Service Tax, MVAT, Excise Duty, Central Sales Tax, Countervailing Duty on imports, surcharge, Octroi and Cess, etc.



2. Detailed working submitted by the contractor shall be scrutinized and verified by respective Engineering/ Functional department in the enclosed format (Refer Annexure-I) It is to be noted that in case of additional / specific points to be incorporated in the enclosed format, the same may be added by respective Engineering section on case to case basis.
3. In respect of tax structure followed by contractor/ tax rates under pre & post GST regime, a consolidated certificate by statutory Auditor/ Chartered Accountant of contractor shall be obtained in the format enclosed ( Refer Annexure-II). It is to be noted that the said consolidated statement shall also be countersigned by Contractor/ Agency.

This circular is issued with approval of Sr.LO, CAO & CE(NM).

Encl.: Annexure- I, II, III

  
SE(HQ)  
(R. S. Nayak)  
Emp. No. 25555

To,  
SE (            )  
  
EE (            )

Copy to :- ACE(I & Metro) / ACE(II)/ ACE(III) : for information please  
CE(NM)/CE(NMIA)/CE(SP)/CAO



### ***Annexure-I***

Name of work :

C.A.No.

E-Tender No.

Work Order No.

Name of Agency :

#### **Confirmation / verification of differential tax submitted by contractor**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Remarks (for Sample)</b>
1	Taxes which are considered as inclusive of contract value, to be confirmed as per terms of contract conditons	Taxes which are considered as inclusive of contract value are confirmed with working of differential tax duly submitted by contractor.
2	Material quantity to be utilized vis-à-vis Bill of Quantity (BOQ) mentioned in the contract	a. Material quantity considered in differential tax working cross verified with BOQ & no discrepancies observed.  b. In case of discrepancies in percentage of material considered in tax working vis a vis percentage of material mentioned for price escalation, provide justification.
3	Price per unit for arriving at value of material	Price per unit considered in the working of differential tax are found to be correct.
4	Jurisdiction in which contracts to be executed, for ascertainment of embedded value of Octroi, LBT and CESS in lieu of Octroi.	a. Jurisdiction is out side Navi Mumbai at Jite, Tal. Pen so no question of Octroi, LBT or CESS.  b. Jurisdiction is witin Municipal limits & impact of Octroi, LBT or CESS is correctly passed on to CIDCO in differential tax working . ( Remark as applicable from a & b above )
5	Whether work awarded is in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under aretle 243W of the Constitution in order to ascertain exemptions available under GST law.	a.No exemption is availabe to the said contract under GST (as per certificate received from Chartered Accountant)  b. Work awarded is in relation to any function 243W & 243G, if Yes then , percentage of material is ..... ( Remark as applicable from a & b above )



Sr. No.	Particulars	Remarks (for Sample)
6	In case contract includes component of imported material. Material quantity to be utilized vis-à-vis Bill Of Quantity (BOQ) mentioned in the contract & prices considered	<p>a. Not Applicable.</p> <p>b. Material quantity considered in differential tax working cross verified with BOQ &amp; no discrepancies observed. In case of discrepancies in percentage of material considered in tax working vis a vis percentage of material mentioned for price escalation, provide justification.</p> <p>( Remark as applicable from a &amp; b above )</p>
7	In respect of tax rates under various Tax regimes considered in detailed working, extract of schedule entries highlighting the tax rates alongwith sample invoices shall be obtained on record.	Yes it is obtained, please refer page No.
8	Detailed working of differential tax duly certified by contractor and their Statutory Auditor shall be scrutinized and checked so as to verify the correctness of contractor's claim in respect of reimbursement of taxes.	Yes, checked and found correct.
9	Upon confirmation of contractor's claim in respect of reimbursement of taxes, Affidavit/Anti profiteering declaration from contractor shall be taken on record before releasing the payment to the contractor. (Refer- Annexure-III)	Yes, obtained on record.
10	Any other specific verification / Observation	
11	Any other specific verification / Observation	

EE( )



**Annexure-II**

( To be obtained on CA letterhead )

To,

The Engineering section,

CIDCO Ltd.

Details of applicable Tax rates for MVAT, Service tax, GST, Excise Duty Octroi & tax structure followed under MVAT & Service Tax Act in respect of contract awarded to M/s. ----- as under:-

**A. Tax Structure & Rates under MVAT Act, 2002 followed for the contract awarded :**

1. Whether MVAT arrived at is as per Rule 58 under MVAT Act, 2002. Yes / No

In case Rule 58 is not followed under MVAT Act, 2002, then ITC on material, not entitled for set off is considered as part of tax to the tune of Rs ...../- while calculating differential tax liability as per instructions given in Govt. Resolution No. GST -1017/155/1 dated September 11, 2017.

2. MVAT Rate considered

No.	Material description	Schedule Entry	Rate applicable	Ref
1.				
2.				
3.				
4.				
5.				

**B. Service tax Exemption & Rates under Service tax for the contract awarded:**

1. Exemption under Service Tax

No.	Service tax Exempt	Yes / No Give Exemption Entry	Ref
1.			

2. Service Tax Category & Service Tax Rate Applicable

No.	Particulars name	Rate	Entry	Ref
1.				

**C. Excise Duty Payment & rates under excise for the contract awarded:**

1. Exemption under Excise Duty Tax

No.	Excise duty Exempt	Yes / No Give Exemption Entry	Ref
1.			



2. Excise duty Category & excise duty Rate Applicable

No.	Particulars name	Rate	Entry	Ref
1.				

**D. Applicable GST Rate for the contract awarded:**

No.	Rate	Entry	Ref
1.			

M/S ----- has followed taxation Structure under pre GST Regime as given in forgoing paras. Further, we hereby confirm that above tax rates considered under pre GST and Post GST regime are true & correct on the basis of which differential tax payable / refundable as enclosed-----, has been calculated.

**Mumbai**

**Dated**

**Point to be noted.**

- 1) Tax rates for MVAT, Service tax, GST, Excise Duty, Octroi & tax structure followed under MVAT & Service Tax / Excise Act in respect of contract awarded to be certified by Chartered Accountant and the same to be countersigned by Contractor.
- 2) In the Ref Column, reference of extract copy of respective act to be enclosed.
- 3) Sample copy of Invoice to be enclosed for confirmation of MVAT, Service tax, Excise Duty rates.



Annexure-III

**Affidavit cum Anti Profiteering Declaration**

**(on Rs.500 Stamp paper)**

I, \_\_\_\_\_ age \_\_\_\_\_ years, son  
of \_\_\_\_\_ resident  
of \_\_\_\_\_ do hereby solemnly and state as under:

That I am the Authorized Signatory of (Company Name) and I am duly authorized to furnish this Affidavit/ undertaking on behalf of (Company Name).

1. That (Company Name) having GSTN \_\_\_\_\_ has been awarded the work of \_\_\_\_\_  
\_\_\_\_\_ vide work order dated \_\_\_\_\_.
2. That the Company is fully aware of the anti-profiteering provisions of the Goods & Services Tax Laws.
3. CIDCO Ltd, vide letter dated \_\_\_\_\_ has intimated us to pass on the benefits of pre GST taxes embedded in work awarded prior to July 1, 2017 (i.e. MVAT, Service tax, Octroi, cess etc. which are submitted in GST w.e.f. July 1, 2017) on account of reduced tax liability having impact on the value of the contract awarded.
4. In furtherance and compliance of the Section 171 of the Central Goods and Service Tax Act, 2017, the company has passed the benefit of all non-creditable taxes & reduction in tax liability available on the goods/ services supplied to M/s CIDCO in pursuance of the contract awarded to us vide work order dated \_\_\_\_\_ and accordingly, company has made commensurate reduction in the prices of the goods/ services supplied to M/s CIDCO because of the enactment of GST Laws w.e.f. July 1, 2017.
5. The detailed working of quantum of benefits being passed on to CIDCO Ltd., duly certified by our Chartered Accountant, M/s. \_\_\_\_\_ is enclosed in Annexure – 1. The same are worked out as per applicable GST Law and these are true & correct to the best of my knowledge, information & belief.



6. That I hereby affirm that in case that (Company Name) is entitled or in receipt of any further benefit in further i.e. after July 1, 2017, by way of all non-creditable taxes before July 1, 2017 or reduction in tax rates or in any other manner, having impact on reduction of cost of the goods/ service supplied to M/s. CIDCO, then the company shall pass the said benefit to CIDCO Ltd along with interest @ \_\_\_\_\_% which shall be calculated from date of the execution of this document.
7. I further, state that our contractual payments in pursuance of the work allotted may be released in line with the detailed working enclosed in Annexure 1. In further, during the course of verification/ audit process at CIDCO Ltd., if it is found that any or part thereof are remained to be passed on to CIDCO Ltd., I hereby undertake that (Company Name) shall refund the said amount of benefits along with interest @ \_\_\_\_\_% which shall be calculated from date of the execution of this document.
8. I hereby indemnify the City and Industrial Corporation of Maharashtra Ltd. its offices and agents against any losses, expenses and payments made in respect of demands & claims raised by the GST authorities or any other authority in respect of any tax liability on the goods/services supplied by us in pursuance of the aforesaid work contract.
9. I declare that the foregoing is true and correct and the same is a legal obligation and failure to fulfillment of which shall result in penalties under the Law.
10. I confirm that I am aware of the implications of the above Affidavit / undertaking and our liability on account of incorrect/ misleading declaration under the GST Laws.

Place

Deponent

Date

Verification

Verified at Mumbai on \_\_\_\_\_ that the contents of the above mentioned Affidavit is true and correct and nothing material is concealed.

Deponent

(Notary attestation required)