

CIRCULAR

Sub : **Guidelines in respect of contractors payment in case of ongoing contracts awarded prior to 30th June, 2017 and work executed post 1st July, 2017.**

As you are aware, GST 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.

1. In respect of ongoing contracts awarded to various contractors i.e. contracts awarded and partly executed prior to June 30, 2017, we are in receipt of queries and claims for reimbursement of GST which is at the applicable GST rates of the contract value.
2. In this regard, broad guidelines/parameters while determining quantum of reimbursement on account of new levy of tax under GST regime is as under:
 - a) In respect of work executed after June 30, 2017, impact of taxes considered in contract value (allotted as all inclusive) duly subsumed in GST:
 - i. At the time of submission of bid, successful bidder has submitted contract value which is inclusive of various taxes i.e. Service Tax, MVAT, Octroi, Cess tax in lieu of Octroi etc. (taxes which are subsumed in GST w.e.f. July 1, 2017)
 - ii. As per point no.'b' of sub-clause (i) of clause no.70.2 of G.C.C.
- Any increase or decrease in royalty charges, Octroi, Cess Tax in lieu of Octroi, Service Tax and custom duties on imports shall be reimbursed to or recovered from the contractor, subject to compliance of provisions of paragraphs (ii) and (iii) of this sub-clause.
3. On the backdrop of above tender conditions of the contract, contractors have duly been intimated by respective CIDCO departments to furnish details of tax component considered in the contract value quoted and the detailed working duly certified by Statutory Auditor shall be forwarded to us along with differential tax liability on account of incremental Input Tax Credit (ITC) available to the contractors under GST regime.
4. However, impact of differential tax liability in case of ongoing contracts under GST regime cannot be ascertained as contractors have not yet furnished requisite details in desired format.
5. As per the earlier guidelines, all the functional departments have been asked to release an advance of 90% of the bill submitted by respective contractors in the interim period.

In this regard, taking into consideration time lag in ascertaining differential tax impact in case of ongoing contracts, following guidelines pertaining to booking of work executed and it's payment are to be noted for implementation:

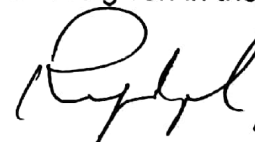
1. Contractors shall submit their claims/RA bills in the tax invoice as prescribed u/s 31 of the CGST Act, 2017. Total value of work executed /claims/RA bill shall be segregated in the tax invoice as under.

Particulars	Amt (In Rs.)
Value of Work done	89.30
+ GST **	
CGST @ 6%	5.35
SGST @ 6%	5.35
Total Value including GST	100

**** CGST/SGST to be calculated at applicable rate for the respective contract.**

The SE's shall inform all their Agencies carrying out works in respect to subject work to submit as per the format mailed to them separately. These details submitted by agencies duly certified by their Statutory Auditors should be forwarded to Accounts Department for verification and payment

2. While releasing payment to the contractors, all the statutory deductions i.e. TDS/Labour Cess and any other deductions as stipulated by Tender conditions shall be deducted. Apart from the above stipulated deduction, additional 3% to be retained under the head "Retention deposit towards GST". All the impugned deductions shall be calculated on Net Value.
3. In order to finalize quantum of differential tax impact under GST regime, all the contractors shall be intimated to provide details of tax component in the format as suggested in the Government Resolution (G.R.) No. GST-1017/155/1 (dated September 11, 2017) on or before 15th January, 2017 (copy of G.R. enclosed).
4. In case of non-compliance on part of contractors, retention deposit on account of GST from contractor's payment shall be increased retrospectively from 3% to 10%. In case of contracts, where earth work portion is more than 75%, applicable GST rate is 5% vide Notification No. 31 dated 13th October, 2017. Hence, in such contracts, retention deposit on account of GST shall be made at 12% of the Net Contract Value.
5. The format of the bills to be prepared and submitted for payment is given in the Enclosed Annexure-I for information of all concerned.


19.12.17
(R.S.Nayak)
SE(HQ)

To,
All SE's ()
All EE's ()

C.C. : CE(NM)/ CE(NMIA)/ CE(SP)/ CAO/ CHO
C.C. : OSD to VC&MD/ OSD to JMD(I)/ OSD to JMD(II)/ CVO

ANNEXURE -I

Bill Calculations considering GST

A. for work order issued after July 2017 & all taxes/GST inclusive as per the bid

For Capital works and M&R works Including GST				
Value of work			300000	-A
work done $(300000/112) \times 100$			267857	-B
add	CGST	@6% on A	16071	-C
add	SGST	@6% on A	16071	-D
total			300000	-E
Recoveries				
SD	as per LOA	xxx		
IT	on B	xxx		
Labour Cess@1% on A/LOA				
Crèche	as per contract/quotation on A	xxx		
ESIC @1@	as per contract on A			
lab charges	actual	xxx		
CGST @9% on lab charges		xxx		
SGST @9% on lab charges		xxx		
Misc. Deposit	actual	xxx		
Misc. receipt penalty ,LD etc		xxx		
CGST @9% on Penalty ,LD etc		xxx		
SGST @9% on Penalty ,LD etc		xxx		
total		xxxx		-F
net payable to agency E-F			300000-xxxx	-G

For Consultancy works including GST				
Value of work			300000	-A
work done $(300000/118) \times 100$			254237	-B
add	CGST	@9% on A	22881	-C
add	SGST	@9% on A	22881	-D
total			300000	-E
Recoveries				
SD	as per LOA	xxx		
IT	on B	xxx		
Misc. deposit		xxx		
Misc. receipt penalty ,LD etc		xxx		
CGST @9% on Penalty ,LD etc		xxx		
SGST @9% on Penalty ,LD etc		xxx		
total		xxxx		-F
net payable to agency E-F			300000-xxxx	-G

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B. for work order issued before July 2017 & all taxes inclusive as per the bid

	For Capital works & M&R works			
Value of work		300000	-A	
work done '(300000/112)x100		267857.14	-B	
add	CGST	@6% on A	16071.43	-C
add	SGST	@6% on A	16071.43	-D
total		300000	-E	
Recoveries				
SD	as per LOA	xxx		
IT	on B	xxx		
Labour Cess@1% on A/LOA		xxx		
Crédite	as per contract/quotation on A	xxx		
ESIC @1%	as per contract on A	xxx		
Crédite	On B	xxx		
lab charges	actual	xxx		
CGST @9% on lab charges				
SGST @9% on lab charges				
Misc. Deposit	actual	xxx		
Misc. receipt penalty ,LD etc		xxx		
CGST @9% on Penalty ,LD etc		xxx		
SGST @9% on Penalty ,LD etc		xxx		
total		xxx	-F	
net payable to agency E-F		300000-xxxx	-G	

	For Consultancy works including Service Tax			
Value of work		300000	-A	
work done '(300000/115)x100		260869.57	-B	
add	CGST	@9% on A	23478.26	-C
add	SGST	@9% on A	23478.26	-D
total		307826	-E	
Recoveries				
SD	as per LOA	xxx		
IT	on B	xxx		
Misc. Deposit	actual	xxx		
Misc. receipt penalty ,LD etc		xxx		
CGST @9% on Penalty ,LD etc		xxx		
SGST @9% on Penalty ,LD etc		xxx		
total		xxxx	-F	
net payable to agency E-F		307826-xxxx	-G	

SE (HQ)