

SHREE CONSTRUCTION

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 09/2018-19/B- 65 Mumbai, dt. 11/7/2018

Dated **11.07.2018**

Q Questions Before the Authority

- What Tax rate to be charged by the sub-contractor to main contractor on Works Contract Services (WCS) pertaining to railways original works contract?
- Whether to charge tax rate of 12% GST or 18% GST?

F Facts

The applicant is a works contractor executing original civil construction work as a sub-contractor for another main contractor who has been awarded works contracts by the Railways. The applicant sought clarity on whether sub-contractors providing original works contract services for railways are liable to pay GST at 12% or 18%.

H Ruling

Tax rate charged by sub-contractor to main contractor on railway original WCS	@ 6% of CGST and SGST each	Pertaining to original works of railways
Whether tax rate is 12% GST or 18% GST	12% in the present case	Applicable for composite supply of works contract for railways

The Authority for Advance Ruling held that the composite supply of works contract services provided by a sub-contractor to a main contractor for original works pertaining to railways is taxable at **12% GST** (6% CGST and 6% SGST). The concessional rate under Notification No. 11/2017-Central Tax (Rate), as amended, applies to such sub-contracted original works pertaining to railways.

R Reasoning

The authority analyzed Sr. No. 3, clause (v)(a) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 20/2017-Central Tax (Rate) dated 22.10.2017. It observed that the entry covers composite supply of works contract as defined in section 2(119) of the CGST Act supplied by way of construction, erection, commissioning, or installation of original works pertaining to railways at a rate of 6% CGST and 6% SGST. Since the work executed by the sub-contractor and the property in goods incorporated therein directly relate to railway original works, the **concessional rate of 12% GST** extends to the sub-contractor providing services to the main contractor.

P Provisions Relied On

Section 2(119) of CGST Act, 2017

Section 97 of CGST Act, 2017

Section 98 of CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 20/2017-Central Tax (Rate) dated 22.10.2017

Notification No. 01/2018-Central Tax (Rate) dated 25.01.2018

! For the Practitioner

Confirms that **sub-contractors executing original works contract services for railways** are eligible for the concessional GST rate of 12%, and the benefit is not limited solely to direct main contractors of the Railways.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [maha-gst-ara-09-b-65 dt.11.07.18 shree construction.pdf](#)

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