



Works Contract Services

D. P. Prakash

Deputy Commissioner of Commercial Taxes
(Audit)-3.3

DVO-03, Bengaluru

Presentation Plan

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- ❑ Classification of services
- ❑ Classification of services for levy
- ❑ Notifications related to Services
- ❑ Scheme of exemptions- Services to Government Depts
- ❑ Scheme of exemptions- Services by Government Depts
- ❑ Recent Notifications

Classification of Services

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- ❑ In Service Tax Law the classification was based on service accounting codes for each service
- ❑ We have adopted a new system of classification of services under GST Law similar to HSN based classification of goods
- ❑ In the new system services are classified in the four layered hierarchy
- ❑ Section → Heading → Group → Service Code

Classification of Services

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How is it done under GST?

- ❑ Chapter 99 belongs to all services
- ❑ Section 5 relates to Construction Services
- ❑ Section 6 relates to Distributive Trade Services, Accommodation, Food, and Beverage Services, Transport Services, Gas and Electricity Distribution services
- ❑ Section 7 relates to Financial and related services, Real estate Services, Rental and Leasing Services

Classification of Services

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- ❑ Section 8 relates to Business and Production Services
- ❑ Chapter 9 relates to Public Administration and other services provided to the community as a whole, Compulsory social security services
- ❑ Each of the above sections are branched out as different headings, each heading is branched out as groups and each group contains relevant service codes
- ❑ The service codes indicate the tariff applicable

Section 5: construction Services

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Heading 9954: Construction Services

Group 99541: Construction Services

995411: Construction services of single dwelling or multi dwelling or multi-storied residential buildings

995412: Construction services of other residential buildings such as old age homes, homeless shelters, hostels and the like

995413: Construction services of industrial buildings such as buildings used for production activities (used for assembly line activities), workshops, storage buildings and other similar industrial buildings

Section 5: construction Services

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- 995414:** Construction services of commercial buildings such as office buildings, exhibition and marriage halls, malls, hotels, restaurants, airports, rail or road terminals, parking garages, petrol and service stations, theatres and other similar buildings
- 995415:** Construction services of other non-residential buildings such as educational institutions, hospitals, clinics including veterinary clinics, religious establishments, courts, prisons, museums and other similar buildings
- 995416:** Construction services of other buildings nowhere else classified
- 995419:** Services involving repair, alterations, additions, replacements, renovation, maintenance or remodeling of the buildings covered above

Section 5: construction Services

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Group 99542: General construction services of civil engineering works

995421: General construction services of highways, streets, roads, railways and airfield runways, bridges and tunnels

995422: General construction services of harbours, waterways, dams, water mains and lines, irrigation and other waterworks

995423: General construction services of long-distance underground/overland/ submarine pipelines, communication and electric power lines (cables); pumping stations and related works; transformer stations and related works

995424: General construction services of local water and sewage pipelines, electricity and communication cables and related works

995425: General construction services of mines and industrial plants

Section 5: construction Services

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- 995426:** General Construction services of Power Plants and its related infrastructure
- 995427:** General construction services of outdoor sport and recreation facilities
- 995428:** General construction services of other civil engineering works nowhere else classified
- 995429:** Services involving repair, alterations, additions, replacements, renovation, maintenance or remodeling of the constructions covered above

Section 5: construction Services

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Group 99543: Site preparation services

995431: Demolition services

995432: Site formation and clearance services including preparation services to make sites ready for subsequent construction work, test drilling and boring and core extraction, digging of trenches

995433: Excavating and earthmoving services

995434: Water well drilling services and septic system installation services

995435: Other site preparation services nowhere else classified

995439: Services involving repair, alterations, additions, replacements, maintenance of the constructions covered above

Section 5: construction Services

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Group 99544: Assembly and erection of prefabricated constructions

- 995441:** Installation, assembly and erection services of prefabricated buildings
- 995442:** Installation, assembly and erection services of other prefabricated structures and constructions
- 995443:** Installation services of all types of street furniture (such as bus shelters, benches, telephone booths, public toilets, and the like)
- 995444:** Other assembly and erection services nowhere else classified
- 995449:** Services involving repair, alterations, additions, replacements, maintenance of the constructions covered above

Section 5: construction Services

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Group 99545: Special trade construction services

995451: Pile driving and foundation services

995452: Building framing and roof framing services

995453: Roofing and waterproofing services

995454: Concrete services

995445: Structural steel erection services

995446: Masonry services

995447: Scaffolding services

995448: Other special trade construction services nowhere else classified

995449: Services involving repair, alterations, additions, replacements, maintenance of the constructions covered above

Section 5: construction Services

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Group 99546: Installation services

995461: Electrical installation services including Electrical wiring and fitting services, fire alarm installation services, burglar alarm system installation services

995462: Water plumbing and drain laying services

995463: Heating, Ventilation and air conditioning equipment installation services

995464: Gas fitting installation services

995465: Insulation services

995466: Lift and escalator installation services

995468: Other installation services nowhere else classified

995469: Services involving repair, alterations, additions, replacements, maintenance of the installations covered above

Section 5: construction Services

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Group 99547: Building completion and finishing services

995471: Glazing services

995472: Plastering services

995473: Painting services

995474: Floor and wall tiling services

995475: Other floor laying, wall covering and wall papering services

995476: Joinery and carpentry services

995477: Fencing and railing services

995478: Other building completion and finishing services nowhere else classified

995479: Services involving repair, alterations, additions, replacements, maintenance of the completion/finishing works covered above

Exempted Services

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Notification (12/2017)

No. FD 48 CSL 2017, Bengaluru, dated: 29-06-2017

Broad concepts

- Services by Government and its departments
- Services to Government and its departments
- Services provided to some important poverty alleviation programmes
- Services provided to important Governmental housing schemes
- Services provided to important Government programmes/schemes
- Essential Services

Taxable Services

Section 5 —————> **Heading 9954**

Construction services

- (i) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.
- (Provisions of paragraph 2 of this notification shall apply for valuation of this service)

Taxable Services

- ii) composite supply of Works contract as defined in clause 119 of section 2 of Karnataka Goods and Services Tax Act, 2017. 9
- (iii) construction services other than (i) and (ii) above. 9

(III) Composite supply of works contract as defined in clause (119) of section 2 of KGST Act 2017, supplied to the Government, a local authority or a Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

Taxable Services

- a) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (Central Act 24 of 1958);
- b) canal, dam or other irrigation works;
- c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal

Taxable Services

iv) Composite supply of works contract as defined in clause (119) of section 2 of KGST Act 2017, supplied to the Government, a local authority or a Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

a) a road, bridge, tunnel, or terminal for road transportation for use by general public;

b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;

c) a civil structure or any other original works pertaining to the 'in-situ rehabilitation of existing slum dwellers using land as a resource through private participation' under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers;

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Taxable Services

- d) a civil structure or any other original works pertaining to the 'Beneficiary led individual house construction/enhancement' under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana; 6
- e) A pollution control or effluent treatment plant, except located as a part of a factory; or
- f) a structure meant for funeral, burial or cremation of deceased

Taxable Services

(v) Composite supply of works contract as defined in clause (119) of section 2 of KGST Act 2017, supplied by way of construction, erection, commissioning, or installation, of original works pertaining to,-

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a) railway, excluding monorail and metro;

b) a single residential unit otherwise than as a part of residential complex;

c) low-cost houses up to a carpet area of 60 square meters per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

Taxable Services

(d) Low cost houses up to a carpet area of square metres per house in a housing project approved by the competent authority under-

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1) the 'Affordable Housing in Partnership' component of the Housing for All (urban) Mission/Pradhan Mantri Awas Yojana

2) any housing scheme of a State Government;

e) post harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or

f) mechanical food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.

Taxable Services

(vi) Composite supply of works contract as defined in clause (119) of section 2 of KGST Act 2017, provided to the Central Government, State Government, Union Territory, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of –

(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;

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Taxable Services

(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
or

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(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule III of the KGST Act 2017

Taxable Services

vii) Composite Supply of works contract as defined in clause (119) of section 2 of the KGST Act 2017, involving predominantly earth work (that is, constituting more than 75 percent of the value of the works contract) provided to the Central Government, State Government, Union Territory, Local Authority, a Governmental Authority or a Governmental Entity,

viii) Composite Supply of works contract as defined in clause (119) of section 2 of the KGST Act 2017 and associated services, in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles from the nearest point of the appropriate base line.

2.5

“Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union Territory or local authority, as the case may be.”

Taxable Services

ix) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 provided by a sub-contractor to the main contractor providing services specified in item (iii) or item (vi) above to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity.

x) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 provided by a sub-contractor to the main contractor providing services specified in item (vii) above to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity

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“Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union Territory or local authority, as the case may be.”

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“Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union Territory or local authority, as the case may be.”

Taxable Services

xi) Services by way of house-keeping, such as plumbing, carpentering, etc. where the person supplying such service through electronic commerce operator is not liable for registration under sub-section (1) of section 22 of the Central Goods and Services Tax Act, 2017.

2.5

Provided that credit of input tax charged on goods and services has not been taken
[Please refer to *Explanation* no. (iv)].

(xii) Construction services other than (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x) and (xi) above.

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dpprakash23@yahoo.com