

Office of the  
Commissioner of State Tax.  
Maharashtra State, 8<sup>th</sup> Floor,  
GST Bhavan, Mazgaon,  
Mumbai-400 010.

## TRADE CIRCULAR

No. JC (HQ)-1/GST/2021/ADM-8 dated 20.7.2021.

**Trade Circular No. 15 T of 2021.**

To,

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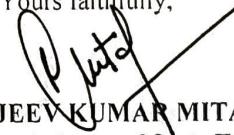
**Subject: Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis**

**Ref:** Circular No. 152/08/2021-GST dated the 17 th June, 2021 issued by the CBIC

Central Board of Indirect Taxes and Customs (CBIC) has issued the above referred circular. For the uniformity, it has been decided that the said circular issued by the CBIC is being made applicable, *mutatis mutandis*, in implementation of the MGST Act, 2017. Copy of the referred CBIC circular is attached herewith.

This Trade Circular is clarificatory in nature. Difficulty if any, in the implementation of this Circular may be brought to the notice of the office of the Commissioner of State Tax, Maharashtra.

Yours faithfully,

  
(RAJEEV KUMAR MITAL)  
Commissioner of State Tax,  
Maharashtra State, Mumbai.

No. JC (HQ)-1/GST/2021/ADM-8 dated 20.7.2021.

**Trade Circular No. 15 T of 2021.**

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with a request to upload this Trade Circular on the Departments Web-site.

**Copy submitted with compliments to,-**

- The Deputy Secretary, Finance Department, Mantralaya, Mumbai-21 for information.
- Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.

  
(VISHAKHA BORSE)  
Joint Commissioner of State Tax-HQ-1,  
Maharashtra State, Mumbai.

**CBIC-190354/36/2021-TRU Section-CBEC**

**Government of India**  
**Ministry of Finance**  
**Department of Revenue**

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**North Block, New Delhi,**  
**Dated the 17<sup>th</sup> June, 2021**

**To,**

**The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioner of Central Tax (All) /  
The Principal Director Generals/ Director Generals (All)**

**Madam/Sir,**

**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.**

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 Notification No. 11/2017- CT (R) dt. 28.06.2017. On the recommendation of the GST Council, this issue is clarified as below.

**2.** According to entry No. 3(vi) of notification No. 11/2017-CT (R) dated 28.06.2017, 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 –*

*(a) 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 notification 11/2017-(CTR) and attract GST at the rate of 18%.

3. Difficulty if any, may be brought to the notice of the Board.

Yours faithfully,

(Rajeev Ranjan)  
Under Secretary, TRU  
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Tel: 011 2309 5558