

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 **2.7.2021**.

**Trade Circular No. 13T of 2021.**

To,

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**Subject: Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity)**

**Ref:** Circular No. 150/06/2021-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 **2.7.2021**.

**Trade Circular No. 13T 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,-**

- (a) The Deputy Secretary, Finance Department, Mantralaya, Mumbai-21 for information.
- (b) 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 applicability of GST on the activity of  
construction of road where considerations are received in deferred  
payment (annuity)-reg.**

Certain representations have been received requesting for a clarification regarding applicability of GST on annuities paid for construction of road where certain portion of consideration is received upfront while remaining payment is made through deferred payment (annuity) spread over years.

2. This issue has been examined by the GST Council in its 43<sup>rd</sup> meeting held on 28<sup>th</sup> May, 2021.

2.1 GST is exempt on *service, falling under heading 9967 (service code), by way of access to a road or a bridge on payment of annuity* [entry 23A of notification No. 12/2017-Central Tax]. Heading 9967 covers "*supporting services in transport*" under which code 996742 covers "*operation services of National Highways, State Highways, Expressways, Roads & streets; bridges and tunnel operation services*". Entry 23 of said notification exempts "*service by way of access to a road or a bridge on payment of toll*". Together the entries 23 and 23A exempt access to road or bridge, whether the consideration are in the form of toll or annuity [heading 9967].

2.2 Services by way of construction of road fall under heading 9954. This heading *inter alia* covers general construction services of highways, streets, roads railways, airfield runways, bridges and tunnels. Consideration for construction of road service may be paid partially upfront and partially in deferred annual payments (and may be called annuities). Said entry 23A does not apply to services falling under heading 9954 (it specifically covers heading 9967 only). Therefore, plain reading of entry 23A makes it clear that it does not cover construction of road services (falling under heading 9954), even if deferred payment is made by way of instalments (annuities).

3. Accordingly, as recommended by the GST Council, it is hereby clarified that *Entry 23A of notification No. 12/2017-CT(R)* does not exempt GST on the annuity (deferred payments) paid for construction of roads.

4. Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Rajeev Ranjan)

Under Secretary, TRU

Email: [rajeev.ranjan-as@gov.in](mailto:rajeev.ranjan-as@gov.in)

Tel: 011 2309 5558