



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ಬಿಶೇಷ ರಾಜ್ಯ ಪತ್ರ

ಭಾಗ-III	ಬೆಂಗಳೂರು, ಬುಧವಾರ, ಜುಲೈ ೧೯, ೨೦೧೭ (ಆಷಾಡ ೨೮, ಶಕ ವರ್ಷ ೧೯೩೯)	ನಂ. ೬೯೯
Part-III	Bengaluru, Wednesday, July 19, 2017 (Ashada 28, Shaka Varsha 1939)	No. 699

OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES,
(Karnataka) Vanija Terige Karyalaya, Gandhinagar, Bengaluru-560009

CIRCULAR NO. 07/2017-18

No.KSA/GST/CR.02/2017-18, dated:18.07.2017

Sub: Deduction of Tax at Source (TDS) in respect of works contract executed prior to 30-06-2017 for which payments to be made from 01-07-2017 onwards and tax rate applicable for TDS- regarding

Ref: 1. Letter dated: 03-07-2017 from Dr B.R. Ambedkar Corporation Ltd., (A Govt. of Karnataka undertaking), Bangalore
2. Letter dated: 12-07-2017 of Chief Engineer, National Highways, Bangalore
3. Letter dated: 14-07-2017 of Chief Engineer, State Highway Development Project, Bangalore

The Karnataka Value Added Tax, 2003, (herein after referred to as "KVAT Act"), was in force during the period from 01-04-2005 to 30-06-2017. The Karnataka Goods and Services Tax Act, 2017, (hereinafter referred to as the "KGST Act"), the Central Goods and Services Tax Act, 2017, (hereinafter referred to as the "CGST Act"), and Integrated Goods and Services Tax Act, 2017, (hereinafter referred to as the "IGST Act"), have come into force with effect from 1st July 2017.

2. Representations have been received from the Government Departments / Government Undertakings / Local Bodies etc. seeking clarification with regard to deduction of tax at source in respect of works contract executed upto 30-06-2017 for which payments are required to be made from 01-07-2017 onwards and applicability of tax rate for TDS under KGST Act and CGST Act.

3. The matter is examined and the following clarification is issued.

A. Works Contract executed upto 30-06-2017 for which payments are pending from 01-07-2017:

Under the provisions of section 7(1) of the KVAT Act 2003, the sale of goods shall be deemed to have taken place at the time of transfer of title or possession or incorporation of goods in the course of execution of any works contract whether or not there is receipt of payment. Therefore, the Central Government, or any State Government, or an industrial, commercial or trading undertaking of the Central Government or of any State or any such undertaking in joint sector or any other industrial, commercial or trading undertaking or any other notified person or body or a local authority or a statutory body shall deduct out of amounts payable by them to a dealer in respect of any works contract executed upto 30-6-2017 for which payments are made from 01-07-2017 onwards. The

rate of tax is 4% or an amount equivalent to the tax payable by such dealer as may be permitted by the prescribed authority under the KVAT Act.

B. Works Contract executed from 01-07-2017 onwards:

Under the provisions of section 51 of the KGST /CGST Act, every Department or establishment of the Central Government or State Government or Local Authority or Government Agencies or such persons or category of persons as may be notified by the Government on the recommendations of the Council are required to deduct SGST at 1% and CGST at 1% from the payments made or credited to the supplier of taxable goods or services or both, where total value of such supply, under the contract which exceeds two lakhs fifty thousand rupees.

However, the provision relating to TDS under GST Law is put on hold for the time being and the same will be brought into force from a date which will be communicated later.

RITVIK PANDEY
Commissioner of Commercial Taxes,
(Karnataka), Bengaluru