L&S UPDATE

An e-update to clients from Lakshmikumaran & Sridharan

22 NOVEMBER 2021

INDIRECT TAX

Changes in service rate notification

[Notification No. 15/2021-CGST (Rate) dated 18 November 2021 with effect from 1 January 2022]

UPDATE NO. 36 OF 2021

Lakshmikumaran & Sridharan attorneys

exceeding expectations
SINCE 1985

A. REMOVAL OF GOVERNMENTAL AUTHORITY OR GOVERNMENT ENTITY

- Removal of Governmental Authority or Government Entity as the specified recipients from the concessional rate of 12%/5% under S. No. 3 (iii), (vi), (vii), (ix) and (x) of Notification No. 11/2017-CGST (Rate) (**'Service Rate Notification'**).

- With effect from 1 January 2022, the concessional rate of 12% / 5% in the said entries is available only when the recipients are Central Government, State Government, Union territory, a local authority.

- The specified entries are mentioned in the Annexure.

B. JOB WORK SERVICES IN RELATION TO TEXTILES AND TEXTILE PRODUCTS

- Services by way of job work in relation to textiles and textile products falling under Chapters 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 attract 5% GST rate as per S. No. 26(i)(b) of Service Rate Notification.

- Now, the said entry excludes services by way of dyeing or printing of the said textile and textile products.

ANNEXURE

S. No.	Description of Service	Rate %	Condition
Heading 9954 (Construction services)			
3	(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied 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 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 (24 of 1958); • canal, dam or other irrigation works; pipeline, conduit or plant for *(i)* water supply *(ii)* water treatment, or *(iii)* sewerage treatment or disposal.	12%	~~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.~~
	[(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,	12%	~~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]~~

S. No.	Description of Service	Rate %	Condition
Heading 9954 (Construction services)			
	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; (b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or (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 Central Goods and Services Tax Act, 2017. [Explanation. - For the purposes of this item, 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.]		
	[(vii)Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) provided to the Central Government, State Government, Union territory, local authority, ~~a Governmental Authority or a Government Entity.~~	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]~~

S. No.	Description of Service	Rate %	Condition
Heading 9954 (Construction 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.~~	12%	~~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.~~
	(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.~~	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.~~

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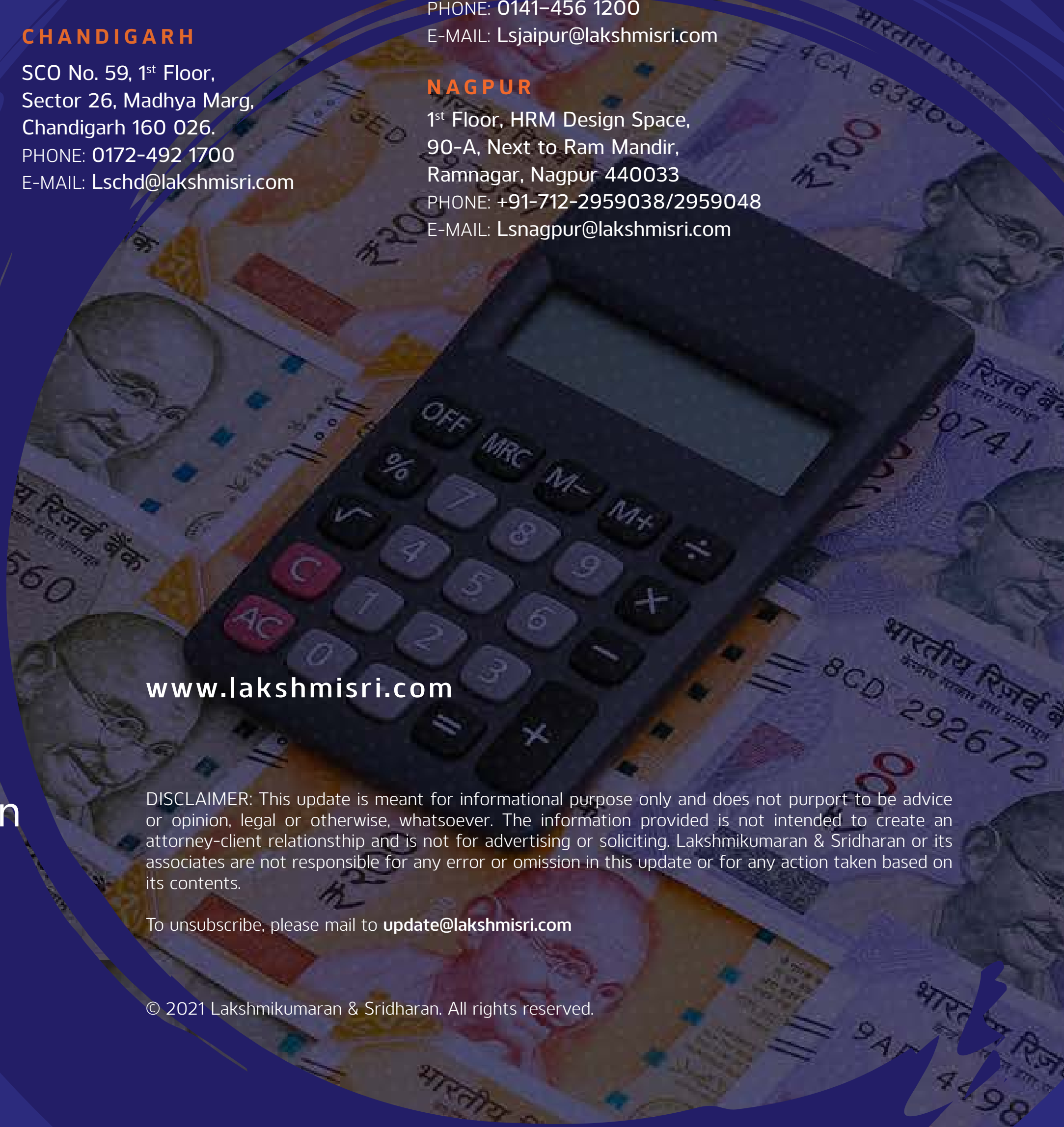

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Lakshmikumaran & Sridharan attorneys

exceeding expectations
SINCE 1985