

**GOVERNMENT OF TELANGANA
MISSION BHAGIRATHA DEPARTMENT**

Memo No.A2/TDWSCL/Payments/Workshop/2017-18, Dt: 05.08.2020

Sub:- TDWSP (Mission Bhagiratha) – Applicability of Goods & Service Tax for O&M Contracts- Instructions of Director of Works & Accounts Communicated – Reg.

Ref:- 1) Lr. No. DWA/TS/Hyd/Sn.I/A-1/2020-21/73, Dt. 17.07.2020 of the Director of Works Accounts, TS, Hyd.

The Director of Works & Accounts, Telangana, Hyderabad, vide ref. 1st cited has informed that as per GOI Notification No. 12/2017 Central Tax(Rate) Dt. 28.11.2017, GST is exempted for Composite Supply of Goods & Services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided.

Also informed that, in view of the above, GST need not be paid on O&M Contracts, where value of supply of Goods constitutes less than 25% of the value of Composite Supply (i.e., value of both Goods & Services).

In this context, after obtaining the opinion of the internal auditors of TDWSCL also in this regard, it is to inform that The O & M Contracts where pure Seervices are involved or Composite Works Contract having Goods Component not more than 25% will fall under NIL rated services. In case of supply of Works Contract Services where the Goods Component is more than 25% will fall under 12% rate.

Further, all the present O & M contracts are for the DLP during which O & M shall be paid as per sanctioned estimate of the particular year for system staff engaged, Power Charges, Consumables and other usables for the actual bulk water supplied to the village points and no separate payment will be made for the replacements/ repairs/ rectification of defective materials of pipeline or any other items.

In view of the above, it is hereby instructed not to make provision for GST in O&M Estimate/Agreements and accordingly not to add the value of GST in the O&M bills for all such cases where the value of supply of Goods constitutes less than 25% of the value of Composite Supply (i.e., value of both Goods & Services).

Encl: Copy of ref. 1st cited.

**Sd/- G Krupakar Reddy
Engineer-in-Chief,
MB, Hyderabad**

