

12% GST ON CONTRACT FOR THE DREDGING OF WULAR LAKE: AAR

Fact of the Case

- The Wular Conservation and Management Authority recipient has awarded the applicant a contract for the dredging of Wular Lake from RD 0 –RD 2090 metres along the Jhelam Bank with its feeder channels near village Saderkote Payen and Banyari for conservation and management of the lake.
- The applicant seeks a ruling on whether SI No. 3 (vii) of Notification No 08/2017– Integrated Tax (Rate) dated June 28, 2017 (IGST Notification), as amended from time to time, applies to the above supply. The applicant submitted that work allotment order and related documents.
- He provides a price schedule that describes the work and its value and argues that he is supplying works contract service involving earthwork in excavation and re-excavation of the drainage channels, and it consists more than 75% of the value of the contract.

Decision of the Case

- The AAR observed that the work is aimed at the improvement of an immovable property (Wular lakebed) and involves the supply of various services and goods in the course of its execution. It is a works contract within the meaning of section 2 (119) of the GST Act, where earthwork exceeds more than 75% of the contract value.
- The Coram ruled that the applicant's supply to the Wular Conservation and Management Authority under SI No. 3(vii) of Notification No 8/2017 – Integrated Tax (Rate) dated June 28, 2017, as amended from time to time.

The West Bengal Authority of Advance Ruling (AAR) ruled that 12% GST is applicable on contract for the dredging of Wular Lake.