

No. RW/G-20017/26/2018-W&A  
Government of India  
Ministry of Road Transport & Highways  
(Planning zone)

Transport Bhawan, 1, Parliament Street, New Delhi - 110001

Dated the 10<sup>th</sup> February, 2023.

To,

1. The Chief Secretaries of all State Governments
2. The Principal Secretaries/ Secretaries of all States/ UTs Public Works Department dealing with National Highways, other Centrally Sponsored Schemes & State Schemes.
3. The Engineers-in-Chief and Engineers of all States/ UTs Public works Department dealing with National Highways, other Centrally Sponsored Schemes, CRIF etc.
4. The Director General (Border Roads), Seema Sadak Bhawan, Ring Road, New Delhi-110010.

Ref: - MoRTH circular No. RW/G-20017 /26/2018-W&A dated 19.11.2018

Sub: - Clarification regarding calculation of GST against change in rates from 18.07.2022 on the activity of construction of road in case of EPC projects under change in law - reg.

As per the recommendations of 47<sup>th</sup> GST Council meeting held on 28<sup>th</sup> & 29<sup>th</sup> June, 2022, Ministry of Finance, Department of Revenue, vide notification No. 03/2022-CT(R) dated 13.07.2022, the rate percent of CGST on "Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, -

(a) a road, bridge, tunnel, or terminal for road transportation for use by general public"

has been substituted from 6 percent to 9 percent; thereby increasing the overall rate of GST on road construction service from 12% to 18%.

2. Ministry vide circular of even no. dated 19.11.2018 had issued directions for implementation of GST @12% w.e.f from 01.07.2017.

3. Further after change in GST rate from 12 to 18%, following two situations emerge:-

- (i) Tender invited excluding GST or,
- (ii) Tender invited including GST

3.1 **Tender invited excluding GST:** - Since the bids were invited exclusive of GST and hence, GST is payable at the applicable rates (i.e., @18% instead of 12% on the invoices including IPC etc. raised after 18.07.2022). Such change in rate of GST is applicable on the tax invoices including IPC etc. raised on or after 18.07.2022 only. The above impact will be applicable on price adjustment as well as O&M paid during DLP on or after 18.07.2022.

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3.2 **Tender invited including GST:** - Since the bids were invited inclusive of GST, hence the contract is expected to consider GST @ 12% in project cost while preparing the bids.

In the above situation, if the work is yet to be completed on or after 18.07.2022, the GST under change in law due to change in rate of tax from 12% to 18% shall be calculated as under:

Let us consider the balance works value on or after 18.07.2022	Rs. 100
GST application before 18.07.2022	12%
Derived balance works value excluding GST	Rs. 100/1.12 = Rs. 89.29
GST application from 18.07.2022 @ 18% on balance works value excluding GST	Rs. 89.29 X 18% = Rs. 16.07
Revised Amount including GST	Rs. 89.29+Rs. 16.07=Rs. 105.36
Net impact	Rs. 5.36 or 5.36%

The above impact will be applicable on price adjustment as well as O&M paid during DLP on or after 18.07.2022. Under this situation, attention of field units is invited that where the date of tax invoice including IPC etc., is before 18.07.2022 and payment is made after 18.07.2022, no GST under change in law regarding change in rate of taxes shall be paid.

This change in rate of GST is applicable on the tax invoices including IPC etc. raised on or after 18.07.2022 only.

4. All the above illustrations given are for the purpose of example only. However, all payments under Change of Law shall be released with the approval of RO concerned.

5. The above circular is also applicable for EI & ISC works and works undertaken by State Government / UTs under CRIF for state roads.

6. This issues with the approval of the Secretary (RT&H).



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**Copy to:**

1. All Technical Officers at the Headquarters
2. All CE ROs/ All SE ROs/ DDOs
3. Secretary General, Indian road Congress
4. Director, IAHE, NOIDA

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**Copy for information to:**

1. PPS to Secretary (RT&H),
2. Sr.PPS to DG(RD) &SS,
3. Sr. PS to AS&FA
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