



Office of the Commissioner of State Goods and Services Tax
Department, Government of Kerala, Thiruvananthapuram

No. CT/3/2021-C1

Dated 19/01/2022

Circular No. **1/2022**

Sub:- GST on Services supplied to Government authority and
Government Entity – reg.

Ref: 1. Notification NO. S.R.O. No. 975/2021, dated 21/12/2021.

2. Notification NO. S.R.O. No. 1/2022, dated 01/01/2022.

1. On the recommendation of the Goods and Services Tax Council, the Government of Kerala has issued notification No. S.R.O. 1/2022 to amend the notification published as per S.R.O. No. 370/2017. The original notification mentioned supra notifies the tax rate applicable on the supply of services under section 9 of the Kerala G.S.T. Act. The relevant portion of the proposed amendment is as detailed below.

“In the said notification, in the Table, against serial number 3,-

- 1. in column (3), in the heading “Description of service” in items (iii), (vi),(ix) and (x), for the words “Union territory, a local authority, a Governmental Authority or a Government Entity” the words “Union territory or a local authority” shall be substituted;*
- 2. in column (3), in the heading “Description of service”, in item (vii), for the words “Union territory, local authority, a Governmental Authority or a Government Entity” the words “Union territory or a local authority” shall be substituted;*

3. in column (5), in the heading "condition", the entries against items (iii),(vi),(vii),(ix) and (x), shall be omitted;"

2. The relevant entries in the notification are extracted hereunder, and amendments are highlighted in red. The omitted text is stricken out and highlighted in red for easy identification.

Description of Services	CGST	
<p>(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State 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, -</p> <ol style="list-style-type: none"> 1. 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); 2. canal, dam or other irrigation works; 3. pipeline, conduit or plant for <p>(i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.</p>	<p>6</p>	<p>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.</p>
<p>(vi) Composite supply of works contract as defined in clause (119) of section 2 of</p>		<p>Provided that where the services are supplied to a</p>

<p>the State 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, installation, completion, fitting out, repair, maintenance, renovation, or alteration of-</p> <ol style="list-style-type: none"> 1. a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession; 2. a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or 3. 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 Kerala Goods and Services Tax Act, 2017. <p>Explanation. – For the purposes of this item, the term business shall not include any activity or transaction undertaken by the State Government, the Central Government or any local authority in which they are engaged as public authorities.</p>	6	<p>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.</p>
<p>(vii) Composite supply of works</p>		

<p>contract as defined in clause (119) of section 2 of the State Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75per cent. of the value of the works contract) 2.5 provided to the Central Government, State Government, Union territory, a local authority, a—Governmental Authority or a Government Entity.</p>		
<p>(ix) Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State 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.</p>	6	<p>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.</p>
<p>(x) Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State 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.</p>	2.5	<p>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.</p>
<p>(xii) Construction services other than (i), (ia), (ib), (ic), (id), (ie), (if), (iii), (iv), (v), (va), (vi), (vii), (viii), (ix), (x) and (xi)</p>	9	-

above and serial number 38 below.		
Explanation. - For the removal of doubt, it is hereby clarified that, supply by way of services specified at items (i), (ia), (ib), (ic), (id), (ie) and (if) in column (3) shall attract state tax prescribed against them in column (4) subject to conditions specified against them in column (5) and shall not be levied at the rate as specified under this entry.		-

3. Government Entity and Governmental Authority are defined by the notifications as under.

(ix) "Governmental Authority" means an authority or a board or any other body, -
(i) set up by an Act of Parliament or a State Legislature; or
(ii) established by any Government, with 90per cent. or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243 W of the Constitution or to a Panchayat under article 243 G of the Constitution.

(x) "Government Entity" means an authority or a board or any other body including a society, trust, corporation,
(i) set up by an Act of Parliament or State Legislature; or
(ii) established by any Government, with 90per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority

4. The amendment came into force on 01.01.2022. The benefit of the reduced tax rate, i.e., 12% instead of 18% on works contract supplied to a Governmental Authority or a Government Entity regarding the works contract services mentioned in the corresponding entry, stands discontinued with effect from 01.01.2022.

5. Further, the Government has also issued notification No. S.R.O. 975/2021 making the following amendments to notification No. S.R.O. No.

371/2017 with effect from 01.01.2022. The original notification mentioned supra notifies the supply of services exempted from the levy of G.S.T. As per the notification concerning *Governmental authority or a Government Entity*, the amendment brought in is as follows.

“(i) against serial number 3, in column (3), in the heading “ Description of Services” , the words “or a Governmental authority or a Government Entity” shall be omitted;

(ii) against serial number 3A, in column (3), in the heading “ Description of Services”, the words “or a Governmental authority or a Government Entity” shall be omitted;”

6. The existing service as per Sl. No.3 and 3A and the amendment made as per the notification No. S.R.O. 975/2021 is detailed below.

3	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil
3A	Chapter 99	Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil

7. The amendment came into force on 01.01.2022. The benefit of the reduced tax rate, ie, 12% instead of 18% on works contract supplied to a Governmental Authority or a Government Entity regarding the works contract services mentioned in the corresponding entry, stands discontinued with effect from 01.01.2022.

8. Applicability of the revised rate of GST.

- The revised rate applicable for the said supply is 18%.
- The revised rate is applicable from the 01st day of January, 2022.
- In case, where the time of supply of the work completed is on or before 31st December, 2021, GST at pre-revised rate is applicable and in case where the time of supply of the work completed is on or after, 01st day of January, 2022, GST at the revised rate is applicable.

With effect from 01st day of January, 2022, the Services as per the description in column No. 1 will be taxable at the rate mentioned in the corresponding entry in column No. 2 of the table given below.

Description of Service	SGST rate with effect from 01.01.2022
(1)	(2)
Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State Goods and Services Tax Act, 2017, supplied to a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - <ol style="list-style-type: none"> 1. 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); 2. canal, dam or other irrigation works; 3. pipeline, conduit or plant for 	9

(i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.	
<p>Composite supply of works contract as defined in clause (119) of section 2 of the State Goods and Services Tax Act, 2017 other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above, provided to a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of-</p> <ol style="list-style-type: none"> 1. a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession; 2. a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or 3. 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 Kerala Goods and Services Tax Act, 2017. <p>Explanation. – For the purposes of this item, the term business shall not include any activity or transaction undertaken by the State Government, the Central Government or any local authority in which they are engaged as public authorities.</p>	9
<p>Composite supply of works contract as defined in clause (119) of section 2 of the State Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75per cent. of the value of the works contract) provided to a Governmental Authority or a Government Entity.</p>	9
<p>Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State 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 a</p>	9

Governmental Authority or a Government Entity	
Composite supply of works contract as defined in clause (119) of section 2 of the Kerala State Goods and Services Tax Act, 2017 provided by a sub-contractor to the main contractor providing services specified in item (vii) above to a Governmental Authority or a Government Entity.	9

Sd/-
COMMISSIONER