

**Office of the Engineer-in-Chief (A.W)**  
**I&CAD Dept., Errum Manzil, Hyderabad**

**Proc. No. ENC/IW/P&M/EE/DEE-2/AEE.5/GST/2018-19/Vol-III Dt: 09.04.2019**

**Sub:** I & CAD Dept., - Finalization of issues related to GST and Works Contract - **Implementation of Goods and Services Tax (GST) for ongoing and future Works Contracts** w.e.f 01-07-2017 – Guidelines on implementation of Goods and Services Tax (GST) for regulating work bills for all Engineering Departments – **GO Ms No 67 I&CAD (Reforms) dept** dated 04.07.2018 – **Quantification of Embedded Tax rates** for the previous SoRs prior to 2017-18 - Directed by the Government – Board of Chief Engineers meeting held on 23.03.2019– Minutes of BOCEs meeting held on 23.03.2019 – **Revised embedded tax rates of previous SoRs** (pertaining to Irrigation) from 2009-10 to 2016-17 on **implementation of GST for ongoing works** as on 01.07.2017 – Approval - Communicated - Regarding.

**Ref:**

1. GO Ms No 67 I & CAD (Reforms) Dept dated 04.07.2018
2. Minutes of Board of Chief Engineers meeting on GST held on 18.07.2018.
3. Minutes of HODs/ENCs level meeting of all Engineering Depts held on 20.08.2018.
4. Chairman, BOCEs proceeding dated 27.08.2018 on communication of Embedded taxes for SoRs 2009-10 to 2016-17
5. BAI, Telangana letter No BAI/178/2018-19, dated 28.02.2019
6. ENC(R&B) letter No 564/DCE/EE(R)/DEE1/AEE/2018, Dt 18.03.2019
7. Minutes of Board of Chief Engineers Meeting held on 23.03.2019.
8. Chairman, BOCEs letter No ENC/IW/P&M/EE/DEE.2/AEE.5/BOCE/61108/2018, dated 01.04.2019 communicating BOCEs minutes

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As per the directions of Government under GO 1<sup>st</sup> cited and subsequent recommendations of Board of Chief Engineers meeting held on 18.07.2018 and HODs/ENCs level meeting of all Engineering Depts held on 20.08.2018, the embedded tax rates of previous SoRs (pertaining to Irrigation) from 2009-10 to 2016-17 was approved by the Chairman, BOCEs vide proceeding 4<sup>th</sup> cited and the same are published in I&CAD Dept web site for its implementation accordingly.

Based on the representation of BAI, Telangana 5<sup>th</sup> cited and subsequent proposal furnished by the Engineer-in-Chief (SR & CRN), R&B Dept., vide letter 6<sup>th</sup> cited, the subject matter pertaining to deduction of embedded tax rate from the hire charges of machinery was comprehensively discussed by the Board of Chief Engineers (BOCEs) during its meeting held on 23.03.2019.

Further, as per the plea of BAI, Telangana before the above Board of Chief Engineers meeting on 23.03.2019, the embedded tax rates of common materials like Bricks, Fine & Coarse aggregate was also examined and discussed by the BOCEs.

After detailed deliberations in the matter, the BOCEs has recommended as below.

*“The Board of Chief Engineers has deliberated the issue in detail and after comprehensive discussions in the matter, the BOCEs has recommended to keep the same hire charges of machinery as adopted in pre-GST regime in the post-GST regime also for all the ongoing works as on 01.07.2017. In this regard, BOCEs observed that by keeping the same machinery hire charges in post-GST regime, the machinery lead/conveyance charges will not be affected and hence recommended to keep the same machinery lead/conveyance charges in post-GST regime for all the ongoing works as on 01.07.2017.*

*Further, BOCEs also examined the embedded tax rates of common materials like Fine & Coarse aggregate and Bricks etc., in pre-GST regime and after detailed deliberations BOCEs has recommended for exemption of bricks (except factory made aerated bricks like Aerocon etc.,) and Coarse aggregate (crusher by product) from the purview of embedded taxes and to retain the same rates in post-GST regime as that of pre-GST regime for all the ongoing works as on 01.07.2017. This is because most of the dealers/suppliers come under exempted category.”*

In view of the above BOCEs recommendations, the embedded tax rates of previous SoRs (pertaining to Irrigation) from 2009-10 to 2016-17 is revised and



approved accordingly duly superseding all the earlier approvals of BOCs on Quantification of Embedded Tax rates vide proceeding 4<sup>th</sup> cited. The revised embedded tax rates of previous SoRs (pertaining to Irrigation) from 2009-10 to 2016-17 are to be uploaded in I&CAD Dept web site for its implementation by all Engineering Departments accordingly.

In this regard, the following revised guidelines on implementation of GST for the ongoing works as on 01.07.2017 in working out the embedded tax component of the same is here with communicated to the HODs of all Engineering Depts & members of Board of Chief Engineers for information and directed to take necessary action accordingly.

- 1) Same hire charges of machinery are to be kept as adopted in pre-GST regime in the post-GST regime for all the ongoing works as on 01.07.2017.*
- 2) Same machinery lead/conveyance charges are to be kept as adopted in pre-GST regime in post-GST regime for all the ongoing works as on 01.07.2017 and*
- 3) In respect of common materials like Bricks (except factory made aerated bricks like Aerocon etc.,) and Coarse aggregate (crusher by product), same rates are to be retained as adopted in pre-GST regime in post-GST regime for all the ongoing works as on 01.07.2017*

A copy of Model calculation duly incorporating the above modified guidelines is here with communicated for information and necessary action in the matter

The embedded tax rates of common material existing in the Irrigation items are to be adopted by the other Engineering departments in working out the embedded tax component in their respective ongoing works.

The respective Engineering departments shall work out the embedded tax rates of material/items pertaining to their Departments in the previous SoRs as per above revised guidelines and upload the same in their Departmental websites, accordingly.

Any discrepancies found in the above finalized embedded tax rates may be brought to the notice of the undersigned for issuing necessary corrigendum/addendum.

- Encl:** 1. Soft copies of revised embedded tax rates  
of previous SoRs from 2009-10 to 2016-17  
2. Copy of Minutes of BOCE dated 23.03.2019  
3. Copy of Model Calculation

Sd/- B. Nagendra Rao; Dt 09.04.2019  
Engineer-in-Chief(AW)  
Irrigation & CAD Department and  
Chairman, Board of Chief Engineers

- I. Copy submitted to the Special Chief Secretary to Govt., I&CAD Dept., B-Block, TS Secretariat Hyderabad for favour of information.
- II. Copy communicated to the Commissioner(State Taxes), Commercial Tax Dept., Nampally, Hyd for information
- III. Copy communicated to the Director of Works Accounts, Telangana for information.
- IV. Copy Communicated to the following Heads of Departments along with enclosures for information and necessary action in the subject matter.
  - 1) Engineer-in-Chief (Irrigation), Irrigation &CAD Department.
  - 2) Engineer-in-Chief (NH & Buildings), Roads & Buildings Department
  - 3) Engineer-in-Chief (SR & CRN), Roads & Buildings Department

- 4) Engineer-in-Chief (P.H.), PH & ME Department.
- 5) Engineer-in-Chief (P.R.), Panchayat Raj Department.
- 6) Engineer-in-Chief (RWS) R W S & S, Department.

V. Copy communicated along with its enclosures to all the members of Board of Chief Engineers (BOCEs) for information and necessary action in the subject matter.

Sd/- B. Nagendra Rao; Dt 09.04.2019  
Engineer-in-Chief(AW)  
Irrigation & CAD Department and  
Chairman, Board of Chief Engineers

✓ Copy to Dy EE, e-Governance cell, O/o Engineer-in-Chief(AW), I&CAD Dept with request to upload in I&CAD website, accordingly

  
for Engineer-in-Chief(AW)  
25/4/19