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Government of Rajasthan
Commercial Taxes Department
www.rajtax.gov.in

No. F.16 (23) Tax / (GST) / CCT/17-18/ 3308

Dated: July 21, 2017

CIRCULAR

Sub: Regarding Deduction of Tax at Source (TDS) relating to the works contract executed upto 30.06.2017.

Several queries have been received from the Government Departments awarding works contract regarding their liability to deduct the tax at source in respect of the works contract executed upto 30.06.2017, under the provisions of RVAT Act, 2003.

As known to all, the Rajasthan Goods and Services Act, 2017 has come into force with effect from 01.07.2017 and VAT Act has been repealed, barring for the goods covered under entry 54 of the State List of Seventh Schedule to the Constitution.

As per the then prevailing sub-rule (6) of rule 40 of the RVAT Rules, 2006, every awardee holding Awardee Identification Certificate and who is responsible for payment of any sum to a contractor for execution of any works contract, shall at the time of credit of such sum to the account of the contractor or at the time of making such payment by any mode, deduct an amount as may be notified by the State Government in lieu of tax.

In light of the provisions for 'Repeal and Savings' as contained in section 174 of the Rajasthan Goods and Services Act, 2017, the matter has been examined and the issue is clarified as under:-

- i. Where any invoice for the works contract executed or work completed has been issued prior to 01.07.2017, in such cases, the awardee would be under obligation to deduct the amount at the time of payment even if the payment is made on or after 01.07.2017.
- ii. Where any invoice for the works contract executed or work completed has been issued on or after 01.07.2017, no deduction of tax shall be made under provisions of the RVAT Act / Rules.

Apart from the above, it is also clarified that for the works contract executed on or after 01.07.2017, the stipulation for tax deduction at source has been provided under section 51 of the RGST Act, 2017, where any Department or establishment of the Central / State Government or Local Authority or Government Agencies or such persons or category of persons as may be notified by the State Government, are required to deduct tax @ 1% SGST (along with 1% CGST) from the payment made or credited to supplier of taxable goods or services or both, where the total value of such supply under a contract exceeds Rs.2.50 lac.

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9/6
Receipt
24-7-17



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However, the provisions relating to TDS under the appropriate GST law have been kept on hold for the time being, and the same shall come into force once these are notified.

(Alok Gupta)

Commissioner of State Tax,
Rajasthan, Jaipur.

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Dated: July 21, 2017

Copy to:-

1. PS to CCT.
2. All Additional Commissioners, CTD, H.Q.
3. All Deputy Commissioners (Adm.) to inform the TDS authorities too.
4. DC (IT) for uploading it on Department's website www.rajtax.gov.in and Web Portal RajVISTA.
5. Asst. Director, Public Relation, CTD, Jaipur for publicity.
6. TCS, CTD, Jaipur.
7. Guard File.

(Omkar Singh Ashiya)

Addl. Commissioner of State Tax,
Rajasthan, Jaipur.