



**GOVERNMENT OF KERALA**  
**Abstract**

Finance Department – Clarification on the admissibility of Service Tax in the estimate of works--Orders Issued

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**FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT**  
**G.O.(P) No. 87/2017/Fin. Dated, Thiruvananthapuram, 05.07.2017**

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Read :- 1. G.O.(P) No. 30/2016/Fin dated 29.02.2016  
2. Notification No. 6/2015-Service Taxes dated 1/03/2015 of Government of India.

**ORDER**

As per G.O. read above, Service tax has been included as a component of the estimate cost for all new works. In continuation, Government are pleased to issue the following clarification in line with the rule position of Service Tax.

The works contract services provided to State Government, a local body or a governmental authority except the works contract services defined under item (i) to (vi) are now taxable services with effect from 1/04/2015 under the Service Tax Act.

- (i) A historical monument, archeological excavation , etc.
- (ii) Canal, dam or other irrigation works.
- (iii) Pipeline, conduit or plant for (1) Water supply, or (2) sewerage treatment or disposal
- (iv) A road, bridge, tunnel, or terminal for road transportation for use of general public.
- (v) Works pertaining to JNNURM or RAY
- (vi) Pollution control or effluent treatment plant, except located as a part of a factory.

The current Rate of Service tax with effect from 1/06/2016 is 15% (14% Base Service tax, 0.5% Swach Bharath Cess, 0.5% Krishi Kalyan Cess).

Determination of Service Tax is as follows:

- a) For execution of 'original works' 40% of the value of work contract service is taxable and the effective rate is 6%.
- b) For maintenance or repair or reconditioning or restoration or servicing of any goods, 70% of the value of work contract service is taxable and the effective rate is 10.50%.
- c) In case of other finishing works other than the above two, such as glazing , plastering, floor and wall tiling, installation of electrical fittings of immovable property , 60% of the value of work contract service is taxable and the effective rate is 9%.

Service tax registration shall be mandatory for licensed PWD Contractors and for claiming reimbursement of the service tax.

Service tax shall be paid by the contractor to the concerned Department on demand. It shall be reimbursed to him by the engineer-in-charge after ascertaining the genuineness of the claim of the contractor on verification of his tax returns and other supporting records , as in the case of CPWD works. The contractor shall be liable to pay service tax and to file return for the work contract service tax rendering to Government.

The estimate preparing, verifying and countersigning authorities, administrative sanction authorities and technical sanction authorities are the responsible authorities for verifying and ascertaining the admissibility of service tax and its rate for the work contract services receiving by Government and other Governmental authorities, as per the Notifications issued by the Central Board of Excise and Customs from time to time.

**(By Order of the Governor  
K.M. ABRAHAM**

**Additional Chief Secretary (Finance).**

To

The Principal Accountant General (A&E) Kerala, Thiruvananthapuram

The Principal Accountant General (G&SSA) Kerala,  
Thiruvananthapuram  
The Accountant General (E&RSA) Kerala, Thiruvananthapuram  
All Head of Departments/Offices  
Private Secretary to Chief Minister  
All Private Secretaries to Ministers  
Private Secretary to the Leader of Opposition  
All Secretaries to Government  
The Secretary, Kerala Public Service Commission,  
Thiruvananthapuram  
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam  
The Registrar, High Court of Kerala  
The Secretary, Kerala Human Rights Commission,  
Thiruvananthapuram  
The Managing Director, Kerala State Road Transport Corporation,  
Thiruvananthapuram  
The Secretary, Kerala State Electricity Board,  
Thiruvananthapuram  
The Secretary to Governor  
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Section Officer