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NO.F.1-11(8)-TAX/GST/2021
GOVERNMENT OF TRIPURA
OFFICE OF THE CHIEF COMMISSIONER OF STATE TAX
PANDIT NEHRU COMPLEX, GURKHABASTI
AGARTALA, TRIPURA WEST, PIN-799006.

Dated, Agartala, the 28th June, 2021.

Circular No. 06/2021 – GST (State)

To
The Additional Commissioner of State Tax/
Deputy Commissioner of State Tax/
Assistant Commissioner of State Tax (CDC)-I / II/
Superintendent of State Tax (All)/
Inspector of State Tax (All)

Subject: Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity)-reg.

The Government of India, Ministry of Finance, Department of Revenue vide Circular No. 150/06/2021–GST dated 17th June, 2021 has issued a clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity), in order to ensure uniformity in the implementation of the provisions of law across the field formations, which is annexed herewith.

In exercise of powers conferred by section 168 of the Tripura State Goods and Services Tax Act, 2017 (Tripura Act No. 9 of 2017) for the purpose of uniformity in the implementation of the Act it is instructed to follow the clarification issued vide Circular No. 150/06/2021–GST dated 17th June, 2021 by the Government of India, Ministry of Finance, Department of Revenue.

Encl.: Circular No. 150/06/2021–GST.

Vishal
(Dr. Vishal Kumar, IAS)
Chief Commissioner of State Tax
Government of Tripura

Copy to:

1. The P.S. to the Principal Secretary, Finance, Government of Tripura for favour of kind information to the Principal Secretary, Finance.
2. The P.S. to the Secretary, Finance, Government of Tripura for favour of kind information to the Secretary, Finance.
3. The Assistant Statistical Officer, Statistical Section, O/o the Commissioner of Taxes & Excise, Agartala with request to upload the Circular in the Official website www.tripurataxes.nic.in.
4. Guard File.

Vishal
(Dr. Vishal Kumar, IAS)
Chief Commissioner of State Tax
Government of Tripura

CBIC-190354/36/2021-TRU Section-CBEC

Government of India
Ministry of Finance
Department of Revenue

North Block, New Delhi,
Dated the 17th June, 2021

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioner of Central Tax (All) /
The Principal Director Generals/ Director Generals (All)

Madam/Sir,

Sub-Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity)-reg.

Certain representations have been received requesting for a clarification regarding applicability of GST on annuities paid for construction of road where certain portion of consideration is received upfront while remaining payment is made through deferred payment (annuity) spread over years.

2. This issue has been examined by the GST Council in its 43rd meeting held on 28th May, 2021.

2.1 GST is exempt on *service, falling under heading 9967 (service code), by way of access to a road or a bridge on payment of annuity* [entry 23A of notification No. 12/2017-Central Tax]. Heading 9967 covers "*supporting services in transport*" under which code 996742 covers "*operation services of National Highways, State Highways, Expressways, Roads & streets; bridges and tunnel operation services*". Entry 23 of said notification exempts "*service by way of access to a road or a bridge on payment of toll*". Together the entries 23 and 23A exempt access to road or bridge, whether the consideration are in the form of toll or annuity [heading 9967].

2.2 Services by way of construction of road fall under heading 9954. This heading *inter alia* covers general construction services of highways, streets, roads railways, airfield runways, bridges and tunnels. Consideration for construction of road service may be paid partially upfront and partially in deferred annual payments (and may be called annuities). Said entry 23A does not apply to services falling under heading 9954 (it specifically covers heading 9967 only). Therefore, plain reading of entry 23A makes it clear that it does not cover construction of road services (falling under heading 9954), even if deferred payment is made by way of instalments (annuities).

3. Accordingly, as recommended by the GST Council, it is hereby clarified that *Entry 23A of notification No. 12/2017-CT(R)* does not exempt GST on the annuity (deferred payments) paid for construction of roads.

4. Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Rajeev Ranjan)

Under Secretary, TRU

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