

MONTHLY NEWSLETTER

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S M L & ASSOCIATES,
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Getting Started

By Partners

Greetings to All!

We extend our gratitude for your responses about our monthly newsletter and here it is for the month of April'22!

A new Financial Year 2022-23 has begun and being the first month of the new Financial Year, April 2022 is an important month if we look at it from the Tax Compliance and other Statutory Compliance point of view.

There are multiple Statutory Due Dates falling in the month of April 2022 that includes the Due Dates for ROC Filing, GST Return Filing, and Income Tax Return Filing. Here is our newsletter for April 2022, that might be helpful for every registered business and professional to keep a track and be ready for the compliance well in advance.

Why worry around due dates now! Check our newsletter, make a **well-planned First Month of F.Y.2022-23** and enjoy this month with **100% Compliance!**

GST ON WORKS CONTRACT

By CA. N. ASHWATH (Partner)

Definition – What is Works Contract?

In Simple words, a works contract is a contract of service which may involve supply of goods in execution of the contract, It is basically a composite supply of goods and services with service being the dominant element of the contract, Dominant element meaning service is to be main the main objective of the contract and not necessarily be higher in contract value than value of supply of goods (ex. Raw materials Contract for constructing a first floor above a house may incur higher cost than the actual service part of the contract but that does not take away the dominance of service portion of the contract as the main objective the contract is constructing and not purchase of raw materials).

The Works Contracts has been defined in Section 2(119) of the CGST Act, 2017 as

“works contract” means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.”

From above we can observe that the term works contract is restricted work done on immovable property only. Hence work done on movable assets such as Motor vehicle, etc. do not come under the preview of Works contract for the purpose of application of GST.

ITC on Works Contract Services

As per section 17(5) (c) of the CGST Act, 2017, input tax credit shall not be available in respect of the works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service.

Meaning GST from invoices raised by subcontractor can be claimed as ITC by the main contractor but GST from invoices raised by the main contractor to the service receiver cannot be claimed as ITC by the receiver as he/she will be used for office or personal purposes and not for further supply of works contract service.

Maintenance of Records

As per Rule 56 (14) of the CGST Rules, 2017, every registered person executing works contract shall keep separate accounts for works contract showing -

- The names and addresses of the persons on whose behalf the works contract is executed.
- Description, value and quantity (wherever applicable) of goods or services received for the execution of works contract.
- Description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract.
- The details of payment received in respect of each works contract.
- The names and addresses of suppliers from whom he received goods or services.

The above rule of GST mandates nearly having separate books of accounts for each works contract project clearly mentioning details of goods and service purchased and utilized for each contract.

The advantage of having separate books is that it will be useful for the contractors as they can have data of profit and loss for each project separately and can have better control on cash flows allotted to each project.

Place of Supply:

Place supply in terms is GST is used for determining whether IGST or CGST and SGST is to be charged.

- IGST will be charged when place of supply is in a different place from place of registration of the supplier.
- CGST and SGST will be charged when place of supply is same as the place of registration of the supplier.

Place of supply can be determined using the following table for the purposes of service rendered as works contract.

	Supplier	Recipient	Immovable property	Place of Supply
Location	In India	In India	In India	Location of Immovable property
Location	In India	In India	Outside India	Location of recipient
Location	Outside India	Outside India	Any	Location of Immovable property
Location	Outside India	In India	Any	Location of Immovable property
Location	In India	Outside India	Any	Location of Immovable property

Rate of GST:

Composite supply of works contract is liable for CGST 9% and SGST 9% normally. There are some exceptions to have reduced CGST 6% and SGST 6% on specified works contract provided to government whose details can be seen in the mentioned [Link](#).

Rate of GST for subcontractors:

Rate of GST to be charged by subcontractors is CGST 9% and SGST 9% even though the main contractor has a reduced GST liability as per the GST rate notified in the above mentioned link with the following exceptions where the following rate will be charged by subcontractor to main contractor providing the below services to Central Government, State Government, Union territory or a local authority.

Chapter / Section / Heading	Description of Service	CGST Rate(%)	SGST/UTGST Rate(%)	IGST Rate(%)
Heading 9954 (Construction services)	(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied to the Central Government, State Government, Union territory or a local authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - (a) 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,	6	6	12

ARTICLE SECTION

Chapter / Section / Heading	Description of Service	CGST Rate(%)	SGST/UTGST Rate(%)	IGST Rate(%)
	1958 (24 of 1958); (b) canal, dam or other irrigation works; (c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.			
Heading 9954 (Construction services)	(vi) Composite supply of works contract as defined in clause (119) of section 2 of the Central 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 or a local authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of - (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession; (b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or (c) 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 Central Goods and Services Tax Act, 2017. Explanation. - For the purposes of this item, the term 'business' shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.	6	6	12
Heading 9954 (Construction services)	(vii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) provided to the Central Government, State Government, Union territory or a local authority.	2.5	2.5	5

Time of Supply:

No separate provision has been given for the time of supply for works contract, which is treated as 'continuous supply of services' as the contract usually takes more than 3 months to be fulfilled.

Time of supply for 'continuous supply of services' shall be determined as per general provision given to determine the time of supply of service which will be earlier of: -

- Date when the invoice is issued or required to be issued
- Period of receipt of payment

Time Limit to issue tax invoice:

Time limit for Issuing tax invoice for 'continuous supply of services' shall be determined as per general provision given to determine the time of supply of service which will be as follows.

- When due date of payment is ascertainable from contract then on or before the due date.
- When due date of payment is not ascertainable from contract then on or before the date of receipt of payment for the contract.
- When payment is linked with completion of stages of project i.e, milestone basis then on or before the date of that even or completion of that stage.

GST on receipt of Advance:

- In case of receipt of advance for an works contract to be performed GST rate applicable on the specific works contract is to charged and paid to GST authorities at the time of receipt of advance.
- GST on advance can be mentioned in Line 11A of GSTR 1 and paid by showing liability in Tax on outward supplies in GSR 3B
- GST already paid on advances received can be reduced from liability on the month on which invoice for the same is issued by mentioning in line 11B of GSTR 1.

DUE DATE	FORM TO BE FILED	PERIOD	WHO SHOULD FILE?
10.04.2022	GSTR 7	March 2022	GSTR 7 is a return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST
	GSTR 8	March 2022	GSTR-8 is a return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST
11.04.2022	GSTR 1	March 2022	Taxpayers have an aggregate turnover of more than Rs. 1.50 Crores or opted to file a Monthly Return
13.04.2022	GSTR 1 (QRMP)	January-March 2022	GST return for the taxpayers who opted for the QRMP scheme
	GSTR 6	March 2022	Input Service Distributors
20.04.2022	GSTR 5 C& 5A	March 2022	Non-Resident Taxpayers and ODIAR services provider
	GSTR 3B	March 2022	The due date for GSTR-3B has an Annual Turnover of more than 5 Crores
25.04.2022	GST Challan	For all Quarterly filers	GST Challan Payment if no sufficient ITC for Mar (for all Quarterly Filers)
18.04.2022	CMP-08	January to March 2020	The due date for opting for the composition scheme for the quarter of January to March



**DUE DATES FOR INCOME TAX COMPLIANCE / PF / ESI -
APRIL 2022**

07.04.2022	Challan No. ITNS-281	March 2022	Payment of TDS/TCS deducted /collected in March 2022.
09.04.2022	Accounting system	FY 2022-23	Setup Online Accounting Software for FY 2022-23
14.04.2022	TDS Certificate	February 2022	The due date for issue of the TDS Certificate for tax deducted under Section 194IA in the month of February 2022
	TDS Certificate	February 2022	The due date for issue of the TDS Certificate for tax deducted under Section 194IB in the month of February 2022
	TDS Certificate	February 2022	The due date for issue of the TDS Certificate for tax deducted under Section 194M in the month of February 2022
15.04.2022	TCS Return	Quarterly	TCS Return for the quarter of Jan to March 2022
	Electronic Challan cum Return (ECR) (PF)	March 2022	E-payment of Provident Fund
	ESI Challan	March 2022	ESI payment
	Form No. 3BB	March 2022	The due date for the furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes have been modified after registering in the system for the month of March 2022
	Form no. 15CC	January to March 2022	Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers)

30.04.2022	Outstanding payments to MSMEs	October 2020 to March 2022	A half-yearly return with the registrar for outstanding payments to Micro or Small Enterprises.
	Deposit of TDS Amount	January to March 2022	The due date for deposit of TDS when the Assessing Officer has permitted quarterly deposit of TDS under sections 192, 194A, 194D or 194H
	Form 24G	March 2022	Where TDS/TCS has been paid without the production of a challan by an office of the Government
	TDS Challan-cum-statement	March 2022	The due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194 IB, 194M
	Deposit of TDS	March 2022	The due date for deposit of Tax deducted by an assessee other than an office of the Government
	Form 61	October 2020 to March 2022	The due date for e-filing a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2021, to March 31, 2022
	Form 15G / 15H	January to March 2022	The due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March 2022