

THE J&K STATE FOREST CORPORATION

Subject: Payment of GST on Extraction and Transportation contract.

Reference: SFC Board of Directors decision in 69th meeting held on 28th January, 2018.

SFC Order No. 67 of 2019

D a t e d: 23-02-2019

Whereas, the SFC Board of Directors in its 69th meeting held on 28th January, 2019 was informed that the schedule of rates for lumbering operations was prepared by the National Productive Council (NPC) and was approved in the 63rd meeting of Board of Directors of SFC held on 13th June, 2011;

2) Whereas, the Board was further apprised that while preparing the schedule of norm rates, the NPC has taken into account only the cost of capital inputs and cost of labour plus 15% contractors margin has been added to the basic cost of extraction and transportation. However, GST is not included in the existing schedule of rates as the rates were framed before GST came into existence in July, 2017;

3) Whereas, with enforcement of Section-51 of GST Act, w.e.f. 01.10.2018, GST TDS 2% is required to be deducted from payments made to the contractors. Since GST is being charged at 0% on payment of contractors at present, a clarification was sought from the authorities concerned on this issue. In response to query from J&K SFC, the Commissioner State Taxes, opined that the matter be placed before the appropriate authority for advance ruling;

4) Whereas, the Authority for Advance Ruling, Jammu & Kashmir, vide Order No.01/GST-ARA of 2019 dated 04.02.2019 has ruled that the supply of labour by contractors of J&K State Forest Corporation attracts for the GST @ 18%;

5) Whereas, the issues involved were discussed in detail and the Board was of the view that the bid price should be exclusive of taxes which are liable to change from time to time. Therefore, it would be appropriate if taxes are added to approved contract value on the rates applicable at the time of making payments, and, the relevant clause of Tender Notice/Agreement should be modified accordingly;



6) Whereas, the Board finally passed the following resolution:-

"Resolved that the:-

- a) **existing provision in the Tender Notice/Sanction/ Agreement shall be modified to read that the bids shall be exclusive of GST which shall be paid to the contractor on rates applicable at the time of making payment;**
- b) **in the ongoing projects where GST has not been factored in while preparing the Project Reports, GST will be paid over and above the sanctioned rates applicable as and when the payments are released;**
- c) **payments shall not be released unless the contractor furnishes his GSTIN."**

7) Now, in view of above, all future actions shall be taken strictly as per the decision of Board referred to above by all concerned.


Sd/-
(Vasu Yadav)
Managing Director
J&K State Forest Corporation

No: 529-74/Bix/SFC

Dated: 23.02.2019

Copy for information and n/action to the:-

1. All Chief General Managers /General Managers SFC
2. Financial Advisor & CAO/Secretary SFC
3. OSD with the Hon'ble Advisor (K)/ Chairman J&K SFC, for favour of information of the Hon'ble Chairman, SFC.
4. Personnel Officer J&K SFC.
5. Deputy Financial Advisor SFC Srinagar/Jammu.
6. Dy. General Manager Civil J&K SFC.
7. Dy. General Manager Workshop SFC Shalteng Srinagar.
8. PS to Commissioner/Secretary to Government Forest Department for favour of information of the Commissioner.
9. PS to Principal Chief Conservator of Forests, J&K Forest Department Jammu.
10. All Divisional Managers J&K SFC.
11. I/C Website SFC.
12. Board file
13. SFC Order file.


23/2/19
Managing Director
23.2.2019