

## Notification

No. 12/04/2023-3FG-IA

From

The Additional Chief Secretary to Govt. Haryana,  
Finance Department.

To

All the Heads of Department/ Boards/Corporations of Haryana.

Dated, the Chandigarh 1.02.2023

**Subject:- Release of payments on account of impact w.r.t. change in GST from 12% to 18% notified on 18.07.2022 for construction works.**

On account of subject cited revision in the rate of GST applicable on the contracts, the contractors of ongoing works have represented for payment of additional tax liability incurred due to increase in rate of GST. After careful consideration, the authorities competent to make payment, are hereby authorized to follow change in law due to increase in rate of GST from 12% to 18% from 18<sup>th</sup> July, 2022 in contracts where the payments are made inclusive of taxes. The net impact of this change in contracts where payments are to be made inclusive of taxes shall be calculated as follows:-

Let us consider the contract value	Rs. 100
GST applicable before 18.07.2022	12%
Deriver Contract price excluding GST	$100/1.12=89.28571$
GST applicable from 18.07.2022 @ 18% on contract price excluding GST	16.07173
Revised amount including GST	Rs. 105.3571
Net impact of enhanced GST	Rs. 5.3571 or 5.3571%

2. The above impact will be applicable on price adjustment as well as maintenance during Defect Liability Period.

3. The additional payment on account of aforesaid increase in GST shall be applicable on the works as follows.

i. The works where agreement has been signed prior to 18.07.2022 and payments are to be made beyond 18.07.2022 and the contract is silent on the impact of change in law;

ii. The works where financial bid submission was closed on or prior to 18.07.2022 and after opening of financial bid, no financial negotiations have been made and the contract is silent on the impact of change in law;

- iii. The impact of change in law shall be calculated and paid as per the procedure defined in the contract agreements, wherever it is so provided ;
  - iv. No extra GST shall be admissible on the works, where the financial bid submission has closed after 18.07.2022;
  - v. No extra GST shall be admissible on the works where the financial bids were submitted prior to 18.07.2022 and have been opened and negotiated on a later date;
  - vi. No extra GST shall be admissible on the works/ in the departments where 18% GST was applicable prior to 18.07.2022;
  - vii. The increase in GST rates shall not have any impact on the TDS deductible.
4. For the contracts where the payments are to be made exclusive of taxes, the net impact of increase in GST shall be 6% of the contract value.
  5. The Authorities competent to release payment shall obtain an undertaking from the contractor on a duly notarized stamp paper to the effect that he has discharged the enhanced tax liability on account of increase in GST rates. In case the undertaking is not found to be correct/true, the Competent Authority shall inform tax Authorities and would blacklist the contractor for a period of one year after giving him an opportunity of being heard.

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Superintendent FG-IA  
Additional Chief Secretary to Govt. Haryana,  
Finance Department.

Endst. No. 12/04/2023-3FG-IA

Dated 03.02.2023

✓ A copy is forwarded to the Incharge, Computer Cell of Finance Department for information and necessary action. He is also requested to upload the notification on the website of Finance Department, Haryana.

Raman Kumar  
Superintendent FG-IA  
Additional Chief Secretary to Govt. Haryana,  
Finance Department.

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