



JUDGEMENT

GST Liability to Be Discharged Separately for Works Contract Executed in Two States Based on Proportionate Work Executed in Each State

Issued By: Telangana High Court

In Case Of: L&T PES JV

Order No: W.P. 6271 And 6299 of 2020

Order Date: 29th November 2024

FACTS & OBSERVATIONS

- The petitioner, a JV of L&T and PES, was awarded the Medigadda Irrigation Barrage project, registered under GST in both states.
- TDS of 2% was deducted on the total value of bills raised, but the remittance was made entirely to Telangana, leading to excess tax in Telangana's electronic cash ledger.
- Show-cause notice issued to petitioner demanding ₹118.29 crores and ₹14.28 crores for non-compliance from July 2017 to July 2019.
- In response the petitioner approached the HC to know whether the supply should be classified as intra-state or inter-state, and how the tax liability should be discharged across two states based on the proportion of works executed.

JUDGEMENT

- The Court held that the supply is intra-state when the work is executed in the respective states, based on the location of the supplier and place of supply.
- Therefore the petitioner needed to discharge tax liability separately for the works executed in each state, as the supply is intra-state in nature for the work carried out in Telangana and Maharashtra respectively.
- The Court ruled that the petitioner must reconcile the TDS remittance discrepancies, ensuring that the correct amount is allocated to each state's GST liability in accordance with the proportion of works done.
- The Court emphasized that the petitioner must discharge tax liability in accordance with GST provisions for each state's share of the project.

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

WWW.NJJAIN.COM

info@niteshjain.co.in

079-4002-2628