

2<sup>nd</sup> January, 2023

**CIRCULAR**

**Sub: Recovery of Labour Cess on GST component**

The AG Audit Team had raised observation regarding short recovery of Labour Cess due to non-consideration of GST component in the total cost of work to the Employer.


As per Building and other Construction Workers Cess Act, 1996 Labour Welfare Cess is levied and collected on the cost of construction incurred by employers. In this view, Opinion from Tax consultant, M/S Batliboi & Purohit has confirmed the contention in the audit observation and concluded that Labour Cess should be levied on the cost of construction inclusive of GST.

On above grounds, all are requested to take a note of this and accordingly Labour Cess should be deducted on the cost of construction inclusive of GST on all the contracts which are ongoing as on date and future contracts.

  
Chief Accounts Officer

To,  
All HOD's  
All Sr. A.O./ A.O./ A.A.O.

C.C. for Information:  
VC & MD  
JMD-I / JMD-II / JMD-III

  
03/01/2023  
SE (Hq)

Pl. send to all SEs/EEs for n/a.

EM (NM)

04/01/23

All SEs/EEs.

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03/01/2023

174910	4/01/23