



KARNATAKA POWER TRANSMISSION CORPORATION LIMITED

Corporate Office, 'Kaveri Bhavan' Bengaluru-560 009.

KPTCL/B9/38304/2013-14

date: 24 AUG 2017

OFFICIAL MEMORANDUM

Sub: - Clarification regarding adopting KPWD SR for the year 2016-17 for preparation of estimates in GST regime.

- Ref: -
1. Corporate office note of even No. dated 25/07/2017.
 2. Proceedings of SR Revision Committee meeting held on 05/08/2017.
 3. GST Cell note dated 10/08/2017.
 4. Corporate office note dated 22/08/2017

Preamble:

Consequent to introduction of Goods and Services Tax (GST) with effect from 01/07/2017, the existing KPWD schedule of rates for the year 2016-17 requires revision to account for the change in tax structure. It is learnt that the revision of KPWD schedule of rates for Civil works, will take few months. Till such time, new schedule of rates of KPWD is issued, it is essential to work out multiplication factor to account for the change in the tax structure, for preparation of civil engineering estimates. Once, the new SR with due provision for GST is issued by KPWD, there is no necessity of the multiplication factors.

In this regard, a proposal was submitted in Corporate note cited under reference (1), for de-loading the existing KVAT and service tax and replacing the same by GST @ 18%. The proposal was referred to KPTCL SR revision Committee for their opinion. The SR revision Committee in its meeting held on 05/08/2017 has opined to de-load 14.50% KVAT on 70% of the cost of work and loading GST @ 18% (CGST @ 9% + SGST @ 9%) to arrive at the revised estimated cost.

However, the FA (A&R) in the note cited under reference (3), has opined to de-load Excise Duty @ 12.50% on supply portion, in addition to the above. The FA (A&R) has suggested to further de-load 10% contractors profit and 10% overhead charges, before applying GST. The issue has been examined in detail, in consultation with GST cell. Further, it is observed that the abstracts used for preparation of DPR for station works, transmission line works, DCW works and self-execution works, requires to be modified, to avoid duplication of charges on Civil Engineering component.

Further, on detailed examination and as directed by Managing Director, modified calculation sheets were prepared to arrive at the multiplication factors, to de-load the existing taxes and to load GST, duly considering the methodology suggested by GST cell. The multiplication factors to be used for Civil Engineering estimates prepared based on KPWD SR for the year 2016-17, is as detailed below.

Sl. No.	Type of estimate	Multiplying factors to be used for estimates prepared based on KPWD SR 2016-17 with GST@18%
1	For substation works and for pure civil works.	1.004
2	For Transmission line works.	1.009
3	For DCW works- for Government agency	1.067
	For DCW works- for Private agency	1.116
4	For self-execution works.	1.118

The above multiplication factors are to be used until issue of new schedule of rates by KPWD. Further, the abstract sheets, either to being used for preparation DPR, also to be modified to avoid duplication of charges/ taxes. The whole issue has been examined in detail and approval has been obtained in the Corporate note cited under reference (4). Hence, this order.

Orders thereon

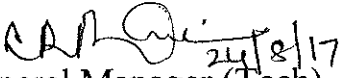
- Approval is hereby accorded to adopt the prevailing KPWD schedule of rates for the year 2016-17, for preparation of estimates for Civil Engineering works, until issue of new schedule of rates by KPWD, duly adopting the following multiplication factors, for arriving the estimated cost, to account for the change in tax structure, consequent to introduction of GST.

Sl. No.	Type of estimate	Multiplying factors to be used for estimates prepared based on KPWD SR 2016-17 with GST@18%
1	For substation works and for pure civil works.	1.004
2	For Transmission line works.	1.009
3	For DCW works- for Government agency	1.067
	For DCW works- for Private agency	1.116
4	For self-execution works.	1.118

- Approval is also accorded to adopt the modified abstract sheets for preparation of DPR for substation works, transmission line works, DCW works and Self-execution works, as per the following annexure.

Sl. No.	Nature of work	Abstract to be adopted
1	For substation works	Annexure A
2	For Transmission line works.	Annexure B
3	For DCW works.	Annexure C
4	For self-execution works.	Annexure D

The above procedure shall be adopted with immediate effect and until issue of new schedule of rates by KPWD, with the new tax structure (GST).


Deputy General Manager (Tech)
KPTCL, Bengaluru.

Copy to:

1. All Chief Engineers (Ele), KPTCL.
2. All Financial Advisors, KPTCL.
3. All Superintending Engineers (Ele) / (Civil), KPTCL.
- ✓ 4. The Superintending Engineer (Ele), (IT&MIS), KPTCL with a request to publish the O.M in KPTCL web-site.
5. All Controller of Accounts, KPTCL.
6. All Executive Engineer (Ele) / (Civil), KPTCL.
7. All Deputy Controller of Accounts, KPTCL.
8. All Assistant Executive Engineer (Ele) / (Civil), KPTCL.
9. All Accounts officers, KPTCL.
10. PS to MD/ Director (Transmission)/ Director (Finance)/ Director (A&HR)/ Director and CS, KPTCL.

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED


O.M. No. KPTCL/B9/38304/13-14 dated 24/08/2017

Annexure- A

ABSTRACT

Station

Sl. No.	Particulars	Amount in Rs.
1	Material cost including GST	
2	Spares @ 3% on material cost (on Sl.No. 1)	
3	Erection / Labour Charges.	
4	Applicable GST on Erection/ Labour charges (on Sl.No. 3)	
5	Testing and Commissioning Charges	
6	Applicable GST on testing and commissioning charges (on Sl.No. 5)	
7	Total of material cost and erection / labour charges (Sum of Sl.No. 1 to 6)	
8	Establishment charges @ 5% on material cost and erection charges (on Sl.No. 7)	
9	Contingencies @ 1.5% on (Material cost + erection / labour charges + establishment charges) (on Sl.No. 7 & 8)	
10	Performance Guarantee and loss of interest on margin money for Bank Guarantee @ 0.1% on materials cost + erection / labour charges (on Sl.No. 7)	
11	Interest during construction @ 4% on (Sl.no. 7+8+9+10)	
12	Cost of Civil Engineering works based on KPWD SR 2016-17 with multiplying factor to account for GST	
13	Total estimated cost for comparison purpose (Sum of Sl.No. 7 to 12)	
14	Statutory charges for payment of Civil bodies Electrical Inspectorate charges etc.,	
15	Total estimated cost of the work (13 + 14)	


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KARNATAKA POWER TRANSMISSION CORPORATION LIMITED


O.M. No. KPTCL/B9/38304/13-14 dated 24/08/2017

Annexure -B

ABSTRACT


Line

Sl. No.	Particulars	Amount in Rs.
1	Material cost including GST	
2	Spares @ 3% on material cost (on Sl.No. 1)	
3	Erection / Labour Charges.	
4	Applicable GST on Erection/ Labour charges (on Sl.No. 3)	
5	Total of material cost and erection / labour charges (Sum of Sl.No. 1 to 4)	
6	Establishment charges @ 5% on material cost and erection charges (on Sl.No. 5)	
7	Contingencies @ 2% on (Material cost + erection / labour charges + establishment charges) (on Sl.No. 5 & 6)	
8	Performance Guarantee and loss of interest on margin money for Bank Guarantee @ 0.1% on materials cost + erection / labour charges (on Sl.No. 5)	
9	Interest during construction @ 4% on (Sl.no. 5+6+7+8)	
10	Cost of Civil Engineering works based on KPWD SR 2016-17 with multiplying factor to account for GST	
11	Total estimated cost for comparison purpose (Sum of Sl.No. 5 to 10)	
12	Statutory charges such as PTCC charges, Electrical Inspectorate charges, payment towards civil bodies etc.,	
13	Forest clearance / Tree cut compensation & crop compensation etc.,	
14	Total estimated cost of the work (11 + 12 + 13)	


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KARNATAKA POWER TRANSMISSION CORPORATION LIMITED**O.M. No. KPTCL/B9/38304/13-14 dated 24/08/2017****Annexure-C
DCW Works****ABSTRACT**

Sl. No.	Particulars	Amount in Rs.
1	Material cost including GST	
2	Spares @ 3% on material cost (on Sl.No. 1)	
3	Erection / Labour Charges.	
4	Applicable GST on Erection/ Labour charges (on Sl.No. 3)	
5	Testing and Commissioning Charges	
6	Applicable GST on testing and commissioning charges (on Sl.No. 5)	
7	Total of material cost + erection / labour charges (Sum of Sl.No. 1 to 6)	
8	Establishment charges on material cost + erection / Labour charges (on Sl.No. 7) @ a. 10% maximum 10 lakhs for Govt. b. 15% maximum 15 lakhs for private agency.	
9	Contingencies @ 3% on (material cost + Erection / Labour charges + Establishment charges) (on Sl.No. 7 & 8)	
10	Performance Guarantee and loss of interest on margin money for Bank Guarantee @ 0.1% on works cost (on Sl. No. 7)	
11	Interest during construction @ 4% on (Sl.no. 7+8+9+10)	
12	Cost of Civil Engineering works based on KPWD SR 2016-17 with multiplying factor to account for GST	
13	Total estimated cost for comparison purpose (Sum of Sl.No. 7 to 12)	
14	Statutory charges such as PTCC charges, Electrical Inspectorate charges, payment towards civil bodies etc.,	
15	Forest clearance / Tree cut compensation & crop compensation etc.,	
16	Total estimated cost of the work (13 + 14 + 15)	


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KARNATAKA POWER TRANSMISSION CORPORATION LIMITED**O.M. No. KPTCL/B9/38304/13-14 dated 24/08/2017****Annexure-D****ABSTRACT****Self Execution**

Sl. No.	Particulars	Amount in Rs.
1	Material cost including GST	
2	Spares @ 3% on material cost (on Sl.No. 1)	
3	Erection / Labour Charges.	
4	Applicable GST on Erection/ Labour charges (on Sl.No. 3)	
5	Testing and Commissioning Charges	
6	Applicable GST on testing and commissioning charges (on Sl.No. 5)	
7	Total of material cost + erection / labour charges (Sum of Sl.No. 1 to 6)	
8	Establishment charges @ 20% on material cost + erection / labour charges (on Sl.No. 7)	
9	Contingencies @ 3% on (Material cost + erection / labour charges + Establishment charges) (on Sl.No. 7 & 8)	
10	Cost of Civil Engineering works based on KPWD SR 2016-17 with multiplying factor to account for GST	
11	Statutory charges such as PTCC charges, Electrical Inspectorate charges, payment towards civil bodies etc.,	
12	Forest clearance / Tree cut compensation & crop compensation etc.,	
13	Total estimated cost of the work (sum of 7 + 8 +9 +10 +11 +12)	


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