

Construction Sector - Sale of building

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items (not exempted)	Same	Not Available and therefore cannot be utilised	Decline, since input cost is decreased

Construction Sector – Works Contract

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items (not exempted)	Rate increased from 12% with ITC to 18% with ITC	Available and therefore can be utilised	Net effect depends on computation: outward liability rises, but input tax savings (cement drop 28%→18%) reduce cost. Likely overall reduction in cost.

12% to 5%			28% to 18%		
No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods		Chapter / Heading / Sub-heading / Tariff item	
1.	68	Sand lime bricks or Stone inlay work	1.	2523	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers

S.No.	HSN Code	Description of Service	From	To
1.	9954	(i) Composite supply of works contract services involving predominantly earth work (that is constituting more than 75 percent of the value of the works contract) provided to Government	12% with ITC	18% with ITC
		(ii) Composite supply of works contract provided by a sub-contractor to the main	12% with ITC	18% with ITC

	contractor providing services at (i) above to Government		
	(iii) Composite supply of works contract and associated services, in respect of offshore works contract relating to oil and gas exploration and production in offshore area	12% with ITC	18% with ITC

Hotel Industry

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items; some may even be exempted	Outward tax reduced from 12% (with ITC) to 5% (without ITC)	Existing ITC remains but cannot be used against 5% outward tax. New ITC is not available.	In the short run, net effect depends on computation (old ITC becomes part of cost). In the long run, inward tax burden reduces, but absence of ITC may keep the cost moderately higher.

2.	9963	Supply of “hotel accommodation” having value of supply of a unit of accommodation less than or equal to seven thousand five hundred rupees per unit per day or equivalent	12% with ITC	5% without ITC
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Exceeding Rs. 7500 + restaurant: 18% with ITC

Upto Rs. 7500 + restaurant: 5% without ITC

Every room is upto Rs. 7500 and Restaurant:

Old: 12% with ITC and 5% without ITC

New: 5% without ITC

Almost all room is upto Rs. 7500 and few rooms exceed Rs. 7500 and Restaurant:

Old: 12% / 18% with ITC

New: 5% without ITC (Room < 7500) and 18% with ITC (Room > 7500 + restaurant)

Passenger transport Industry (AIR)

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items; some may even be exempted	Executive class Outward tax increased from 12% (with ITC) to 18% (with ITC)	ITC available and can be utilized. However Rule 42 and 43 applies due to tax on economy class is 5% (without ITC)	Cost of executive class travel will rise by around 3–4% (not the full 6%) due to the decline in several input costs.

Passenger transport Industry (Road)

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items; some may even be exempted	No change in 5% option (without ITC). The 12% with ITC option has been revised to 18% with ITC.	5% option: No ITC impact. 18% option: Old ITC remains available and can be utilized. New ITC can also be claimed.	5% option: Cost may reduce due to lower input taxes. 18% option: Possible marginal increase in cost despite ITC availability.

3.	9964	(i) Supply of Air transport of passengers in other than economy class	12% with ITC	18% with ITC
		(ii) Supply of Passenger transport by any motor vehicle where fuel cost is included	without 5% with ITC of input services (in the same line of business)	without 5% with ITC of input services (in the same line of business)
			12% with ITC	18% with ITC

Goods transport Industry (GTA)

Tax on Inward Supply	Tax on Outward Supply	Effect on old and new ITC	Effect on cost
Rates reduced for most items; some may even be exempted	No change in 5% option (without ITC). The 12% with ITC option has been revised to 18% with ITC.	5% option: No ITC impact. 18% option: Old ITC remains available and can be utilized. New ITC can also be claimed.	5% option: Cost may reduce due to lower input taxes. 18% option: Possible marginal increase in cost despite ITC availability.

4.	9965	(i) Supply of Transport of goods by GTA	5% without ITC (RCM/FCM)	5% without ITC (RCM/FCM)
			12% with ITC	18% with ITC

(ii) Supply of transport of goods in containers by rail by any person other than Indian Railways	12% with ITC	5% without ITC
		18% with ITC
(iii) Supply of transportation of natural gas, petroleum crude, motor spirit, high speed diesel or ATF through pipeline	5% without ITC	5% without ITC
	12% with ITC	18% with ITC
(iv) Supply of Multimodal transport of goods within India	12% with ITC	5%, where no leg of transport is through air, with restricted ITC (i.e. 5% of input services of goods transportation).
		18% with ITC

0	0
3	3
5	5
12	
18	18
28	40
Cess	
Real Estate	Real Estate

1	1
5	5