

कार्यालय, रक्षा लेखा महानियंत्रक
Office of the Controller General of Defence Accounts
उलान बटार मार्ग, पालम, दिल्ली छावनी -110010
Ulan Batar Road, Palam, Delhi Cantt -110010

No:- 18001/AT-X/D/Points/MES(PC)

Dated :- 05-8-2015

To

All Regional PCsDA/CsDA/CDA(IDS)

Sub :- Applicability of Service Tax in respect of MES/MAP Works.

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As per GOI MOF (Deptt. Of Revenue) Notification No. 6/2015 dated 1st March 2015, Service Tax has become leviable on all works contracts wef 1.4.2015. Accordingly, E-in-C's Branch under their letter No. 66546/Manual/449/E8 dated 8th May 2015 and 66546/Manual/476/E8 dated 2nd July 2015(copies enclosed) has issued necessary instructions on applicability of Service Tax. Accordingly, payments/re-imbusement of Service Tax to the contractors may be regulated in accordance with letter issued by E-in-C's Branch and as below.

2. As the ibid notification has been issued on 1.3.2015, therefore for all tenders received on and after 1.3.2015, the liability of Service tax rests with the contractor and rates quoted shall be deemed to include Service Tax and therefore no re-imbusement shall be made. However for works completed (Part/Full) before 31st March 2015 and RAR/Final Bill raised after 1st April 2015, Service tax shall be leviable on such payments. Service tax paid by the contractor in such cases shall be reimbursed through RAR/Final bill on production of proof of payment. The proof of payment should clearly indicate amount of Service tax paid pertaining to the contract and payment received in RAR/Final bill received by the contractor.

3. For MAP Works: - The above provisions will also be applicable to MAP Works.

Please acknowledge receipt.

The issues with the approval of Jt.CGDA.


Sr.AO(AT)

Copy to :-

EDP Centre(Local)

With a request to upload on CGDA office website.


Sr.AO(AT)

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Dte of Contract Management
Military Engineer Services
Engineer in Chief's Branch
Integrated HQ of MOD (Army)
Kashmir House, Rajaji Marg
New Delhi - 110011

No. 66546/Manual/449/E8

08 May 2015

List 'A' & 'B'

ADG (OF & DRDO)

APPLICABILITY OF SERVICE TAX ON WORKS CONTRACTS

1. The Special Condition of contract (Annexure XVI of Manual on Contracts) provides that rates quoted by tenderer shall be inclusive of all taxes and includes Service Tax. Reimbursement of Service Tax shall be only applicable for tenders received before 01 Mar 15 as the Service Tax was not applicable (barring other contracts specially mentioned otherwise).

2. In accordance with the clarifications on the applicability of service tax promulgated vide GOI, Ministry of Finance (Department of Revenue) notification no. 6/2015 dated 01 Mar 2015 Service Tax has become leviable on all works contracts w.e.f 01 Apr 2015. The liability of paying service tax is on service provider ie contractor. Following is clarified in the context:-

(a) The above said order being issued on 01 Mar 15, therefore for all tenders received on and after 01 Mar 2015, the liability of Service Tax rests with the contractor. Accordingly amount quoted in all contracts received on or after 01 Mar 15 shall be deemed to include the Service Tax and no reimbursement shall be made.

(b) The works completed before 31 Mar 2015 and RAR / Final Bill for the same has been paid, there will be no liability of Service Tax. For the works completed (part / full) before 31 Mar 2015 and RAR / Final Bill raised after 01 Apr 2015, service tax shall be leviable on such payments. Service tax paid by the contractor shall be re-imbursed on production of proof of payment. The proof of payment should clearly indicate amount of Service Tax paid pertaining to the contract and payment received in RAR / Final Bill received by the contractor.

(c) The rate of Service Tax at present is 12.36% inclusive of applicable cess. The rate of Service Tax if revised at later date shall be applicable only after notification in this regard is issued by the Govt.



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(d) Service Tax shall not be applicable on supply of new furniture being categorised as supply of goods. However repair of furniture shall attract service tax and the contracts shall be dealt in the manner as stated hereinbefore.

(e) The work of pipeline, Conduit or plant for the following fall under exemption list of Service Tax. Mention of exemption in contracts pertaining to the works or part of work shall be incorporated in the tender documents in tender forwarding letter and Sch 'A' notes with reference to the aforesaid Special Condition:-

- (i) Water Supply
- (ii) Water treatment
- (iii) Sewerage Treatment or Disposal

3. The reimbursement shall be made through hand receipt.


(ND Bhagatkar)
Jt DG (contracts)
For E-in-C

Copy to :-

MoD/D (Wks-II)

CGDA

All PCDA/CDA

Automation Cell

Please upload this letter duly scanned on MES website in "General Information" tab.


1115

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Dte of Contract Management
Military Engineer Services
Engineer-in-Chief's Branch
Integrated HQ of MOD(Army)
Kashmir House, Rajaji Marg
New Delhi - 110 011

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No.66546/Manual/ 476 /E8

02 Jul 2015

List 'A' & 'B'

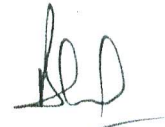
ADG (OF & DRDO)

SERVICE TAX: APPLICABILITY AND REIMBURSEMENT

1. Reference this HQ letter No. 66546/Manual/449/E8 dated 08 May 2015.
2. Following amendment be carried out at Para 3 of this HQ letter under reference:-

For : "The reimbursement shall be made through hand receipt"

Read : "The reimbursement shall be made on production of proof by the contractor in next due payment in RAR/Final Bill"



(Bhavesh Gupta)
Dir (Contracts)
for E-in-C

Copy to:-

MoD/D(Works-II)

CGDA

All PCDA/CDA

Automation Cell : Please upload this letter duly scanned on MES website in "General Information" tab.