Notification regarding exemption from payment of tax to the registered dealers engaged in execution of works contract leviable on the transfer of property in goods

No. F.12 (23)FD/Tax/2015-206                      Dated: 09.03.2015

S.O.270.- In exercise of the powers conferred by sub-section (3) of section 8 of the Rajasthan Value Added Tax Act, 2003(Act No. 4 of 2003), and in supersession of this Department’s notification No.F.12(59) FD/Tax/ 2014-23 dated 14.07.2014(see S.No. 90 supra), the State Government being of the opinion that it is expedient in the public interest so to do, hereby, with effect from 01.04.2015, exempts from payment of tax payable by the registered dealers engaged in execution of works contract(s), leviable on the transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract (s) subject to the following conditions, namely:–

1. Exemption Fee:

Such dealer may opt for payment of exemption fee in lieu of tax payable on the transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract. Such dealer may opt any of the option mentioned hereunder, namely Option A and Option B.

Option A: The exemption fee for the category of works contract mentioned in column number 2 of the Table 1 given below shall be at the rate as mentioned in column number 3 against each of them:-

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category of works contract</th>
<th>Exemption fee (% of the total value of the contract)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works contract where the cost of goods involved in execution of works contract does not exceed five percent of the total contract amount.</td>
<td>0.10</td>
</tr>
<tr>
<td>2</td>
<td>Works contract relating to construction and repair of roads, runways, bridges, dams, drains excluding sewerage system, tunnels, canals, channels, barrages, railway tracks, causeways, sub ways, diversion, spill ways, boundary walls, buildings and water harvesting system.</td>
<td>0.75</td>
</tr>
<tr>
<td>3</td>
<td>Works contract awarded by Rajasthan Vidhyut Prasaran Nigam Ltd., Jaipur Vidhyut Vitaran Nigam Ltd., Ajmer Vidhyut Vitaran Nigam Ltd., Jodhpur Vidhyut Vitaran Nigam Ltd.</td>
<td>0.75</td>
</tr>
<tr>
<td>4</td>
<td>Any other kind of works contract not covered by item number 1 to 3 above.</td>
<td>2.00</td>
</tr>
</tbody>
</table>
Option B: The exemption fee for the category of works contract mentioned in column number 2 of the Table 2 given below shall be at the rate as mentioned in column number 3 against each of them:-

**Table 2**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category of works contract</th>
<th>Exemption fee (% of the total value of the contract)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works contract where the cost of goods involved in execution of works contract does <em>not exceed five percent</em> of the total contract amount.</td>
<td>0.70</td>
</tr>
<tr>
<td>2</td>
<td>Works contract relating to construction and repair of roads, runways, bridges, dams, tunnels, canals, channels, barrages, railway tracks, causeways, sub ways, diversion, spill ways, drains excluding sewerage system.</td>
<td>4.00</td>
</tr>
<tr>
<td>3</td>
<td>Works contract related to construction and repair of buildings, boundary walls, sewerage system, sewerage treatment plant, water supply works and water harvesting structures.</td>
<td>5.00</td>
</tr>
<tr>
<td>4</td>
<td>Works contract awarded by Rajasthan Vidhyut Prasaran Nigam Ltd., Jaipur Vidhyut Vitran Nigam Ltd., Ajmer Vidhyut Vitran Nigam Ltd., Jodhpur Vidhyut Vitran Nigam Ltd.</td>
<td>3.50</td>
</tr>
<tr>
<td>5</td>
<td>Works contract related to setting up of new enterprise or expansion of existing enterprise manufacturing fertilizer within the State with minimum investment of Rs.2500 Crore.</td>
<td>1.00</td>
</tr>
<tr>
<td>6</td>
<td>Any other kind of works contract not covered by item number 1 to 5 above.</td>
<td>6.00</td>
</tr>
</tbody>
</table>

2. Procedure for obtaining exemption:

2.1.1 A registered dealer, engaged in the execution of works contract and opts for payment of exemption fee in lieu of tax, shall submit an application to the assessing authority or any officer authorized by commissioner in this behalf in Form WT-1 appended to this notification within *sixty days* from the date of the award of the works contract. The application shall be submitted electronically through the official website of the Department and shall be signed digitally by such dealer or his business manager as declared in form VAT-02. The dealer who has given consent for use of official website in the manner prescribed in the rules may submit application without digital signature. The application shall be accompanied with the self attested and legible scanned copy of Work Order and G-Schedule. In case the works contract is of the nature that the cost of material *does not exceed five percent* of the total contract amount, a self attested and legible scanned copy of certificate from the awardee to this effect shall also be submitted with the application.
2.1.2 Where the dealer fails to furnish the scanned copy of Work Order and/or G-Schedule and/or certificate of the awardee, as the case may be, along with the application, he shall submit the hard copies of Work Order and/or G-Schedule and/or certificate of the awardee, as the case may be, along with the acknowledgement generated through the official website of the Department duly verified by himself or his business manager by affixing their signature on it within ten days from the date of submission of application in Form WT-1, to his Assessing Authority or the officer authorized by the Commissioner in this behalf. Failure to do so shall be deemed to be a case of non-submission of application.

2.1.3 Where the dealer fails to fulfill the requirements as mentioned in clause 2.1.2 within ten days of submission of Form WT-1, he may apply afresh for the same within the time specified in clause 2.1.1 above.

2.2.1 The assessing authority or any officer not below the rank of an Assistant Commercial Taxes Officer authorized by the Commissioner in this behalf, shall reject the application for grant of exemption certificate, where,-

(a) the applicant dealer has failed to comply with an order demanding initial or additional security under section 15 of the Rajasthan Value Added Tax Act, 2003 and/or sub-section (2A) of section 7 and/or under subsection (3A) of section 7 of the Central Sales Tax Act, 1956; or

(b) the applicant dealer has failed to furnish any return or returns in accordance with the provisions of the Rajasthan Value Added Tax Act, 2003 and the Central Sales Tax Act, 1956.

2.2.2 On rejection of the application, the dealer may apply afresh for the same within the time specified in clause 2.1.1 above, on fulfillment of the above requirements.

2.3 Subject to the provisions of clause 2.2.1 above, the Assessing Authority or the officer authorized by the Commissioner in this behalf, on being satisfied that the application is complete in all respect, shall issue Exemption Certificate in Form WT-2 appended to this notification in the manner as provided in the official website of the Department within twenty one days of submission of the application in form WT-1.

2.4 Where a dealer opting for payment of exemption fee in lieu of tax is executing more than one works contract, he shall submit separate application in Form WT-1, for each works contract.

2.5 Where any excess payment is made to such dealer by the awardee for any additional work or value of the contract is enhanced in relation to the works contract for which exemption certificate has already been issued, the exemption certificate shall be revised accordingly on submission of an application in Form WT-4 along with documentary evidence in this regard issued by the awardee, within sixty days of such communication from the awardee, and a revised Exemption Certificate shall be issued to the dealer through the official website of the Department.
3. Condonation of delay:

3.1 Where the dealer fails to submit the application within the time provided in clause 2.1.1 or in clause 2.5, he may be allowed to submit the same, on payment of late fee mentioned below, along with an application in Form WT-3 appended to this notification to condone the delay mentioning therein the details of payment of late fee.

<table>
<thead>
<tr>
<th>Period of Delay</th>
<th>Amount of late fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to <em>one year</em> from the date of award of works contract.</td>
<td>Rupees one thousand.</td>
</tr>
<tr>
<td>More than one year but <em>up to two years</em> from the date of award of works contract.</td>
<td>Rupees five thousand.</td>
</tr>
</tbody>
</table>

3.2 No application under this notification shall be entertained after expiry of stipulated period of completion of contract in original work order or two years from the date of award of works contract, whichever is earlier.

4. Manner of deposit of Exemption Fee:
The dealer shall pay exemption fee at such rate as specified in clause 1 of this notification in the following manner:-

4.1 Where the awarder is a Department of any Government, a Corporation, a Public Undertaking, a Co-operative Society, a Local Body, a Statutory Body, an Autonomous Body, a Trust or a Private or Public Limited Company, or Limited Liability Partnership, an amount calculated at the rate as mentioned in column number 3 of Table 1 for dealer opting for Option A and at the rate as mentioned in column number 3 of Table 2 for dealer opting for Option B, shall be deducted by such awarder from each bill of payment to be made in any manner to such dealer and all the provisions of payment of tax, provided in the Act or the rules made there under for such dealer, shall *mutatis mutandis* apply.

4.2 Where the awarder is not covered under clause 4.1 above, the dealer shall be required to make payment of exemption fee in equal monthly installments in a period not exceeding the period of contract from the date of issuance of exemption certificate. In case such dealer has already received some payment for execution of works contract from the awarder, he shall enclose proof of payment of exemption fee at the rate as mentioned in column number 3 of Table 1 if he opts for Option A and at the rate as mentioned in column number 3 of Table 2 if he opts for Option B, on such payments, along with interest up to the date of filing of application, under this notification.

4.3 Where the dealer opting for payment of exemption fee in lieu of tax, has received some payment for execution of works contract from the awarder before the issuance of exemption certificate, he shall deposit the notified exemption fee on such payments, along with interest, if any, in case the amount has not deducted by the awarder in lieu of tax.

4.4 The amount already deducted by the awarder in lieu of tax from bill of payments to the dealer before the issuance of exemption certificate shall be adjusted against the exemption fee to be paid by the dealer.
5. Conditions:
5.1 (a) The dealer, who has opted for payment of exemption fee in lieu of tax under option A of clause 1, shall purchase taxable goods within the state from the registered dealer of the State for the execution of works contract.

(b) in case such dealer, procures or purchases any goods in any manner other than the manner as provided in clause (a) above he shall, in addition to the exemption fee, be liable to pay an amount equal to the amount of tax that would have been payable had the goods been purchased in the State from a registered dealer.

5.2 The dealer, who has opted for payment of exemption fee in lieu of tax under option B of clause 1 shall be entitled to purchase the goods involved in execution of works contract from outside the State.

5.3 The dealer who opts for payment of exemption fee in lieu of tax shall not be entitled to claim input tax credit in respect of the goods used in execution of the works contract.

5.4 That the certificate of exemption shall be liable to be cancelled by the assessing authority retrospectively,-

(i) if it is found that the same has been issued in contravention of the provisions of the Act, rules or notification;

(ii) the dealer has concealed any facts regarding the works contract awarded to him; or

(iii) where during the composition period, the dealer violates any of the conditions of the scheme or aids or abets the evasion of tax, the assessing authority, after affording an reasonable opportunity of being heard, may cancel the composition certificate. This will be without prejudice to the action, penal or otherwise, for which such dealer shall be liable under the provisions of the Rajasthan Value Added Tax Act, 2003 and rules made there under.

5.5 That the tax collected or charged, if any, by the dealer shall be deposited to the State Government and the amount of tax so deposited shall not be refunded or adjusted against the exemption fee.

5.6 In case the exemption fee is amended at any time, the exemption fee shall be calculated as payable on the date of submission of application for grant of exemption certificate or for revision of exemption certificate, as the case may be.

6. Transitional provisions:
6.1 Where the application of any dealer, for grant of exemption certificate under notification No. F.12(63)FD/Tax/2005-80 dated 11.8.2006, notification No. F.12(101)FD/Tax/2011-59 dated 13.08.2013, and notification No.F.12(59)FD/Tax/ 2014-23 dated 14.07.2014 is pending before the assessing authority or the officer authorized by the commissioner in this behalf, on the date of issuance of this notification, he may switch over for payment of exemption fee under this notification within fifteen days of issuance of this notification by submitting a fresh application under this notification.

6.2 Where the dealer holds the exemption certificate(s) issued under notification No.F.12(63)FD/Tax/2005-80 dated 11.8.2006, notification No.F.12(101)FD/Tax/ 2011-59 dated 13.08.2013, and notification No. F.12(59)FD/Tax/ 2014-23 dated 14.07.2014, as amended from time to time, on the date of issuance of this notification and the execution of works contract covered under the said exemption
certificate(s) is pending in full or in part, the exemption certificate issued earlier shall remain in force with the same exemption fee till the completion of works contract unless cancelled or revoked earlier.

Form WT-1

Application for grant of Exemption Certificate
(for dealers engaged in execution of works contracts)

To
The Assistant Commissioner
The Commercial Taxes Officer/Assistant Commercial Taxes Officer,
Circle/Ward ......................

1. Name of the applicant………………
2. Name and address under which the applicant carries on business…………………………
3. Registration Certificate No.(TIN)....................................................................................
4. E-mail address...............................................................................................................
5. Mobile Number.............................................................................................................
6. Status of the applicant such as Proprietor/ Partner/ Director/ Karta of H.U.F./Manager/Secretary.............................................................................................................
7. Period during which works contract be executed
from........................to………………
8. Option of exemption fee under clause 1. Option A Option B
9. Particulars of works contract (s):

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name and address of the Awarder along with e-mail Address</th>
<th>Description of the dealer</th>
<th>Description of works contract</th>
<th>Stipulated period for completion of the contract</th>
<th>Total value of the contract</th>
<th>Place of execution of work</th>
<th>Exemption fee (% of total value of contract)</th>
<th>Amount of Exemption fee (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

I/We hereby undertake that I/ we shall abide by all the terms and conditions laid down by the State Government or any provisions of the Act or Rules made there under and if I /We fails to do so, I/We shall be liable to pay tax as per the provision of the Act. I/We also undertake to pay the revised exemption fee in case Exemption Certificate is revised.

I/We declare that the information given above is true and correct to the best of my/our knowledge and belief and nothing has been concealed.

Signature of the applicant and status.

Attachments:
1. Scanned copy of work order.
2. Scanned copy of G-Schedule.
3. Scanned copy of certificate of awardee, if applicable.
4. Proof of payment of late fee, if applicable.
Form WT-2
Exemption Certificate
(for dealers engaged in execution of works contracts)

1. ID No.................... dated..................
2. Name of Applicant with status..........................
3. Name and address of business..........................
4. Registration Certificate No. (TIN)..........................
5. Option under which applied for: Option A Option B
6. Details of the works contract and exemption:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Description of the works contract &amp; Place of execution</th>
<th>Name and address of the awarder</th>
<th>Total Value of the Contract</th>
<th>Exemption fee (% of the total value of the contract)</th>
<th>Amount of Exemption fee (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

7. This certificate shall remain in force till the completion of works contract unless cancelled or revoked earlier.

Place: 
Date: 

Exemption Certificate issued vide ID No........................dated..........................has been revised on the application of dealer dated..........................

Place: 
Date: 

Form WT-3
Application to condone the delay
(for dealers engaged in execution of works contracts)

To,
The Assistant Commissioner/
The Commercial Taxes Officer/Assistant Commercial Taxes Officer,
Circle/Ward ..................

1. Name of the dealer............................................................... 
2. TIN.........................................................................................
3. Principal place of business ..................................................
4. Date of award of works contract...........................................
5. Date of submission of application ............................................
6. Period of delay........................................................................
7. Reasons of delay......................................................................
8. Details of deposit of late fee:

<table>
<thead>
<tr>
<th>Challan No.</th>
<th>Date of deposit</th>
<th>Amount</th>
</tr>
</thead>
</table>

Place: 
Date: 

Signature
Name and Status
Form WT-4
Application in case excess payment is made by the awarder
(for dealers engaged in execution of works contracts)

To
The Assistant Commissioner/
The Commercial Taxes Officer/Assistant Commercial Taxes Officer,
Circle/Ward ......................
1. Name of the applicant…………………………………………………………………...
2. Name and address under which the applicant carries on business……………………
3. Registration Certificate No. (TIN)…........................................................................
4. E-mail address………………………………………………………………………………
5. Mobile No…………………………………………………………………………………
6. Status of the applicant such as Proprietor/ Partner/ Director/ Karta of H.U.F. / Manager/
   Secretary………………………………………………………………………………...
7. Details of Form WT-2 received earlier:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>ID No. of WT-2</th>
<th>Date of issue</th>
<th>Description of works contract and place of execution of works as per WT-1</th>
<th>Name of awardee</th>
<th>Total value of the contract as shown in WT-1</th>
<th>Amount of Exemption Fee (Rs.)</th>
</tr>
</thead>
</table>

8. Particulars of excess payment made in the existing works contract (s):

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name and address of the awardee along with e-mail address</th>
<th>Date of award of the contract</th>
<th>Amount of works contract as per WT-1</th>
<th>Amount of excess payment made by the awarder in continuation of works contract mentioned in column No.4</th>
<th>Total value of the contract (4+5)</th>
<th>Exemption fee (% of the total value of the contract)(as per List given in notification)</th>
<th>Amount of the exemption Fee (Rs.)</th>
</tr>
</thead>
</table>

I/we declare that the information given above is true and correct to the best of my/our knowledge and belief and nothing material has been concealed and undertake to pay the revised exemption fee, if any.

Place: Signature
Date: Name and status

Attachments:
1. Scanned copy of work order.
2. Scanned copy of G-Schedule.
3. Scanned copy of certificate of awardee, if applicable.
4. Proof of payment of late fee, if applicable.