

DELHI DEVELOPMENT AUTHORITY
E.M. OFFICE

NO.: EM 4(12)99/3615

DT.: 24.04.2000

CIRCULAR NO. 531

SUB.: DELHI SALES TAX ON WORK CONTRACT

On account of introduction of Delhi Sales Tax on Works Contract Act 1999 & the rules framed thereunder w.e.f. 1.12.99, following modifications ^{introduced} are hereby approved to be/in Press Tenders Notice and PWD-6:-

1 i. PRESS TENDERS NOTICE:-

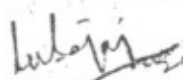
Under Para-2 of the Press Tender Notice, it is inter-alia mentioned ".....payment of amount mentioned against each work (non-refundable) on production of valid ITCC and Registration Certificate." Against this, the new provision shall be "..... amount mentioned against each work (non-refundable) on production of valid ITCC, Enlistment Regn. Certificate, valid registration with Works Contract Cell of Sales Tax Deptt. of GNCTD, and Tax Clearance Certificate issued by the Works Contract Cell in Form-XI.

A new Clause 18-A shall be introduced in form PWD-6:

"Contractor must produce valid certificate of Regn. with Works Contract Cell of Sales Tax Deptt. of GNCTD & the Tax Clearance Certificate in form XI (under Rule-5(2) of the Delhi Sales Tax of Works Contract Rule-1999) issued by the said Cell before the Tender papers can be sold to him."

The above modifications must be incorporated in all future NITs.

This issues with the approval of V.C., D.D.A.


(S.K. BAJAJ)
DIRECTOR (WORKS)
C/1

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All E.E.(Civil) i/c CE (Elect.) with 20 spare copies each for further distribution amongst SE's and EEs, Jt. CAO, FO's and CE(HQ) with 5 spare copies.

Chief Engineer (QC) with 10 spare copies. -For circulation among his S.E & E.Es

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4. C.V.O.- with 15 spare copies for circulation among his SEs & EEs.
5. C.A.O., D.D.A.
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7. Dir.(Hort.) North & South- with 10 spare copies each for circulation among his Jt. Dir., D. Dir. F.Os
8. Dir, (MM)- with 7 spare copies for circulation among his E.Es & F.O
9. Dir. (Works).
10. E.O. I, II, III, PPC-I, PPC-II
11. A.O. (Plan)
12. File EM 1(10)98/Vol.-I

Copy for information to:-

1. V.C., D.D.A.
2. E.M., D.D.A.
3. F.M., D.D.A.

Cescefer
E.O. I TO E.M.

DELHI DEVELOPMENT AUTHORITY
ENGINEER MEMBER'S SECRETARIAT

NO.: EN4(12)99/Pt.1/7612-23

DT.: 1.9.2000

OFFICE MEMORANDUM

SUB.: Delhi Sales Tax on Works Contract Act-1999 (Delhi Act No. 9 of 1999) & Rules framed thereunder.

Govt. of Delhi has introduced the above mentioned Act & Rules.

These rules have come into force w.e.f. 1.12.99. The statutory liabilities followed by various Organisations including DDA as Contract Awarding Organisation has been notified by the Sales Tax Deptt. of Govt. of Delhi through various releases from time to time. However, copy of the Act and the Rules framed thereunder has been circulated by the Office of Commr. of Sales Tax, GNCTD vide D.O. No. PS/CST/1999-2000/319 dt. 29.11.99. Vide letter No. SQ/SE/CM/Del ST/435 dt. 10.12.99, the Sales Tax Deptt. has intimated slight modification in Rule No.9. Both these notifications can be downloaded from the internet site of Sales Tax Deptt., Govt. of Delhi at their internet site address, <http://www.delhisalestax.com>, free of cost. This may be further transmitted to all SEs/EEs/Dy. CAs under your control for their information and to ensure strict compliance of the Statutory liabilities on the part of the Organisation. The Statutory liabilities notified by the Sales Tax Deptt. of GNCTD are reproduced below:

- 1) Award contract only to the contractors having a valid regn. with Works Contract Cell of Sales Tax Deptt. and, Holding tax clearance certificate issued by the abovesaid cell in Form-XI.
To inform Sales Tax Deptt. about all the contracts awarded over Rs.50,000/- within 15 days of such awards.
Send a copy of each contract of the value of over Rs.50,000/- to Works Contract Cell of Sales Tax Deptt. within 15 days of signing of contract or issue of letter of intent.
- 2) Deduct a sum equivalent to 2% of the payments being made to every contractor/sub-contractor, for execution of Work contract.
- 3) Deposit the so deducted amount in Form-V in scheduled banks within 15 days of next month.

i.f) Issue certificate of deduction of tax at source, to the contractor/sub-contractor, in form -IX. A copy of the same should also be sent to the Works Contract Cell.

2. For clarification, inter-action with the Dy. Commissioner, Works Contract/^{Cell} Sales Tax Deptt., was organised in the Training Cell of on 28th and 29th February, 2000 which was attended by all concerned /AOs/Accountants etc. During inter-action, it was clarified that for running contracts, the tax will be applicable on the quantum of work executed after 1/12/99.

3. For all those existing contracts (entered into prior to 1/12/99) the contractors are liable to pay additional tax under the provisions of this Act, Contractors may be compensated in accordance with the relevant provision in the Agreement. However, before making compensations, it may be ensured that:

- 3.1.1) The contractors necessarily and properly pays such tax in excess of his liability under the contract.
- 3.1.2) Such payment made is not in the opinion of SE. (whose decision shall be final and binding) attributable to delay in execution of works within the control of the contractor.
- 3.1.3) The contractor gives written notice as per provisions of contract.
- 3.1.4) The contractor shall keep books of account and other documents as laid down in Tender conditions and further shall furnish such other information/ documents as the Engineer-in-Charge may require.

Provision of 3.1.4 above shall be considered to have been complied with in case the contractors get the liability of above tax settled under Section-5 of the said Act and furnish the details hereof. It may be noted that no such re-imbusement shall be allowed on the basis of the assessment settled and paid under Section-6 of the said Act. In such cases, contractors will have to furnish details as mentioned under para 3.1.4 including the details of tax liability under section-5. Re-imbusement shall be restricted to the lowest of the two values i.e. paid under Section-6 and that assessed under section-5.

) The assessment submitted by the contractor for claiming reimbursement shall be got verified from Works Contract Cell of Sales Tax Deptt. of GNCTD, works Contract Cell may also be requested to communicate the details of any rebate/deduction allowed subsequent of assessment on any appeal etc. by the contractor.

- 1) Adhoc reimbursement of tax may be permitted in advance of assessment by works contract cell of sales tax department of GNCTD for an amount equivalent to T.D.S. deducted or the tax paid as per the return filed by the contractor, whichever is less, subject, however, to the compliance of the provisions contained under para 3.1.2 and 3.1.3 above.

The adhoc reimbursement shall be made against Bank Guarantee of equivalent amount, which shall be released on adjustment on the basis of finally settled assessment (by works contract cell of Sales Tax Deptt.).

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In case of contracts for which tenders have been opened on or 1/12/99, the contractor shall be deemed to have taken the new provisions in their quoted rates. Hence, no such comp. is admissible for such contracts.

This issues with the approval of E.M./ F.M.

(Signature)
(E. S.K. BAJAJ),
DIRECTOR (WORKS), D.D.

2:- All CE (Civil) & CE (Elect.) with 20 spare copies each for further distribution amongst SE's and EEs, Jt. CAO, FO and CE (HQ) with 5 spare copies. Chief Engineer (JC) with 10 spare copies- for circulation among his SE and EEs.

CE(D), DDA with 10 spare copies for circulation among his SEs & EEs.

FO-with 15 spare copies for circulation among his SEs & EEs.

C.A.O, DDA.

Project Manager (Flyover) Gr.I & II - with 15 spare copies each for circulation among his EEs & FO.

Dir.(Hort.) North and South- with 10 spare copies each for circulation among his Jt. Dir., Dy. Dir. FOs.