

GOVERNMENT OF KERALA
ABSTRACT

Taxes – produced of sales tax clearance certificate by the Public works Department contractors- difficulties overcoming of orders issued.

TAXES (D) DEPARTMENT

G.O. No. 229/77/PD

Dated Trivandrum 4-3-1977

Read:- 1.G.O. (P) No. 17/75/PY dt. 31-1-75 of the Public Works Department.
2. From the Member Board of Revenue note dated 26-10-76

ORDER

In the G.O. read above Government have declined the request of the All Kerala Government Contractor's Association to except the contractors from liability to a pay purchase tax under section 5 A of the Kerala General Sales Tax Act, 1963.

However considering the delay in obtaining salestax clearance certificate from sales tax authorities and consequent difficulties in settling the claims of contractors and effecting refund of security deposit due to them it was ordered in that G O that it is not necessary to insist upon the production of tax clearance certificate for settling the final claims of the contractors and that the practice of insisting on sales tax clearance certificate should be disposed with. It was also ordered that provision will be made in the agreement to retain an amount equal to 2 percent of the value will be adjusted when the assessment is finalised. The complaints of contractors regarding difficulties face by them in the implementation of the orders issued in G.O. dt. 31-1-75 were discussed by Government subsequently and the following further instructions are issued for the guidance of the sales tax and public works departmental officers.

1. In respect of each work, the PWD. Officer concerned who passes the bill will determine the total cost of the purchasable items utilized in the work and issue a certificate regarding the above amount to the assessing authority concerned. Two percent (2) of the value of the purchasable items will be retained by the PWD officer when the bill for the work is passed for payment and the so retained will be credited to the sales tax department.

2. In case the contractor has a case that any of these purchasable items was actually not purchased or was purchased but the tax there on has already been paid, it would be up to him to make appropriate representations to the concerned sales tax authority and claim refund. The PWD officer, while issuing the certificate indicated (i) above and retaining the 2% of the value of purchasable items, will take into account all items which the contractor would have to ordinarily purchase including sand, rubble, bricks etc. for this purpose the PWD Officers will not go into the question whether any of these items were actually purchased or were available with the contractor from his own land or quarry (either owned or leased) That question will be left to the sales tax assessing authority to consider and come to a suitable conclusion in case the contractor

makes such a claim of the time of assessment. However, items which are supplied by the department (like cement and steel rods for which the department would have collected sales tax) will not be taken into account by the PWD Officer for working out the percentage of purchasable items included in the works.

3. In assessing the tax liability the percentage will be worked out with reference to the contracted value of the work whether it be below or above the estimate amount.

Sd/- Secretary to Government

Endt. on WPI-9957/77 dt. 25-7-77

Copy forwarded to the Executive Engineer, PVI. Division No.2, Alwaye etc for necessary action.

Sd/- for Chief Engineer

Endt. on A3 – 4424/77 dt. 6-8-77

Copy forwarded to all Asst. Engineers for information and necessary action.

Sd/- for Executive Engineer

No:AB 20/7 DT. 3-9-77

Copy to DD, C, AB A and SF.

Sd/- Assistant Engineer