

No.C7.1021/07/CT

Office of the Commissioner
Dept of Commercial Taxes,
Thiruvananthapuram
Dated 8/2/2007

CIRCULAR.No.5/07

Sub:- KVAT Act 03- Works done by Beneficiary Committees using funds under fourth proviso to section 6(f)- Instructions issued- Reg:

As per fourth proviso to section 6(f) of KVAT Act 2003, works executed under the Sampurna Gramin Rozgar Yojana or by the Beneficiary Committees using the MP/MLA Funds or Natural Calamity Relief Funds or Sarva Siksha Abhiyan Funds or funds of Local Authorities or Command Area Development Authority or Jananidhi Project (KRWSA) or OFD works by Beneficiary Farmers Associations or Karshaka Samithy will be taxed at 4% if the total amount of the individual contract does not exceed ten lakhs rupees.

But doubts have been raised from some quarters regarding the treatment of Beneficiary Committees undertaking the works of using the funds of local authorities, CADA etc.

It is clarified that all works executed by Beneficiary Committees using the funds specified in the fourth proviso to section 6(f) of the KVAT Act 2003 shall be taxable only at the rate of 4% provided the total amount in respect of individual contract does not exceed ten lakhs rupees.

The above statutory position shall be complied with strictly.

Commissioner

To

All Officers