

No.C1-1/15/CT

Office of the Commissioner of  
Commercial Taxes  
Tax Towers, 8<sup>th</sup> Floor  
Killipalam, Karamana – P.O.  
Thiruvananthapuram 695002  
Dtd.07-08-2015

CIRCULAR No.22 / 2015

Sub:- KVAT Act – Exemption to Special Economic Zone unit –  
Works undertaken by sub contractors – reg.

Clause (b) of Section 6(7) of the KVAT Act, 2003 is extracted under:

*"(b) sale of any building materials, industrial inputs, plant and machinery including components, spares, tools and consumables in relation thereto to any developer or industrial unit or establishments situated in any Special Economic Zone in the State for setting up the unit or use in the manufacture of other goods shall, subject to such conditions or restriction, as may be prescribed, be exempted from tax.*

*Provided that the exemption covered by this clause shall be applicable to a deemed sale involved in a works contract executed through a sub-contractor also."*

The proviso to clause (b) was inserted by the amendment made by Kerala Finance Act, 2014, thereby clarifying that exemption to SEZ units is available to the sub contractor also, if the work is done by them.

As per the Rule provision, a dealer, who makes sale to an industrial unit in the Special Economic Zone, has to obtain a declaration in Form No.43 duly signed and sealed by the purchaser in the Special Economic Zone unit. Even though the provision inserted by Kerala Finance Act, 2014 is a substantial one, the trade has pointed out that certain assessing authorities are declining exemption to the registered sub contractors for want of Form No.43, which they are not in a position to obtain. To resolve the difficulty faced by such sub contractors, it is decided to prescribe a form for the purpose of producing the same before the assessing authority of the registered sub contractor. Henceforth, in such cases, the sub contractors shall obtain a declaration in the format given below to make them eligible for exemption vide clause (b) of sec.6(7).

Sd/-  
COMMISSIONER

**DECLARATION FOR CLAIMING EXEMPTION ON THE SALE OF GOODS  
BY SUB-CONTRACTORS UNDERTAKING THE WORKS OF UNITS IN SEZ**

Help Line contact persons Ph. Nos.

Date	D	D		M	M		Y	Y	Y	Y
TIN										

This is to certify that I / We ..... (name and address of the Principal Contractor with TIN ) have awarded the sub contract to M/s..... (name and address of the sub contractor with TIN) in respect of the work awarded to me by M/s..... (name of the Industrial Unit in the Special Economic Zone with TIN) as per the particulars furnished here under, which has been duly incorporated in the returns filed by me under the Act.

- 01. Work Order No. & Date :
- 02. Nature of sub contract(s) :
- 03. Description of the Principal Contract in relation to which the sub contract is awarded :
- 04. Gross amount of contract between awarder and Principal contractor :
- 05. Sub contract amount eligible for exemption :

Name, Signature and Seal of  
the Assessing Authority of  
the Principal Contractor

Signature & name of  
the Principal Contractor