

**2. PROCEEDINGS OF THE COMMISSIONER OF  
COMMERCIAL TAXES, THIRUVANANTHAPURAM**

PRESENT: P. MARA PANDIYAN, I.A.S.

Sub:- KVAT Act 2003- Clarification U/s. 94- Works contract  
taxation in Special Economic Zone- Orders issued- Reg:

Read;\_ Application filed by Sri.A.Jayaprakash, Technoskill  
Aluminium Centre, Perinthalmanna Dt. 12.11.2008

**ORDER No.C3.48469/08/CT Dt. 08.01.2009**

(1) M/s. Technoskill Aluminium Centre, Perinthalmanna has preferred an application U/s. 94- of the KVAT Act 2008 seeking clarification on applicability of works Contract tax in SEZ areas.

(2) The authorised representative of the applicant was heard and contentions raised were examined with reference to the statutory provisions.

“As per section 6(7)(b) of the KVAT Act sale of any building materials, industrial inputs, plant and machinery including component, spares, tools and consumables in relation thereto any developers or industrial unit or establishment situated in the SEZ in the State for setting up the unit is exempt from tax subject to the condition that they shall produce declaration in form 43 from such SEZ unit. Sale includes deemed sale also and hence it is applicable in the case of works contract also.

Sales to SEZ unit alone is exempted from tax as per Sec. 6(7)(b) and so sales must be direct to SEZ unit supported by form 43 issued by the unit.

With regard to installation, if it represents labour element only then the same is exempted as per Rule 9 of the Act and so if the supply and installation is by the contractor himself and supported by Form 43 it is exempted from works contract tax.

The point sought for is clarified accordingly.

Commissioner