

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

Present:- Sri.Paul Antony.IAS

Sub:- KVAT Act 2003- Clarification U/s. 94 --payment contract amount without deducting tax at source against certificate Form 20B – clarified – orders issued-reg

Read:- Application dated 12.9.2007 put in by M/s. Garware Wall Ropes Ltd, Kochi.

ORDER No.C3.37972/07/CT Dt. 15..12..2007

M/s. Garware Wall Ropes Ltd, Kochi has preferred an application U/s. 94 of KVAT Act 2003 requesting to clarify as to whether an awarder could release payment to a contractor without deducting tax at source if he produces a certificate in Form No. 20B without furnishing a certificate in Form 20E.

The applicant was heard and contentions raised were examined in details with reference to relevant statutory provisions.

The certificate in Form No, 20B is the liability certificate to be issued by the Assessing Authority to a contractor under Rule 42(1), where as 20E is the certificate to be issued by the Assessing Authority in specified circumstances based on which the awarder can release payments to a contractor without deducting tax at source provided that the final payment shall not be made unless the contractor produces a liability certificate in Form No. 20B. So 20 E certificate is a facility provided to certain class of works contractors who are regular in statutory compliance and when the certificate in 20 E is produced, the awarders liability U/s 10 will stand discharged to the extent of work and amount covered in the certificate .

But in Form 20 B Certificate the liability of the contractor will be specifically mentioned, and the awarder would be liable to deduct tax to the extent of the liability, if any, mentioned in the certificate.

The point sought for is clarified accordingly.

Commissioner.