

**93. PROCEEDINGS OF THE COMMISSIONER OF
COMMERCIAL TAXES THIRUVANANTHAPURAM**

Present:-.Paul Antony. IAS

Sub:-KVAT Act 03- Clarification U/s. 94- Whether supply, transport and laying cement concrete mixture will come under works contract- clarified orders issued-
Reg:

Read:- 1. Application in Form No. 24 Dt. 17.07.06 filed by M/s. Poabs Granite (P) Ltd, Tvpm.
2.This office hearing notice No. C7.30403/06/CT Dt.27.07.06

ORDER No.C7.30403/06/CT Dt. 18..11..06

M/s. Poabs Granites (P) Ltd, Thiruvananthapuram has filed an application for clarification u/s. 94 of KVAT Act, 03 as to whether a contract for supply, transport and laying cement concrete mixture, tantamounts to contract for “sale” or is a works contract. The contention of the applicant is that this is an indivisible contract work involving materials and labours and comes under works contract, and the rate applicable is that of works contract and not as direct sale.

The Authorised Representative of the applicant was heard. The contentions of the applicant were examined in detail.

The case has been examined with reference to the statutory provisions, judicial findings and also the work order produced by the applicant. Ready Mix Concrete has been specifically enlisted as an item taxable @ 12.5 % vide entry 80 of SRO 82/06 under HSN 3824.50.10.

In the contract for sale, the main object is transfer of property and delivery of possession of property. Where as in contract for work, it is only for work and labour with connected transfer of goods. Going by the work order it is clear that the contract in question consists of certain obligations on the part of the customer ie, the site has to be kept ready for laying Ready Mix Concrete. So actually the work part of the transaction rests with the purchaser. Without keeping ready the site for laying, the work order cannot be executed.

The contractual obligation of the applicant is only the supply and laying of RMC, while the purchaser's obligation is to keep the site ready for laying RMC. In view of the contractual obligation, the supplier undertakes exclusive laying of RMC manufactured and brought to the site which has been cleared for laying the RMC by the purchaser. From the above it is clear that the transaction in question is a contract for sale and not a contract for works contract. In this transaction, the major component is the product RMC; and labour if any, involved in the contract is only incidental to the supply of RMC and hence the transaction constitutes a sale and is not works contract.

RMC has been specifically enlisted as entry 80 of SRO 82/06 covering HSN 3824.50.10 as taxable at 12.5 %, and so the supplier is liable to pay tax on the gross supply value.

The point raised is clarified accordingly.

Sd/-

Commissioner.