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Dte of Contract Management  
Military Engineer Services  
Engineer-in-Chief's Branch  
Integrated HQ of MOD (Army)  
Kashmir House, Rajaji Marg  
New Delhi - 110 011

66546/Manual/508 /E8

10 Feb 2016

List 'A' & 'B'

ADG (OF & DRDO)

List 'C'

### **APPLICABILITY OF SERVICE TAX ON WORKS CONTRACTS**

1. Further to this Dte letters No.66546/Manual/449/E8 dated 08 May 2015, 66546/Manual/458/E8 dated 04 Jun 2015 and 66546/Manual/477/E8 dated 03 Jul 2015.

2. Certain doubts on applicability of Service Tax vis-à-vis contract condition for tenders with bid submission end date after 01 Mar 2015 have been raised for period 01 Mar 2015 to 12 May 2015 (the date of publication in MES website of letter dated 08 May 2015 referred above).

3. Following situations may arise:-

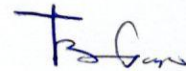
- (a) Contract condition states that the quotation shall include all taxes, levies, duties, cess etc. without specific mention of Service Tax.
- (b) Contract condition has specific mention that quotation includes Service Tax.
- (c) Contract condition has specific mention that quotation does not include Service Tax.

3. It is clarified that for provisions in para 3(a) and (b) no reimbursement of Service Tax shall be made. In cases where there is specific mention that Service Tax is not included, the Service Tax actually paid shall be reimbursed on production of proof of payment. Para2(a) of this Dte. Letter No.66546/Manual/449/E8 dated 08 May 2015 shall be deemed to be amended accordingly.

*T.S.*

Contd/...2...

4. Keeping in view applicability of Service Tax on all contracts, it is mandatory that contractors intimate their Service Tax Registration number before payment is released to them. Therefore, contractor should intimate their registration number to the CCE/GE/GE(I)/AGE(I) or any other paying authority of the contract, with copy to Accepting Officer before payment is made.



(Bhagirathi Pani)  
Director (Contracts)  
For E-in-C

Copy to :-

MoD/D(Works-II)

CGDA

ALL PCDA/CDA