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Dte of Contract Management  
Military Engineer Services  
Engineer-in-Chief's Branch  
IHQ of MoD (Army)  
Kashmir House, Rajaji Marg,  
New Delhi-110011

No.66546/Manual/ 720 /E8

10 Feb 2017

All Command CE's


ADG (OF & DRDO)

All CEs Zones

CCEs, CWEs, GEs, GE (I)s AGE (I)s

**REFUND OF SERVICE TAX CONSEQUENT TO UNION BUDGET 2016-17**

1. Ref this HQ letter No 66546/Manual/659/E8 dt 17 Oct 2016 and 66546/Manual/ST/709/E8 dt 01 Feb 2017.
2. It has been brought out by MES BAI that Service Tax authorities have raised queries and issued Show Cause Notices on the refund application processed by the contractors. The MESBAI have requested not to withhold/recover the Service Tax from their payments in respect of contractors who have properly applied for refund and have submitted affidavits, till they receive refund from Service Tax Deptt. The issue was discussed in detail in the Technical Session of the Annual day ceremony of MES BAI on 09 Feb 2017. It transpired that there exist lack of clarity with Service Tax deptt as to the modalities of refund. The case has also been referred to MoD, their decision is awaited.
3. Since there is apparent lack of clarity on the part of Service Tax Deptt regarding refund process and since amount is still lying with the Govt, therefore the following actions be taken :-
  - (a) GE's/AGE's should follow up the state of refund with the Service Tax authorities.
  - (b) Recovery shall not be made from the contractor's dues in respect of contractors, who have properly and timely applied for refund and have submitted the requisite affidavits, till the modalities are decided by MoD/CGDA/MoF.
4. Henceforth CE Zone shall monitor each case of refund weekly by GE/CWE to CE Zone, fortnightly by CE Zone to CE Command/ADG (OF & DRDO) with copy endorsed to PCDA/CDA and monthly by CE Comd/ADG (OF & DRDO) to E-in-C Branch with copy endorsed to CGDA to ensure no contractor retains the refund amount, if recd by him, and returns the same back to MES.
5. The first monthly report should be recd by this HQ latest by 01 Mar 2017.



(Bhagirathi Pani)  
Dir (Contracts)  
for Engineer-in-Chief

**Encls:** (as above)

**Copy to:**

CGDA  
Ulan Batar Road,  
Palam Delhi Cantt-110011

w.r.t this Dte letter No 66546/Manual/670/E8  
dt 26 Oct 2016 and your letter No 18001/AT-  
X/D/Points/MES(PC) dt 27.12.2016