

GOVERNMENT OF ASSAM
OFFICE OF THE COMMISSIONER OF TAXES:::ASSAM:::GUWAHATI.
DISPUR, GUWAHATI.

No.CTS-74/2002/171

Dated Guwahati, the 7 th July/2007.

Circular No20/2007

Sub: Composite tax under works contract.

You are all aware of the fact that an amount at the rate of four paise in every rupee of the total aggregate value of works contract received or receivable by contractor is payable as tax if he opts for composition scheme.

The composition Scheme in question was notified by the Government to facilitate calculation, payment and tax deduction at source of tax liability for a dealer deriving turnover from execution of works contract. The rate of tax on works contract has been reduced to 4% instead of otherwise leviable rate of tax at 12.5% on consideration that the payable tax shall be calculated on the aggregate receivable amount of a dealer during a period irrespective of the nature of the works contract to be executed by a dealer during the same period. The most vital aspect of the thing is that liberty has been granted to a dealer to chose whether he will opt for the composite rate for the aggregate turnover or will pay tax at the normal rate of 12.5% on the portion of relatable to transfer of property in goods. Hence there can not be any question of any deduction due to percentum in case of composition scheme and as such there can not be any excess tax paid in such cases.

You are, therefore, asked to examine such matters very carefully and take necessary action accordingly as per the provisions of the said scheme.

Any discrepancy in the matter will be viewed seriously.

Sd/- (Sanjay Lohiya),
Commissioner of Taxes, Assam,
Dispur, Guwahati-6.
Dated Guwahati, the 12 th July/2007.

Memo No.CTS-74/2002/171-A

Copy to:-

- 1) The Addl. Commissioner of Taxes/Joint Commissioner of Taxes (All) for information.
- 2) The Deputy Commissioner of Taxes (All) for information and necessary action.
- 3) The Assistant Commissioner of Taxes/Superintendent of Taxes (All) for information and necessary action.

Commissioner of Taxes, Assam,
Dispur, Guwahati-6.

12/7/07