

JPD-6/220

JAIPUR VIDYUT VITRAN NIGAM LTD

No. JPD/CAO/TAX./F.225 /D. 2339

JAIPUR :DATED 09-02-07

CIRCULAR

The services provided or to be provided to any person by any other person in relation to commercial or industrial construction service is covered under section 65(105) (ZZQ) of the finance Act, 2003. The existing rate of service tax is 12.24 %.

The word 'commercial on industrial construction service' has been defined in section 65 (25b) of Finance Act as under:-

Commercial or industrial construction' service means:-

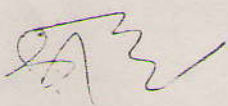
- a) Construction of a new building or a civil structure or a part thereof or
- b) Construction of pipeline or conduit or
- c) completion and finishing work such as glazing, plastering, painting, floor and wall tiling, wall covering and wall papering, wood and metal joining and carpentry, fencing and railing, construction of swimming pools, accoustic applications or fittings and other similar services, in relation to building or civil structure; or
- d) repair, alteration, renovation or restoration of or similar services in relation to, building or civil structure, pipeline or conduit.

Which is :-

- i) used, or to be used, primarily for; or
- ii) occupied, or to be occupied, primarily with or,
- iii) engaged, or to be engaged, primarily in

Commerce or industry or work intended for commerce or industry but does not include service provided in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams.

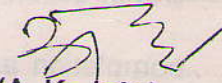
From the above definition, it is clear that construction of building or civil structure through a contractor for the use of Jaipur Vidyut Vitran Nigam Ltd; falls in the purview of commercial or industrial construction services. Hence service- tax is chargeable on the same by contractor.



Notification No.1/2006 dated 01.03.2006 provides abetment of 2/3rd amount from the gross amount of services if the gross amount charged by contractor shall include the value of material and goods supplied or provided or used by the provider of construction service.


The second issue is maintenance of civil construction. The word 'commercial or industrial construction service' also includes the repair, alteration, renovation or restoration. Thus maintenance service also covers under this service. Further, there is specific category of taxable service relating to maintenance management or repair services. The word 'management, maintenance or repair' has been defined in Section 65 (64) and according to definition maintenance or repair of immovable properties also covers under this services. Thus, the maintenance services falls under both the category of taxable service. The only difference between these two category of service is that in construction service' benefit of abetment is available whereas in 'Maintenance or Repair service benefit of abetment in not available.

Reimbursement of Service tax is to be made on production the evidence of deposit of the same by the contractors after due verification and original challan may be cancelled putting mark as " Paid vide voucher no and date ". Due diligence should be exercised so as to rule out any chances of making double reimbursement .


(A. K. Jain)
Chief Accounts Officer

Copy submitted /forwarded to the following for further needful:-

1. The Zonal Chief Engineer (JZ / KZ), Jaipur Discom , _____
2. The Chief Engineer (MM), Jaipur Discom, Jaipur.
3. The Chief Controller of Accounts, RRVPNL, Jaipur
4. The F.A. & Controller of Accounts, Jaipur Discom, Jaipur.
5. The Chief Accounts Officer, RRVUNL /RRVPNL /AJVNL / JDVVNL, Jaipur/ Ajmer /Jodhpur
6. The Superintending Engineer (_____), Jaipur Discom, _____
7. The Sr. Accounts Officer/Accounts Officer (_____),Jaipur Discom, _____
8. The PS to Chairman & Managing Director, Jaipur Discom, Jaipur.


Asstt. Accounts Officer (Tax.)