

From

Excise & Taxation Commissioner,  
Haryana, Panchkula.

To

All the Dy. Excise & Taxation Commissioners(ST)  
In the state of Haryana.

Memo No. 961 /ST-1  
Panchkula dated the 02.07.2010

Subject: Guidelines regarding percentage of labour, service and other like charges out of total value of the work contract.

Memo:

There have been reports from various trades, specifically from Textile Dyeing industry, that assessing authorities in the state are not having uniform approach in regard to determination of labour, service and other like charges out of total value of the contract and accordingly, vide notification No. S.O. 68/H.A. 6/2003/S.60/2010 dated 17.5.2010 rule 25 of the Haryana VAT Rules has been amended and in proviso to rule 25 (2)(b) a table has been provided specifying therein percentage of labour, service and other like charges out of the total value of various types of contracts.

Percentage of labour, service and other like charges specified in this table have been determined after proper study of various types of contracts and are in conformity with similar provisions in VAT Act and Rules of other states. In proviso to this rule, it has been provided that where the amount of charges towards labour, services and other like charges are not ascertainable from the books of accounts of the dealer or the dealer fails to produce documentary evidence in support of such charges, the amount of such charges shall be calculated at the percentage of the valuable consideration specified in the table. It has been further provided in the last proviso of this rule that where the dealer claims deduction on account of labour, service and other like charges exceeding the percentage of valuable consideration( of total contract value ) specified in the above table, the Assessing Authority will have to record reasons in writing for accepting the

claim of the dealer. In view of these provisions there is hardly any scope for determining the percentage of labour, service and other like charges out of the total value of the contract higher than that specified in the table.

In view of the law position explained above DETCs and Assessing Authority in the field should ensure that, in work contract cases, assessment is framed in accordance with the guidelines explained above and where there is any deviation from the percentage specified in the table given and claims in respect of labour, service and other like charges exceeding the percentage specified in the table are allowed, DETC should examine such cases at his own level and send a report in this regard to the Head Office. These guidelines have been issued with a view to ensure uniformity in assessment of work contract cases under the Haryana VAT Act.



Addl. Excise & Taxation Commissioner(P/R),  
Haryana, Panchkula.