

COMMERCIAL TAXES DEPARTMENT

From

THIRU T. JACOB, I.A.S.,
Commissioner of Commercial Taxes,
Chepauk, Chennai-5.

To

Tvl. Viswakarma Real Estates and
Construction (India) Pvt.Ltd,
Alwarpet, Chennai 18

Lr. No. VAT Cell / 41930/ 2007 (VCC No.1238), dated 17.9.2007.

Sir,

Sub: TNVAT Act, 2006 – Tvl.Viswakarma Real Estates and
Construction (India) Pvt Ltd , Alwarpet, Chennai 18 -
Rate of tax clarification under TNVAT Act 2006 for
works contract , sub contractors and civil works contractor
– requested - Regarding.

Ref: Letter dated 25.7.2007 from Tvl. Viswakarma Real Estate
and Construction ((India) Pvt.Ltd, Chennai 18

Tvl Viswakarma Real Estate and Construction (India) Pvt.Ltd Chennai 18
have requested rate of tax clarification under the TNVAT Act, 2006 for works contract,
sub contractors and civil works contracts.

As per section 5 (1) of the TNVAT Act, the dealer who pays tax under this
section shall pay tax specified in the First schedule.

If he opts for compounded rate under section 6 (1), he shall pay tax at 2% on civil
works contract and civil manufacturing works contract and at 4% on all other works
contract.

If the contract work is done entirely by sub contractor and the main contractor is
only a promoter, tax has to be paid by the sub contractor and not by the promoter. If tax
promoter himself carries out the construction, he will pay VAT on all his purchases and
set it off on transfer of property under section 5 (1) of the TNVAT.

Sd./ - G.Shanmugam
For Commissioner of Commercial Taxes

Copy submitted to the Secretary to Government,
Commercial Taxes and Registration Department, Fort St. George, Chennai-9.

// Forwarded // By Order //

COMMERCIAL TAX OFFICER (VAT)