

**GOVERNMENT OF N.C.T. OF DELHI
DIRECTORATE OF TRAINING AND TECHNICAL EDUCATION
MUNI MAYA RAM MARG, PITAMPURA, I.L.H.**

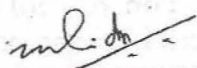
No.F.DTTE/AC/VII/4(8)/Misc./2008-09/ 1-8

date 1-1-13

ENDORSEMENT

A copy of the under mentioned paper is forwarded for information & necessary action to the following:-

1. N.S.I.T./D.T.U./DIPSAR/C.O.A./S.U.S.A./G.B.P. Eng. College/Eng. College Jaffarpur/Ambekar Institute of Technology/IIT, Dwarka.
2. The Principals of Polytechnics/ITIs /BPIBS/CSI/BTC.
3. The Registrar, Board of Technical Education, Delhi.
4. The Dy. App. Advisor, Office of the Dy. App. Advisor, Delhi.
5. All Branch incharges, DTTE (HQ).
6. P.S. to Pr. Secretary, Spl.Secretary, TTE.
7. DDQ, DTTE(HQ)
8. Programmer, DTTE (HQ) for uploading on the website under the circulars.


(MUALIDHARAN T.P.)
AC.OUNTS OFFICER

List of paper forwarded:-

| S.No. | Name of the Department | Letter No. and date |
|-------|-----------------------------|---|
| 1. | Department of Trade & Taxes | F.4/PA/SPL20NE/T&T/2012/509-55(dated 06/12/2012 |

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05 DEC 2012

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE & TAXES
OFFICE OF THE COMMISSIONER VALUE ADDED TAX
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI - 110 002

CIRCULAR

Subject: Guidelines for tax deduction at source (TDS) by Government and Government Departments / Government Undertakings/ Government Authorities/ Boards awarding works contracts:

1. As per Section 36A of the Delhi VAT (DVAT) Act, 2004 every person, including Central / State Governments, Union Territory Administrations, Government Departments, including, PWD, CPWD, etc., Government Undertakings, Government Authorities /Boards, Local Bodies / Authorities, Railways, Cantonment Boards, Hospitals, etc., hereinafter called 'Client', are responsible for making any payment to any contractor / operator for Works Contract, is mandatorily liable to deduct TDS. The TDS for works contract under the DVAT Act, is in addition to the obligation of the client for TDS u/s 194C of the Income Tax Act.
2. As per Section 2(1)(zo) of DVAT Act "Works Contract" includes any agreement for carrying out for cash or for deferred payment or for valuable consideration, the construction, manufacture, processing, fabrication, erection, installation, fitting out, improvement, repair including AMCs, or commissioning of any moveable or immovable property. The term "Works Contracts" under DVAT Act refers to contracts which include material and labour, and does not include pure labour contracts.
3. Various compliances stipulated under the Delhi VAT Act are as under:
 - a. **Basic Exemption:** Works contracts up to ₹ 20,000/- are exempt from TDS.
 - b. **When to deduct TDS:** At time of credit of payment, whether in cash or any other mode, to the account of contractor.
 - c. **Rate of TDS:**

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| S. No. | Circumstances | Rate of TDS |
|--------|--|-------------|
| (i) | If contractor, to whom payment is made, is not registered under the DVAT Act | 4% |
| (ii) | In all other cases | 2% |

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works contract shall be deducted by the Client. However, for other composition schemes, the TDS shall be deducted at the normal rate of 2%.

d. Mandatory Compliances and Penalties for Non-Compliance:

| S. No. | Requirement | Time-Limit | Form (DVAT Rules, 2005) | Penalties on Client |
|--------|--|---|-------------------------|---|
| 1 | Applying for Tax Deduction Account Number (TAN) | Within 7 days from date on which the tax was deducted or deductible | Form DVAT-44 | U/s 36(12) of DVAT Act: ₹ 200/ day from the day on which requirement arose until the failure is rectified. Max. Penalty: ₹ 20,000/- |
| 2 | Deduction and Deposit of TDS amount in appropriate Government Treasury | <ul style="list-style-type: none"> Deduction at the time of making payment and deposit within 15 days from end of the month in which TDS was deducted. Tax shall be deposited online by filling TAN of Client | Form DVAT-20 | U/s 36(8) of DVAT Act: Penalty of a sum upto twice the amount deductible as TDS, besides due TDS. + U/s 36(9) of DVAT Act: Simple Interest @ 15% for delayed deposit. |
| 3 | Issue of T.D.S. Certificate by Client to Contractor | Within 7 days of making the payment along with copy of Challan (certificate should specify that the amount of deductee has been included in the Challan amount) | Form DVAT-43 | U/s 36(5A) of DVAT Act: ₹ 100/day from day of making payment to contractor until failure is rectified. Max. Penalty: ₹ 20,000/- |
| 4 | Filing of T.D.S. Return with VAT Department | Within 28 days from end of quarter in which tax was deducted | Form DVAT-48 | U/s 36(12) of DVAT Act: ₹ 200/ day from the day on which requirement arose until failure is rectified. Max. Penalty: ₹ 20,000/- |

U/s 36(10) of DVAT Act, 2004, where the TDS is not deposited into appropriate Government Treasury after deduction, such amount together with interest and penalty shall be a charge

upon all the assets of the person concerned and recoverable as arrears of land revenue.

4. This circular cannot be made use of for legal interpretation of provisions of law as it is clarificatory in nature. If any Client/ contractor has any doubt, the matter may be referred to this office for further clarification.


(PRASHANT GOYAL)

Commissioner VAT

Government of NCT of Delhi

No. F.4/PA/SPL ZONE/TTT/2012/509-550

Dated: 05/12/12

Copy for information and with request to direct all the Drawing & Disbursing Officers under their jurisdiction for strict compliance:

1. Principal Secretary, PWD
2. Principal Secretary, Power
3. Principal Secretary, Development
4. Principal Secretary, Irrigation & Flood Control Department
5. Principal Secretary, TTE/ Higher Education
6. Secretary Health & Family Welfare, Government of NCT of Delhi
7. Secretary, Environment & Forest, Government of NCT of Delhi
8. Vice Chairman, Delhi Development Authority
9. Commissioner Transport, Government of NCT of Delhi
10. Chairperson, New Delhi Municipal Committee
11. Commissioner, South Delhi Municipal Corporation
12. Commissioner, East Delhi Municipal Corporation
13. Commissioner, North Delhi Municipal Corporation
14. CEO, Delhi Jal Board
15. Director General, Central Public Works Department
16. Managing Director, NCTDC