

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

No.F.DTTE/AC/III/4(8)/Misc./2008-09/1183-

Dated

17/2/14

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/Govt. Eng. College Jaffarpur/Ambedkar Institute of Technology/ IIT Okhla
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, Director, TTE.
7. DDO, DTTE(HQ)
8. Programmer, DTTE (HQ) for uploading on the website under the link circulars.

List of paper forwarded:-

S.No.	Name of the Department	Letter No. and date	Subject
1.	Trade & Taxes	D.O. No.PS/CTT/Misc./2014/521 dated 31/01/2014	Regarding TDS


(Z. MATHEW)
ACCOUNTS OFFICER

Prashant Goyal
IAS



सत्यमेव जयते

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DELHI-110028

D.O. No. PS/CTT/misc/2014/521

Dated 31st January, 2014

Please circulate
to all Subordinate
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A.O. (HQ)

Reference the discussion which came up in the Senior Officers Meeting held on 29.01.2014 under the chairmanship of Hon'ble Chief Minister, I would like to bring the following provisions of the DVAT Act to your kind notice:

(i) On any work contract activity i.e. contracts involving supply of both material and services such as civil work, electrification work, horticulture work, sanitation contracts, printing work, annual maintenance contract relating to computer system, photocopiers, EPABX, lifts, air conditioning, vehicles, etc., the contractees/work awarding agencies have to deduct **works contract TDS @ 4% of contract value from a contractor registered in Delhi and @ 6% of contract value from a contractor not registered in Delhi. In case the amount has been deducted at lower rate or not deducted at all, the same may be recovered from the Contractor and immediately deposited with the Government.**

(ii) Each contractee has to deposit the TDS amount into Government Treasury within 15 days from end of month in which TDS was deducted. Besides, the TDS certificate (**DVAT-43**) needs to be issued to the contractor online from Department of Trade & Taxes website. Similarly, the online return (**DVAT-48**) has to be filed against the works contract Tax Deduction Account Number (**TAN**) within 28 days, even if there is a NIL return, of end of every quarter. This would help the Department of Trade & Taxes realise the balance due tax from the contractors.

2. The failure to abide by the aforesaid provisions could lead to an imposition of penalty upto twice the amount of TDS due, besides the TDS amount and interest @ 15% for delayed deposits. In case of default, the TDS amount together with interest and penalty thereon shall be a charge upon all the assets of the person concerned.

3. The Departments/Organisations are also requested to abide by the circular No. F. 3(11)/Fin(Rev-I)/2012-13/dsVI/57-62 dated 17.01.2013 issued by the Pr. Secretary (Finance), Government of NCT of Delhi (enclosed). This would ensure that the VAT revenue accrues to the Government of Delhi rather than accrue to the States of origin of goods.

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4. The recovery of TDS is unlikely to raise the contract price since the tender price quoted is inclusive of all taxes, including work contract taxes. The compliance with the TDS provisions and the FD circular could, however, easily lead to an increase in revenue for the Delhi Government by ₹ 300 – ₹ 400 crores per annum.

With regards,

Yours sincerely,


(Prashant Goyal)

Encls: as above

Shri R.K. Verma
Pr. Secretary (TTE/Higher Education)
Government of NCT of Delhi
B-Wing, 9th Level
Delhi Secretariat
NEW DELHI-110 002.

470

Government of NCT of Delhi
Office of the Principal Secretary
Department Of Finance
Delhi Secretariat, New Delhi

F.3(11)/Fin(Rev-I)/2012-13/ds-11/57-62

Dated: 17/1/2013

CIRCULAR

1. Different Government Departments / Organisations of Government of NCT of Delhi (GNCTD) and Local Bodies procure goods/ supply items, etc. for their functional requirements through open tendering or at rate contract of pre-authorised agencies such as DGS&D, ICSIL, NICSI, DSIDC, Kendriya Bhandar, etc. In many such purchases, the goods are supplied through sale invoices by vendors from their offices/ branches outside Delhi. Result, the Value Added Tax (VAT) accrues to the state from which such goods are exported to Delhi. There is consequent loss of VAT revenue to Delhi. This is against the principles of VAT, a form of sales tax, which is consumption based tax and accordingly the tax revenue should accrue to the consuming state and not to the exporting state. This loss comes at the expense of GNCTD.

2. It has accordingly been decided that in future tenders and contract agreements, and in case of procurement from pre-authorised agencies such as DGS&D, ICSIL, NICSI, Kendriya Bhandar, DSIDC, etc. or through open tender, the Departments / Organisations of Government of NCT of Delhi and Local Bodies will insert the following condition:

"The goods, including for works contract, shall be supplied by bidder or its authorised distributor in Delhi and against a sale invoice issued from Delhi. The delivery of goods shall also be made from Delhi. The bidder dealer or its authorised distributor, as the case may be, who supplies the goods should be registered with the Delhi VAT Department and carry a valid Tax Identification Number issued by it. The bidder shall, however, be responsible for compliance with all conditions, warranties/ guarantees, irrespective of the fact that the goods are supplied by him directly or through its authorized distributor. Further, the quoted bid price in the tender shall be inclusive of all taxes and duties."

The pre-authorised agencies shall also ensure the following:

"Delivery of goods is made from Delhi and against a sale invoice issued from Delhi. The dealer supplying goods should be registered with the Delhi VAT Department and carry a valid Tax Identification Number issued by it."

3. There could, however, be cases where the price in Delhi may be more than the price in the exporting state. E.g. a motor car costing ₹ 4.75 lakh in Gurgaon may cost ₹ 4.85 lakh in Delhi (sale to authorized dealer @ 2% CST). If the vehicle is purchased locally, then Delhi would get ₹ 60,625 (12.5% of ₹ 4.85 lakh) as VAT. Thus, the total sale price would become ₹ 5,45,625 for purchase from Delhi. In case of purchase from Gurgaon, the sale price would be ₹ 5,34,375, inclusive of full CST (12.5% of ₹ 4.75

lakh) payable to Haryana Government. Thus, there is increase in sale price for the indenting organization by ₹ 11,250 in case of local purchase but Government of Delhi will be a net gainer by ₹ 49,375 (₹ 60,625 - ₹ 11,250).

4. This arrangement could result in enhancement of expenditure on the part of the Department, but there is a likely net gain to the GNCTD. However, in the unlikely scenario when a net loss to the GNCTD is contemplated if purchases are made against local invoice, prior approval of FD may be sought for such purchase. As regards the extra expenditure by the Department/ Organisation, the Government may compensate the same as Non-Plan grant.


(Shakti Sinha)

Principal Secretary (Finance)

01/12

Copy to:

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 GAD
7. Secretary Health & Family Welfare, Government of NCT of Delhi
8. Secretary, Environment & Forest, Government of NCT Delhi
9. Vice Chairman, Delhi Development Authority
10. Commissioner, Transport, Government of NCT of Delhi
11. Chairperson, New Delhi Municipal Committee
12. Commissioner, South Delhi Municipal Corporation
13. Commissioner, North Delhi Municipal Corporation
14. Commissioner, East Delhi Municipal Corporation
15. CEO, Delhi Jal Board
16. Director Education, Government of NCT of Delhi
17. Director General, Central Public Works Department
18. Managing Director, DSIDS Ltd.
19. CEO, DUSIB
20. CMD, DTC
21. Managing Director, DT&TDC
22. CMD DTL / DPCL
23. Registrar Cooperative Societies