

Sub: Clarification as to whether a Company is liable to pay tax on that portion on which the sub-contractor or their sub-contractor has paid taxes under the Assam Value Added Tax Act, 2003

Extract of the Order

It is clarified that-

- (1) Although every branch of the Company is a dealer as per Explanation II of sub-section (15) of section 2 of the Assam Value Added Tax Act, but for purpose of registration, the Company shall have to apply for only one registration and for other branches they can obtain 'branch' certificate as per provision of rule 13(6) of the Assam Value Added tax Rules, 2005.
- (2) As per "Composition Scheme for works contract" the registered dealers of the State who executes works contract can pay at his option, an amount at the rate of 4 paise in every rupee of the total aggregate value of the works contracts received or receivable by him, in lieu of the amount of tax payable by him under the provision of the Act.

Therefore, the dealer has to pay 4% of total aggregate value of the works as tax even if he engaged sub contractors. The tax paid by the dealer on value of work done through sub contractors can be shown as tax paid on account of sub contractor.

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