



GOVERNMENT OF KARNATAKA  
(Commercial Taxes Department)

PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,  
(KARNATAKA), BANGALORE – CLARIFICATION UNDER SECTION 59 (4)  
OF THE KARNATAKA VALUE ADDED TAX ACT, 2003.

Sub: KVAT Act, 2003 – clarification regarding rate of VAT  
on gross total income / profit received from works contract.

Ref: Application dated 05-10-2011 of Sri K.S.Nagarajaiah,  
Civil Engineer & Contractor, Kodihalli, Kanakapura Tq.  
Ramanagar District. TIN-29880128635

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In the application cited above, Sri K.S.Nagarajaiah, Civil Engineer & Class-I PWD Contractor, Kodihalli – 562 119, Kanakapura Taluk, Ramanagar District has sought clarification regarding rate of value added tax on income tax deducted at source from gross value of the contract.


2. Section 59(4) of the Karnataka Value Added Tax Act, 2003 empowers the Commissioner of Commercial Taxes to clarify the rate of tax payable under the Act, if he considers it necessary or expedient so to do, for the purpose of maintaining uniformity in the work of assessments and collection of revenue. It is examined and found that the clarification requested by the petitioner is within the scope of the aforesaid provision and it is necessary that the clarification be issued for the purpose of maintaining uniformity in the work of assessments and collection of revenue.

3. Hence, the following clarification is issued.

**CLARIFICATION NO.CLR/CR-139/2011-12, DATED: 03-04-2012**

It is clarified that:

- (i) VAT is not levied on the basis of profit from works contract.
- (ii) VAT is levied at 4% on total works contract receipts, if the contractor has opted for composition scheme under section 15 of the Act.
- (iii) Otherwise, VAT is levied on the value of goods transferred in the course of execution of works contract at the rates specified in Sixth Schedule to the KVAT Act, 2003.

  
(PRADEEP SINGH KHAROLA)  
Commissioner of Commercial Taxes,

(Karnataka), Bangalore  
Commissioner of Commercial Taxes  
in Karnataka, BANGALORE