



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.**

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Sub: KVAT Act, 2003 - Clarification under Section 59(4)  
regarding rate of tax under composition scheme for  
works contract - reg.

Ref: Application dated 17-08-2012 of M/s. Maloo  
Constructions (India) Pvt Ltd., Bangalore-560009.  
TIN:29100611348.

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In the application cited above of M/s. Maloo Construction (India) Pvt. Ltd., No.A 204/205, 2<sup>nd</sup> floor, No.25/26, Bridge Majestic, 1<sup>st</sup> Main Gandhinagar, Bangalore-560009 has sought clarification regarding rate of tax under composition scheme for works 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.97/12-13, DATED 14-09-2012**

It is clarified that the rate of composition amount payable by a dealer executing works contracts who has opted for composition of tax under section 15(1) of the Karnataka Value Added Tax Act, 2003 is 4% on the total consideration for the works contract executed, in terms of the notification No. FD 116 CSL 2006 (13) dt.31.03.2006. It is also clarified that if any goods purchased or procured from outside state are transferred during the execution of works contract, tax has to be paid on the value of such goods at the rate specified under section 4 as per the provisions of section 15 (5) of the Karnataka Value Added Tax Act, 2003.

  
(YOGENDRA TRIPATHI)  
Commissioner of Commercial Taxes,  
(Karnataka), Bangalore.  
Commissioner of Commercial Taxes  
in Karnataka, BANGALORE