



Government of West Bengal
Irrigation & Waterways Department
Jalasampad Bhaban, 3rd Floor, Western Block
Bidhannagar, Salt Lake City, Kolkata 700091

Memo No. 72(6) - IB
IW/O/IB/Misc-12/2007

Dated, 4th July 2016

From: D SenGupta
Joint Secretary to the
Government of West Bengal

- To: 1 The Chief Engineer (North East)
Irrigation & Waterways Directorate
Jalapath Bhaban, Club Road
PO & District Jalpaiguri, PIN: 735101
- 2 The Chief Engineer
Teesta Barrage Project
Irrigation & Waterways Directorate
2nd Mile, Sevoke Road
Siliguri, District Darjeeling, PIN: 735101
- 3 The Chief Engineer (West)
Irrigation & Waterways Directorate
PO Sadhanpur (Near Polytechnic)
District Burdwan, PIN: 713101
- 4 The Chief Engineer (North)
Irrigation & Waterways Directorate
Netaji More Market Complex
Saraju Prasad Road, 3rd Floor
District Malda, PIN: 732101
- 5 The Chief Engineer (~~North~~ *(South West)*)
Irrigation & Waterways Directorate
Subarnarekha Colony Complex
Saraju Prasad Road, 3rd Floor
Khasjungle, PO Abas
District Paschim Medinipur, PIN: 721102
- 6 The Chief Engineer (South)
Irrigation & Waterways Directorate

Sub: Proportionate recovery of VAT in case of Works Contract.

The issue of applicability of proportionate recovery of VAT on different type of Works Contract, involving either only earthwork oriented items involving dry and wet excavation, making embankments, carried earth, disposal of spoil earth, etc. or involving items of supply of materials, transfer of finished goods (assets) or combination of both categories, has been brought to the notice of this Department for quite some time back.

2. After careful consideration of the matter and having perusal of Section 40 of VAT Act, 2003, G.O. No.3910-F(Y) dated 18th March 2016 of the Finance Department and inviting reference to the previous correspondences of the Directorate of Commercial Tax, following clarifications are offered:

- a) In case of Works Contract having no involvement of supply of materials or transfer of assets, e.g. contracts on earthwork oriented items only as stated in Para-1 above, no "Sales Tax Deduction At Source" (STDS) needs to be made.
- b) In case of Works Contract having conglomeration of items, i.e. earthwork components as well as component transfer of assets or supply of materials; principle of proportionate deduction of VAT needs to be followed, i.e. such deduction shall be kept restricted to only those items of BoQ, which involve material components or finished goods, and transfer of assets.

3. This may please be circulated to the Superintending Engineers and Executive Engineers for immediate compliance.


D SenGupta
Joint Secretary to the
Government of West Bengal
Irrigation & Waterways Department

Memo No.72(6)/1 – IB

Dated, 4th July 2016

✓ Copy forwarded for information to the:

Executive Engineer
DVC Study Cell
Irrigation & Waterways Directorate

– with a request to upload this in the Departmental website.


D SenGupta
Joint Secretary to the
Government of West Bengal
Irrigation & Waterways Department