

PERCENTAGE OF WORKS CONTRACT UNDER DVAT

List Of Standard Percentage Of Labour Component For Abatement In Composite Works Contract (Rule 3)

	Type of contract	Labour, service and other like charges as percentage of total value of the contract
1	Fabrication and installation of plant and machinery.	Twenty five percent
2	Fabrication and erection of structural works of iron and steel including fabrication, supply and erection of iron trusses, purloins and the like.	Fifteen percent
3	Fabrication and installation of cranes and hoists.	Fifteen percent
4	Fabrication and installation of elevators (lifts) and escalators.	Fifteen percent
5	Fabrication and installation of rolling shutters and collapsible gates.	Fifteen percent
6	Civil works.	Twenty five percent*
7	Installation of doors, doorframes, windows, frames and grills.	Twenty percent
8	Supply and fixing of tiles, slabs, stones and sheets.	Twenty percent
9	Supply and installation of air conditioners and air coolers.	Fifteen percent
10	Supply and installation of air conditioning equipment including deep freezers, cold storage plants, humidification plants and de-humidors.	Fifteen percent
11	Supply and fitting of electrical goods, supply and installation of electrical equipments including transformers.	Fifteen percent
12	Supply and fixing of furniture and fixtures, partitions including contracts for interior decoration and false ceiling.	Twenty percent
13	Construction of Railway coaches and wagons on under carriages supplied by Railway.	Twenty percent
14	Construction or mounting of bodies of motor vehicle and construction of trailers.	Twenty percent
15	Sanitary fitting for plumbing and drainage or sewerage.	Twenty five percent
16	Laying underground surface pipelines, cables or conduits.	Thirty percent
17	Dyeing and printing of textiles.	Thirty percent
18	Supply and erection of weighing machines and weighbridges.	Fifteen percent

	Type of contract	Labour, service and other like charges as percentage of total value of the contract
19	Painting, polishing and white washing.	Thirty percent
20	All other contracts not specified from Sl. Nos. 1 to 19 above.	Twenty percent

*Twenty five percent of total value of the contract excluding the cost of land transferred, if any.

Rule 3(a) : In the case of works contract of civil nature where the payment of charges towards the cost of land, if any, is not ascertainable from the books of accounts of the dealer, the amount of such charges shall be calculated @ 30% of the total value of the contract except in the case of construction of commercial buildings or complexes where it shall be calculated @ 50% of the total value of the contract.

Rule 3(b) : In the case of works contract of civil nature where only a part of the total constructed area is being transferred, the charges towards the cost of land shall be calculated on a pro-rata basis by the following formula:-

Proportionate super area X Indexed cost of acquisition of land

Total plot area X Floor Area Ratio

Explanation. - Proportionate super area for the purpose of this clause means the covered area booked for transfer and the proportionate common constructed area attributable to it.

Rule 3(c) : In the case of work contract of civil nature where only a part of total constructed area is being transferred, the deduction towards labour, services and other like charges mentioned in sub-rule (1) shall be calculated on a pro-rata basis.

Rule 3(d) : In the case of works contract of civil nature, the tax shall be payable by the contractor during the tax period in which the property in goods is transferred.

Explanation 1- For the purpose of this rule, indexed cost of acquisition shall be calculated as per section 48 of the Income Tax Act, 1961.

Explanation 2- No tax shall be payable by a contractor on the amount representing the value of the goods supplied by the contractee to the contractor in the execution of works contract in which the ownership of such goods remains with the contractee under the terms of the contract and the amount representing the value of the goods supplied by the contractee to the contractor does not form part of the contract and is not deductible from the amount payable to the contractor by the contractee for the execution of the works contract.