

**GOVERNMENT OF MANIPUR
FINANCE DEPARTMENT
(EXPENDITURE SECTION)**

OFFICE MEMORANDUM

Imphal, the 1ST April, 2024

No. FX-7/5/2024-e-FD: Various representatives have been received from the work contractors registered under different departments of the Government of Manipur regarding the notices received from the office of the Central Goods and Services (CGST), Imphal, Manipur for payment of Service Tax for the works executed in the earlier Value Added Tax (VAT) regime.

2. Whereas, there was no specific Orders/Instruction issued by the Finance Department, Government of Manipur or by the Engineering Departments to levy Service Tax in the Notice Inviting Tenders/Bidding Documents, since Service Tax is not applicable for Construction/Improvement Works undertaken by Government Department established for creating permanent assets of the Nation and State, such as, Roads, Buildings etc.

3. Whereas, as per the extant procedures of the State Government, during the Value Added Tax (VAT) regime, VAT was duly deducted at source by the concerned departments and paid to the Government for the respective works by the concerned departments or agencies.

4. Whereas, the provisions of Para 12 and 13 of the Notification No. 25/2012 – Service Tax dated 20.06.2012 of Government of India, Ministry of Finance (Department of Revenue), of which, relevant extract is reproduced below:

*In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereafter referred to as the said Act) and in suppression of notification number 12/2012-Service Tax, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part-II, section 3, Sub-section 9i0 vide number G.S.R. 210 (E), dated the 17th March, 2012, the Central Government, being satisfied that it is necessary in the public interest so to so, hereby **exempts** the following taxable services from the whole of the service tax leviable thereon under section 66B of the said Act, namely:*

12. *Services provided to the Government, a local authority or a government authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, revocation, or alteration of –*

- (a) *a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;*
- (b) *historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);*
- (c) *a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;*
- (d) *canal, dam or other irrigation works;*
- (e) *pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or*


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(f) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Act;

13. Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

(a) a road, bridge, tunnel, or terminal for road transportation for use by general public;

(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;

(c) a building owned by an entity registered under section 12 AA of the Income tax Act, 1961(43 of 1961) and meant predominantly for religious use by general public;

(d) a pollution control or effluent treatment plant, except located as a part of a factory; or

a structure meant for funeral, burial or cremation of deceased;

5. Whereas, under Section 1(xiv) of the Manipur Value Added Tax (VAT) Act, 2004, Works Contract has been defined as '**goods**' and the relevant extract is reproduced below:

*"goods" means all kinds of movable property (other than newspapers, actionable claims, electricity, stocks and shares and securities) and includes all materials, commodities and articles and every kind of property (whether as goods or in some other form) involved in the **execution of a works contract**, and all growing crops, grass or things attached to, or forming part of the land which are agreed to be severed before sale or under the contract of sale;*

6. Whereas, further under Section 1(xxxiv) of the Manipur Value Added Tax (VAT) Act, 2004, Work Contract has been defined as:

"Work Contract" includes any agreement for carrying out for cash, deferred payment or other payment or other valuable consideration, the building construction, manufacture, processing, fabrication, erection, installation, fitting out, improvement, repairing or commissioning of any movable or immovable property.

7. Whereas, keeping in view of the above Paras, it is hereby clarified that all the Government contract works taken up under the Government of Manipur in the Value Added Tax (VAT) regime is not liable for Service Tax payment.


(Dr. Vineet Joshi)

Chief Secretary (Finance)
Government of Manipur

Copy to:

1. Secretary to Chief Minister, Manipur
2. All Administrative Secretaries, Government of Manipur
3. Chief Commissioner, CGST Zone, Guwahati GST Bhawan 5th Floor, Kedar Road, Machkhowa, Guwahati- 781 001
4. Commissioner of Taxes, Government of Manipur
5. Relevant file.